

**HOUSE OF REPRESENTATIVES STAFF ANALYSIS**

**BILL #:**PCB HCS 09-01

An Act relating to outsourcing of foster care and related services.

**SPONSOR(S):** Health Care Services Policy Committee

**TIED BILLS:**

**IDEN./SIM. BILLS:** SB 1638

	REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
Orig. Comm.:	Health Care Services Policy Committee		Schoolfield	Schoolfield
1)				
2)				
3)				
4)				
5)				

**SUMMARY ANALYSIS**

Chapter 2006-30, Laws of Florida, created a three-year pilot project for two community-based care lead agencies under contract to the Department of Children and Families (DCF) in Broward County and Miami-Dade/Monroe counties. These pilot projects were implemented and the law related to the pilots is scheduled to be repealed on July 1, 2009.

This bill will continue the legislative authority from the pilot projects and make it available statewide:  
The bill includes legislation to:

- Provide community based care agencies the ability to roll forward state funds at the end of each fiscal year through the end of their contract period.
- Require community based care agencies to document federal funds earned and return unearned funds to DCF.
- Provide permissive authority to DCF to increase community based care agency contracts for excess federal funds earned in accordance with the authority and requirements in current law (s. 216.181(11), F.S.)
- Provide authority for DCF to outsource program, administrative or fiscal oversight monitoring of community-based agencies.
- Provide authority for community-based agencies to use funding received through contracts for certain expenditures including staff cellular telephone allowances, contracts requiring deferred payments and maintenance agreements, security deposits for office leases, professional fees, costs of food and refreshment, and costs of promotional materials.
- Provide authority for DCF to make two month advance payments on fixed price community based care contracts.

## HOUSE PRINCIPLES

Members are encouraged to evaluate proposed legislation in light of the following guiding principles of the House of Representatives

- Balance the state budget.
- Create a legal and regulatory environment that fosters economic growth and job creation.
- Lower the tax burden on families and businesses.
- Reverse or restrain the growth of government.
- Promote public safety.
- Promote educational accountability, excellence, and choice.
- Foster respect for the family and for innocent human life.
- Protect Florida's natural beauty.

## FULL ANALYSIS

### I. SUBSTANTIVE ANALYSIS

#### A. EFFECT OF PROPOSED CHANGES:

*Background: Community-Based Care Pilot Project*

Chapter 2006-30, Laws of Florida, created a three-year pilot project for two community-based care lead agencies<sup>1</sup> (Child Net in Broward County and Our Kids in Miami-Dade and Monroe counties) to begin July 1, 2006. This section of law is scheduled to be repealed on July 1, 2009.

The pilot project legislation in Chapter 2006-30, Laws of Florida, provided for greater funding flexibility for community-based care pilot agencies and provided the Department of Children and Families (DCF) the option to make this available to other community-based care contracts statewide. The legislation provides that grants of general revenue may be made to the pilot project community-based care agencies. This allows the agencies to roll forward at the end of the state fiscal year any unspent general revenue and tobacco funds into the next fiscal year for the duration of the contract period. Additional flexibility was also provided for the pilot sites in the use of funds for purchases including staff cellular phone allowances, contracts requiring deferred payments and maintenance agreements, security deposits for office leases, related professional membership dues, professional license fees, food and refreshment cost, promotional materials and cost associated with fundraising.

In addition to the funding flexibility, the community-based care pilot project transfers fiscal, administrative, and program monitoring responsibilities from the Department of Children and Families to independent, non-governmental third-party oversight entities. It also authorized development of new performance measures.

Fiscal monitoring provides financial oversight and assurance of the integrity of the provider's fiscal operations, including adherence to generally accepted accounting principles and the appropriate use of various funding streams. Administrative monitoring examines a provider's management and governance structures and other areas of operations not related to the delivery of direct program services. Program monitoring examines compliance with statutes, rules, and regulations. Quality assurance reviews assess the quality of services provided to children and families, determine whether casework services are comprehensive and services received best meet clients' needs, and evaluate

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<sup>1</sup> The community-based care lead agencies are the contract agents of DCF to deliver foster care and related services statewide as a result of the outsourcing of this program in accordance with s. 409.1671, F.S. Funding in 2007 for community-based care agencies was approximately \$700 million. Community-based care agencies are funded by general revenue, tobacco funds, child welfare training funds, Temporary Assistance for Needy Families and Social Services Block Grant ( House Human Services Appropriations committee staff)

whether case workers' decisions were in the clients' best interests. To implement the pilot project, the department contracted with Abel and Associates, a certified public accounting firm, to conduct fiscal, administrative and federal funds monitoring. The department also contracted with Chapin Hall to conduct program monitoring through quality assurance reviews and to develop new performance measures. Chapin Hall is a child welfare research and demonstration institute of the University of Chicago.<sup>2</sup>

