

**STORAGE NAME:** h0259a.hhs

**DATE:** April 15, 1997

**HOUSE OF REPRESENTATIVES  
AS REVISED BY THE COMMITTEE ON  
HEALTH AND HUMAN SERVICES APPROPRIATIONS  
BILL ANALYSIS & ECONOMIC IMPACT STATEMENT**

**BILL #:** HB 259

**RELATING TO:** Alcohol, drug abuse, and mental health services

**SPONSOR(S):** Representative Sublette

**STATUTES(S) AFFECTED:**

**COMPANION BILL(S):** SB 126

**ORIGINATING COMMITTEE(S)/COMMITTEE(S) OF REFERENCE:**

- (1) CHILDREN AND FAMILY EMPOWERMENT 7 YEAS 0 NAYS
- (2) HEALTH AND HUMAN SERVICES APPROPRIATIONS YEAS 9 NAYS 0
- (3)
- (4)
- (5)

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**I. SUMMARY:**

The bill delineates an allocation methodology for alcohol, drug abuse, and mental health services funding that addresses, according to the bill, the historical inequity in the allocation of these funds to the department's districts.

The bill allows the Department of Children and Families to define funding thresholds based on the current number of persons in each district in need of alcohol and drug abuse, and mental health services.

The bill requires that, beginning July 1, 1997, 75 percent of any additional funding beyond the 1996-1997 fiscal year base appropriated for alcohol, drug abuse, and mental health services is to be allocated on a proportional basis to districts that are below a funding equity threshold.

The remaining 25 percent is to be allocated based on the number of persons in need of alcohol, drug abuse, and mental health services per district without regard to current funding levels. Need would be determined using the statewide needs assessment methodology delineated in the Department of Children and Families's strategic plan.

The bill requires that equity be achieved without reducing the FY 96/97 base funding in any district.

The bill does not require additional funding. However, the bill will have an effect on the additional funds available for these programs in the department's 15 districts. Districts below the funding thresholds for equity would gain incrementally a larger share of the available funding than districts above the equity threshold.

II. SUBSTANTIVE ANALYSIS:

A. PRESENT SITUATION:

Funds for alcohol, drug abuse and mental health services under the Department of Children and Families are delineated in the General Appropriations Act. The funds are appropriated in specific budget categories, special projects and language in proviso. For the last two fiscal years [95/96 and 96/97], language in the Appropriations Implementing Bill has prohibited the Department of Children and Families from reallocating the budget base for these programs.

**History and methodology to determine need and allocation of funds.**

**Children with or at serious risk of substance abuse problems**

History:

According to Department of Children and Families's documents, when HRS was first created, an initial district allocation of \$10.3 million was made. No one knows how that was done. Budget documents, which go back to 1976, show that from that time to the present, the districts' allocations only changed with funding for new local interest projects in each new year's Appropriations Act. Because no district is close to meeting the need for community substance abuse services, district allocations have never been redistributed based on the relative need from district to district. In the late 1980s, \$2.4 million (out of a \$59.7 million budget) in new funds were appropriated and were to be allocated based on: 50 percent population and 50 percent on eight other weighted variables, which were median family income; overcrowding in the home; percent alcoholic, percent poverty level; percent nonwhite; percent unemployed; percent over age 65; and sales tax. Thus, the historical district allocation is not the result of any formula based on need.

Most recent allocation methodology:

The current year base budget is continued each year. The most recent allocation (FY 95-96) was based upon the district share of population 17 and under (95%); price level index (2.5%); land area index (2.5%).

Proposed needs methodology:

Population of children of middle- and high-school age times percentage at risk of substance abuse, based on a random sample survey in schools.

