

STORAGE NAME: h2001.cf

DATE: March 24, 1999

**HOUSE OF REPRESENTATIVES
COMMITTEE ON
Children & Families
ANALYSIS**

BILL #: HB 2001 (formerly PCB CF 99-05)

RELATING TO: The Department of Children & Family Services

SPONSOR(S): The Committee on Children & Families and Representative Murman

COMPANION BILL(S): SB 1902 (Similar)

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

(1) CHILDREN AND FAMILIES YEAS 5 NAYS 0

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I. SUMMARY:

Suspends certain provisions of s. 20.19, F.S., to allow the secretary of the Department of Children & Family Services to organize programs, functions, districts and offices. Allows the secretary to appoint district administrators. Requires the Department of Children & Family Services to submit a report detailing the organization to the Legislature by December 1, 1999.

Provides that the authority granted to reorganized the department is repealed on June 30, 2000.

II. SUBSTANTIVE ANALYSIS:

A. PRESENT SITUATION:

History of The Department of Children & Family Services (formerly the Department of Health & Rehabilitative Services--HRS)

1968 State Constitution

The 1968 adoption of a new state constitution required simplification of the structure of state government through consolidation of overlapping and fragmented functions. The new constitution required a reduction in the number of executive agencies from more than 220 to 25 or less. The pre-1968 configuration of health and human services in Florida included 15 independent agencies. They were administered by various committees consisting of cabinet members or by independent boards or commissions appointed by the Governor. These agencies were as follows:

1. The Division of Corrections
2. The Division of Youth Services
3. The Division of Mental Health
4. The Division of Mental Retardation
5. The Division of Vocational Rehabilitation
6. The Florida Council for the Blind
7. The Commission on Aging
8. The Crippled Children's Commission
9. The State Department of Public Welfare (public assistance and Medicaid)
10. The Division of Community Hospitals and Medical Facilities
11. The State Board of Health (including county health departments)
12. The State Tuberculosis Board
13. The Pest Control Commission
14. Alcoholic Rehabilitation Program
15. Comprehensive Health Planning

Reorganization Act of 1969

The Governmental Reorganization Act of 1969 placed the 15 independent agencies in a loose confederation under a new agency--the Department of Health & Rehabilitative Services (HRS) under s. 20.19, F.S. The act created ten program divisions and bureaus. The authority of the Secretary of HRS was relatively weak as the act delegated to the Governor the authority to appoint and remove division directors with confirmation by the Senate. The program divisions retained line authority over local program administration. Substantial autonomy was retained by divisions. The ten program divisions and bureaus included:

- ▶ Division of Health
- ▶ Division of Mental Health
- ▶ Division of Retardation
- ▶ Division of Adult Corrections
- ▶ Division of Youth Services
- ▶ Division of Family Services
- ▶ Division of Administrative Services
- ▶ Division of Vocational Rehabilitation

- ▶ Bureau of Alcoholic Rehabilitation
- ▶ Bureau of Blind Services

The Early Years

From 1970 to 1975 more changes were made in the organizational structure designed to achieve better efficiency in services. Attempts to integrate services and develop cooperation among the quasi-autonomous divisions failed to meet the expectations of the Legislature. Some divisions acted fairly independently and resisted efforts to come under a broader management umbrella. In

the course of these five years, there were discussions and bills introduced every session addressing the department's organizational structure. Most efforts failed to gain broad support. However, during this time period several changes did take effect. The Legislature gave the Secretary authority to appoint and remove division directors. A Division of Children's Medical Services and a Division of Aging were added. Dissatisfaction with HRS grew to a point that in 1974 an effort to dismantle HRS failed by less than ten votes on the House floor. The 1974 Legislature directed HRS to conduct a comprehensive review of reorganizational alternatives. Also, that year, the Governor's Management and Efficiency Commission recommended the reorganization of HRS.