The Office of Program Policy Analysis and Government Accountability (OPPAGA) completed an evaluation of the fiscal, administrative and programmatic outsourcing of the pilot project in February 2009. The report indicated the overall outsourcing has helped the department and lead agencies improve their quality assurance, quality improvement, and performance measurement systems. OPPAGA also noted that the outsourcing pilot project created challenges but produced sustainable benefits for DCF. OPPAGA cited increased cost and a weakened relationship between DCF and its contractor, as primary challenges from the pilots.<sup>3</sup> While, OPPAGA did not recommend the continuation or expansion of the pilot project, DCF has requested authority for outsourcing to continue indicating they would like to have the flexibility to secure such oversight as needed in the future.<sup>4</sup> Our Kids of Miami-Dade/Monroe, Inc. one of the community-based care agencies participating in the pilot project commented that outsourcing allows DCF to rely on financial and social work experts to efficiently manage the performance of an agency.<sup>5</sup>

#### *Effects of the Bill:*

This legislation will continue specific legislation from the pilot projects in Chapter 2006-30, Laws of Florida and make this available statewide. The legislation will:

- Provide that community based care agencies may roll forward state funds at the end of each fiscal year through the end of their contract period. This would include general revenue and tobacco funds in community based care agency contracts with DCF. The language in the bill specifies a grant of general revenue which allows these agencies to retain state funds and roll them forward into the next contract cycle.<sup>6</sup> The funding in 2007 for General Revenue and Tobacco funds in community based care contracts was \$345 million.<sup>7</sup>
- Require community based care agencies to document federal funds earned and return unearned funds to the DCF.
- Provide permissive authority to DCF to increase community based care agency contracts for excess federal funds earned in accordance with the authority and requirements in current law (s. 216.181(11), F.S.) related to increasing appropriations.<sup>8</sup>
- Provide authority for DCF to outsource program, administrative or fiscal oversight monitoring of community-based agencies. During the South Florida pilot project, DCF outsourced both program and fiscal/administrative monitoring.
- Provide authority for community-based agencies to use funding received through contracts for certain expenditures including staff cellular telephone allowances, contracts requiring deferred payments and maintenance agreements, security deposits for office leases, professional fees, costs of food and refreshment, and costs of promotional materials.

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<sup>2</sup> OPPAGA Report No. 09-09, February 2009.

<sup>3</sup> IBID

<sup>4</sup> IBID

<sup>5</sup> Our Kids Fact Sheet on SB 1638.

<sup>6</sup> Per 3-20-09 telephone conversation with Walter Sachs, DCF. The State Comptroller treats these funds as grants due to language in the pilot project legislation (2006-30 LOF) and allows them to roll forward instead of requiring the return of funds at the end of the fiscal year. This allows the funding to remain in the local areas and continue purchasing services.

<sup>7</sup> House Human Services Appropriations Committee Staff

<sup>8</sup> s. 216.181(11), F.S. provides that the Governor and Chief Justice of the Supreme Court may approve additional appropriations from state trust funds up to one million dollars when grants and donations are received after April 1, or when deemed necessary due to a set of conditions that were unforeseen at the time the General Appropriations Act was adopted and that are essential to correct in order to continue the operation of government. This section also provides for the Legislative Budget Commission to approve additional appropriations to state trust funds which exceed one million dollars.

- Provide authority for DCF to make two month advance payments on fixed price community based care contracts.

**B. SECTION DIRECTORY:**

Section 1 Amends 409.1671 related to foster care and related services; outsourcing.  
Section 2 Provides an effective date.

**II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT**

**A. FISCAL IMPACT ON STATE GOVERNMENT:**

1. Revenues:

None

2. Expenditures:

None

**B. FISCAL IMPACT ON LOCAL GOVERNMENTS:**

1. Revenues:

None

2. Expenditures:

None

**C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:**

None

**D. FISCAL COMMENTS:**

None

**III. COMMENTS**

**A. CONSTITUTIONAL ISSUES:**

1. Applicability of Municipality/County Mandates Provision:

This bill does not appear to require counties or municipalities to take an action requiring the expenditure of funds, reduce the authority that counties or municipalities have to raise revenue in the aggregate, nor reduce the percentage of state tax shared with counties or municipalities.

2. Other:

None

**B. RULE-MAKING AUTHORITY:**

None

C. DRAFTING ISSUES OR OTHER COMMENTS:

None

**IV. AMENDMENTS/COUNCIL OR COMMITTEE SUBSTITUTE CHANGES**