**Children with an emotional handicap, serious emotional disturbance, or mental illness**

History:

According to Department Children and Families's documents, in FY 88-89 the Legislature transferred three budget categories (Contracted Services, Purchased Residential Treatment Services, and Day Treatment Services) from the Children, Youth and Families program [within HRS] budget to a newly established Children's Mental Health program component in the Alcohol, Drug Abuse and Mental Health budget. No one knows how these funds were allocated. These newly transferred funds were not reallocated and remained unchanged until FY 89-90 when a \$753,000 increase was allocated to five districts (1, 6, 7, 8, and 11) that had the lowest per capita funding for children's mental health. During the 1993 special session, \$8 million was appropriated for purchase of therapeutic (mental health) services for abused children. The formula

used to allocate these new funds was 25 percent child population (17 and under), 25 percent delinquent children, 25 percent dependent children, and 25 percent families below poverty. In summary, most of the dollars in these programs historically were allocated using no formula or data on the number of children needing these services.

Most recent allocation methodology:

The current year base budget is continued each year. The most recent allocation (FY 96-97) was based upon the district share of dependents in physical custody (25%); delinquents in physical custody (25%); general population (45%); price level index (2.5%); land area index (2.5%).

Proposed needs methodology:

Estimated proportions at 2% of total Florida child population under 18 with emotional disturbance/illness and 2.8% at risk.

**Adults with mental illness**

History:

According to Department Children and Families's documents, when HRS was first created, an initial district allocation of \$30.7 million was made. No one knows how that was done. Budget documents, which go back to 1976, show that from that time to the present the districts' allocations only changed with funding for new local interest projects in each new year's Appropriations Act. Because no district is close to meeting the need for community mental health services, district allocations have never been redistributed based on the relative need from district-to-district. In the late 1980s \$3.6 million (out of a \$148.9 million budget) in new funds was appropriated and was to be allocated based on: 50 percent population and 50 percent on eight other weighted variables which were median family income, overcrowding in the home, percent alcoholic, percent poverty level, percent nonwhite, percent unemployed, percent over age 65, and sales tax. Thus, the historical district allocation is not the result of any formula based on need.

Most recent allocation methodology:

The current year base budget is continued each year. The most recent allocation (FY 96-97) was based upon the district share of the total population ages 18 and older (95%); price level index (2.5%); land area index (2.5%).

Proposed needs methodology:

Combination of civil and forensic estimates. (Total adult population times percent of psychiatric disabled population, adjusted for other funding sources); plus (Current number of clients plus proportion of incarcerated persons).

**Adults with substance abuse problems**

History:

According to Department Children and Families's documents, when HRS was first created, an initial district allocation of \$10.3 million was made. No one knows how that was done. Budget documents, which go back to 1976, show that from that time to the present, the districts' allocations only changed with funding for new local interest projects in each new year's Appropriations Act. Because no district is close to meeting the need for community substance abuse services, district allocations have never been redistributed based on the relative need from district to district. In the late 1980s, \$2.4 million (out of a \$59.7 million budget) in new funds were appropriated and were to be

allocated based on: 50 percent population and 50 percent on eight other weighted variables, which were median family income; overcrowding in the home; percent alcoholic, percent poverty level; percent nonwhite; percent unemployed; percent over age 65; and sales tax. Thus, the historical district allocation is not the result of any formula based on need.

Most recent allocation methodology:

The current year base budget is continued each year. The most recent allocation (FY 96-97) was based upon the district share of the total population ages 18 and older (95%); price level index (2.5%); land area index (2.5%).

Proposed needs methodology:

Total Florida population times 8.05% percent with substance abuse problems, adjusted for other funding sources:

**B. EFFECT OF PROPOSED CHANGES:**

The bill requires that additional funding for alcohol, drug abuse and mental health services in the Department of Children and Families be allocated to the department's districts based on a prescribed methodology that would eventually lead to an equitable distribution of resources across the department's districts.

The bill does not require additional funding. However, the bill will have an effect on the additional funds available for these programs in the department's 15 districts. Districts below the funding thresholds for equity would gain incrementally a larger share of the additional funding than districts above the equity threshold [see attached charts].