The Reorganization Act of 1975

The Reorganization Act of 1975 substantially altered the structure of HRS. Today, almost 25 years since the adoption of the act, many of those organizational elements remain essentially unaltered. Common principles promoted by the Legislature in the 1975 deliberations are the same principles that have been promoted in some form by every Legislature since the 1975 session. These principles were:

- ▶ Program integration
- ▶ A holistic approach to multi-problem individuals and families
- ▶ Decentralization of services
- ▶ Increased efficiency and effectiveness of service delivery
- ▶ Avoidance of fragmentation
- ▶ Co-location of services to promote accessibility to the public and service integration
- ▶ Timely and appropriate responsiveness to the problems and needs of the public
- ▶ Cooperation and coordination with other governmental and community agencies
- ▶ Elimination of service duplication
- ▶ Maximization of people's potential to become independent, taxpaying citizens

The 1975 Reorganization Act of the department reorganized the HRS into its present form. The amended s. 20.19, F.S., created the following organizational structure:

- ▶ A Secretary of the department
- ▶ A deputy secretary
- ▶ Assistant secretaries
- ▶ Program offices
- ▶ Districts

The Organizational Structure

Headquarters

The central headquarters of HRS were established in Tallahassee. Under the Secretary, there were three assistant secretaries:

1. Assistant Secretary for Administration. This position was responsible for fiscal and personnel management.
2. Assistant Secretary for Operations. This position had line authority over district administrators and district staff.
3. Assistant Secretary for Program Planning and Development. This position was responsible for recommending program policies, standards, performance criteria, and assuring program quality among district programs.

Program Offices

Program offices were to act as staff to the Assistant Secretary for Program Planning and Development. Program offices headed by a staff director were delegated the development of policy, program standards, performance criteria, assuring program quality, and staff development and training. The program offices created by the 1975 act included:

- ▶ Children's Medical Services
- ▶ Social and Economic Services (AFDC, food stamps, SSI, Medicaid, child care, protective services, foster care and other related child welfare programs)
- ▶ Health
- ▶ Retardation
- ▶ Vocational Rehabilitation
- ▶ Aging and Adult Services
- ▶ Youth services (delinquent children)
- ▶ Mental Health

The Districts

The 1975 act also created the district structure that remains in place today. Eleven districts were created (now 15 districts) and each was managed by a district administrator appointed by the Secretary. The district administrator had line authority over all staff assigned to the district. Districts were organized in a structure that mirrored the structure in Tallahassee headquarters with program offices, operations and administrative components. The primary duty of the district administrator and district staff was to ensure district conformity with statewide policies, procedures and standards. The district administrator was allowed to transfer up to 10 percent of the total district budget, with the approval of the Secretary, to maximize effective program delivery and to meet unique local needs. However, this authority was rarely if ever granted.

Other Components

District Advisory Councils

Another feature of the reorganization created district advisory councils to assist with coordination of social services at the local level. Members of the district advisory councils were appointed by the Governor. It also allowed the Secretary to appoint advisory councils for each program offices. The Statewide and District Human Rights Advocacy Committee was created to protect client rights.

Budget Entities

The department's budget was organized into four budget entities--Office of the Secretary, Office of the Assistant Secretary for Administration, Office of the Assistant Secretary for Operations and Office of the Assistant Secretary for Program Planning & Development. There are currently still four distinct budget entities:

1. Department Administration
2. Statewide Services
3. Entitlement Benefits and Services
4. District Services

Program Evaluation

One of the most innovative aspects of the 1975 Reorganization Act was establishing a program evaluation component in s. 20.19, F.S. These provisions were among the first in the nation to require accountability efforts. The provisions required the department to establish measurable program objectives and performance criteria for every program in the department. It also required the department to evaluate 20 percent of its program annually.

Information Systems

The Secretary was required to implement a priority program aimed at the design testing and integration of automated information systems necessary for effective and efficient management of the department. This included management data, program data and client data deemed essential for service delivery and management decisions. The act required the department to consolidate eligibility requirements to the extent possible into a consolidated single eligibility system.

Privatization

The beginning of privatization was also encouraged by the act. It required that whenever possible the department contract for the provision of services by counties, municipalities, nonprofit corporations, and other entities capable of providing needed services, if services so provided were more cost efficient than those provided by the department. Twenty-five years later, services in

mental health, substance abuse, child care, and community developmental services are all provided by private providers. Other services, including child welfare and public assistance, are becoming privatized.

Down sizing of HRS

The 1975 Reorganization Act also made the department smaller by removing the Division of Corrections and creating a separate Department of Offender Rehabilitation (now the Department of Corrections). The down sizing of HRS would gain momentum again in the 1990s.