**C. APPLICATION OF PRINCIPLES:**

1. Less Government:

a. *Does the bill create, increase or reduce, either directly or indirectly:*

i. *Any authority to make rules or adjudicate disputes?*

None

ii. *Any new responsibilities, obligations or work for other governmental or private organizations or individuals?*

None

iii. *Any entitlement to a government service or benefit?*

None

b. *If an agency or program is eliminated or reduced:*

i. *What responsibilities, costs and powers are passed on to another program, agency, level or government, or private entity?*

N/A

ii. *What is the cost of such responsibility at the new level/agency?*

N/A

iii. *How is the new agency accountable to the people governed?*

N/A

2. Lower Taxes:

a. *Does the bill increase anyone's taxes?*

No.

b. *Does the bill require or authorize an increase in any fees?*

No.

c. *Does the bill reduce total taxes, both rates and revenues?*

No.

d. *Does the bill reduce total fees, both rates and revenues?*

No.

e. *Does the bill authorize any fee or tax increase by any local government?*

No.

3. Personal Responsibility:

a. *Does the bill reduce or eliminate an entitlement to government services or subsidy?*

No.

b. *Do the beneficiaries of the legislation directly pay any portion of the cost of implementation and operation?*

No.

4. Individual Freedom:

a. *Does the bill increase the allowable options of individuals or private organizations/associations to conduct their own affairs?*

No.

- b. *Does the bill prohibit, or create new government interference with, any presently lawful activity?*

No.

5. Family Empowerment:

- a. If the bill purports to provide services to families or children:

- i. *Who evaluates the family's needs?*

N/A

- ii. *Who makes the decisions?*

N/A

- iii. *Are private alternatives permitted?*

N/A

- iv. *Are families required to participate in a program?*

N/A

- v. *Are families penalized for not participating in a program?*

N/A

- b. *Does the bill directly affect the legal rights and obligations between family members?*

N/A

- c. *If the bill creates or changes a program providing services to families or children, in which of the following does the bill vest control of the program, either through direct participation or appointment authority:*

- i. *Parents and guardians?*

N/A

- ii. *Services providers?*

N/A

- iii. *Government employees/agencies?*

N/A

D. SECTION-BY-SECTION ANALYSIS:

Section 1.

Provides intent language and delineates an allocation methodology for alcohol, drug abuse, and mental health services dollars that address, according to the bill, the historical inequity in the allocation of these funds to the department's districts.

Requires that the funding thresholds for alcohol, drug abuse, and mental health services in each district be established based on the number of persons in need of these services.

The bill allows the Department of Children and Families to define funding thresholds to achieve equity based on needs assessment and allocation methodology delineated in the department's strategic plan each fiscal year.

The bill requires that beginning July 1, 1997, 75 percent of additional funding beyond the 1996-1997 fiscal year base appropriated for alcohol, drug abuse, and mental health services is to be allocated on a proportional basis to districts that are below the funding threshold for equity.

The remaining 25 percent is to be allocated based on the number of persons in need of alcohol, drug abuse, and mental health services per district without regard to current funding levels. Need would be determined using the statewide needs assessment methodology delineated in the Department of Children and Family Services's strategic plan.

The bill requires that equity be achieved without reducing the FY 96/97 base funding for these services in any district.

Section 2. Provides an effective date of July 1, 1997

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:

1. Non-recurring Effects:

None

2. Recurring Effects:

None

3. Long Run Effects Other Than Normal Growth:

None

4. Total Revenues and Expenditures:

None

B. FISCAL IMPACT ON LOCAL GOVERNMENTS AS A WHOLE:

1. Non-recurring Effects:

None

2. Recurring Effects:

None

3. Long Run Effects Other Than Normal Growth:

None

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

1. Direct Private Sector Costs:

None

2. Direct Private Sector Benefits:

None

3. Effects on Competition, Private Enterprise and Employment Markets:

None

D. FISCAL COMMENTS:

The bill does not require additional funding. It requires that additional funding be allocated based on a prescribed methodology that would eventually lead to an equitable distribution of resources across districts. The bill will have an effect on the funds available for these programs in the department's 15 districts [see attached charts]. Districts below the equity threshold would gain incrementally a larger share of the available funding than districts above the equity threshold.

IV. CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION:

A. APPLICABILITY OF THE MANDATES PROVISION:

This bill does not require counties or municipalities to expend funds.



**B. REDUCTION OF REVENUE RAISING AUTHORITY:**

This bill does not reduce the authority that municipalities or counties have to raise revenues in the aggregate.

**C. REDUCTION OF STATE TAX SHARED WITH COUNTIES AND MUNICIPALITIES:**

This bill does not reduce the percentage of a state tax shared with counties or municipalities.

**V. COMMENTS:**

Funding cuts

The bill only addresses additional funding. Over the last few years funding for these programs has been cut. The allocation of funding cuts appears to be equally important in achieving equity.

Time needed to achieve equity

Because of anticipated small increases or no increases in the budget for these categories, it could be many years [decades] before equity was achieved based on the allocation methodology proposed in this bill.

Variation in method to achieve equity

Because the bill allows the Department of Children and Families to define funding thresholds based on needs assessment information in the department's strategic plan each fiscal year, the funding allocation proportions to districts could vary from year to year depending on how the needs were identified in the strategic plan.

Other funding sources

Districts program providers might receive funding from other sources [local government, Medicaid, grants, United Way contributions] that are not considered in the allocation of the funds for these services or in the determination of equity.

**VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:**

On April 15, 1997, the Committee on Health and Human Services adopted the following amendments;

Amendment 1: Defines persons in need; Modifies formula for distribution; allows up to five percent redistribution of base funding; requires reporting of population groups.

Amendment 2: This amendment to amendment one deletes paragraph four which allows up to five percent redistribution of the base funding.

Amendment 3: Adds paragraph number seven which states that additional funding as of July 1, 1998 will be performance based.

Paragraph two defines persons in need through the use of specific disability studies and includes those individuals not covered by Medicaid, Medicare or other insurance. A slightly

tighter definition is used compared with how the department currently defines need, and which does not rely on general population prevalence, but rather more specific references.

The impact is not known at this time whether the target population numbers will change at all since a slightly different database will be used. However, the more precise consideration of disability from "epidemiological studies" should bear a strong relationship to the current method of establishing need. The department is given the opportunity to continue development of target populations based on the latest scientific studies of those with disabilities.

In paragraphs three and four the distribution methodology adds a "formula" using a similar but more specific narrative than the department's needs assessment and strategic plan processes. Rather than use a general strategic plan process, this amendment allocates the funding based on:

- A) target population (derived from "persons in need"),
- B) a rural/urban index, which gives some consideration for rural districts with a larger land base per population, and
- C) a service industry costs index, similar to the price level index, for industries comparable in nature to alcohol, drug abuse and mental health areas.

The impact of the new formula will essentially be to raise the lower districts to the average. The districts that have not been funded adequately in the past will receive 75% of the increases just as in the current bill. The remaining 25% will receive funding based on need regardless of funding levels.

Paragraphs five and six add a reporting requirement that shows the populations and costs arrayed by district. The effect will simply be to allow all districts and parties to see how everyone else is doing.

Paragraph seven adds the requirement that all additional funding beginning with fiscal year 1998-99 will be performance based and allocated according to PB<sup>2</sup> principles.

VII. SIGNATURES:

COMMITTEE ON CHILDREN AND FAMILY EMPOWERMENT:

Prepared by:

Legislative Research Director:

Bob Barrios

Bob Barrios

AS REVISED BY THE COMMITTEE ON HEALTH AND HUMAN SERVICES

APPROPRIATIONS:

Prepared by:

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Lynn S. Dixon

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