Size

In the 1980s HRS kept growing, and by 1990 the department's size was considered its biggest drawback. At its peak, HRS had more than 37,000 employees (FY 90/91) and a budget approaching \$10 billion (FY 92/93) or about 33% of the state's budget. Throughout the 1990s the Legislature removed programs and functions from the department and created other departments or agencies. The department now is much smaller in scope and size with 26,854 employees and a budget of \$3.4 billion (FY 98/99) or about 7.5% of the state's budget.

Changes Continue: 1975-1998

As significant as the 1975 Reorganization Act was, it would only signify the beginning of the struggle to shape the department into the original efficient and effective vision cast by the 1969 and 1975 reorganizations. Since 1975, s. 20.19, F.S., has been changed numerous times; and every year since 1975 a change has been made, or proposals to change it have been introduced in the Legislature.

Major organizational changes since 1975

Year	Change
1979	<p>Changed Retardation Program Office to Developmental Services Program Office.</p> <p>Established a Deputy Assistant Secretary for Medicaid.</p> <p>Removed Medicaid responsibility from the Social and Economic Services to the Deputy Assistant Secretary.</p> <p>Established Medicaid Advisory Council.</p>
1980	<p>Changed Social and Economic Services to Economic Service Program Office.</p> <p>Child welfare, child care and services for emotionally disturbed children functionally transferred from Social and Economic Services Program Office to the newly established Children, Youth and Families Program Office.</p>
1986	<p>Elevated the Program Director for Health to Deputy Assistant Secretary for Health.</p> <p>Transferred Vocational Rehabilitation to the Department of Labor.</p> <p>Transferred Child Support Enforcement from State Attorneys to HRS.</p>

1988	<p>Established a Deputy Secretary for Management Systems to be responsible for automated information systems.</p> <p>Established duties and responsibilities for the Deputy Secretary of Health to include responsibility for all programs, activities, and functions of the department relating to public health matters, including environmental health.</p> <p>Established Assistant Health Officers that are responsible for needs identification, program and service monitoring, and technical assistance to the State Health Officer.</p> <p>An Advisory Council on Health was created to serve in an advisory capacity to the State Health Officer.</p> <p>Deputy assistant secretaries for alcohol and drug abuse and for mental health were created.</p>
1991	<p>The Department of Elder Affairs was created and related programs transferred from HRS to the new department</p>
1992	<p>The Agency for Health Care Administration (AHCA) was created and health regulation functions were transferred from HRS to AHCA.</p> <p>A Deputy Secretary for Delinquency Services was created to be responsible for all programs, activities, and functions of all delinquency services operated by the department. The law authorized the deputy to have line authority over district staff and programs.</p> <p>Four additional districts were added for a total of 15.</p> <p>District advisory councils were removed. Health & Human Service Boards in each district and a statewide Health & Human Service Board were created.</p> <p>Innovation zones were created to allow alternative programs and structures.</p>
1993	<p>Medicaid was transferred from HRS to AHCA.</p>
1994	<p>The child support enforcement program was transferred from the Department of Health & Rehabilitative Services to the Department of Revenue.</p> <p>Programs for delinquent youth transferred to a new Department of Juvenile Justice.</p>
1996	<p>All health-related programs and functions transferred to a new Department of Health.</p> <p>Office of Standards and Evaluation created under the Secretary.</p> <p>What remains of HRS is recreated in a new Department of Children & Family Services. The Department of Children & Family Services is now responsible for child welfare, child care, social, economic, developmental, mental health, substance abuse, services for disabled adults, and adult protective services.</p>

Pervasive issues

Since the 1975 reorganization, certain issues have consistently presented each administration with considerable challenges. Several major studies of the department conducted by the National Academy of Public Administration in 1977 and 1986, the Child Welfare League of America in 1990, a major interim study by the House Committee on Health & Rehabilitative Services in 1990, and several House interim studies have all identified similar issues. Attempts to address these issues have fallen short of closure. Many of these issues have very little to do with the organizational structure. However, the organizational structure is judged in part with how effective management is in addressing these issues. Even with a smaller programmatic scope as

compared to HRS at its peak, these issues still affect the Department of Children & Family Services and their resolution will have a great bearing on the success of future administrations. These issues were also imbedded in rapidly changing policy environment as government reinvented itself in the 1990s from the traditional welfare state of the 1960s, 1970s and early 80s.

Issues

Among the most pervasive issues facing the department are the following:

- ▶ An organizational structure that diffuses responsibility and accountability.
- ▶ Demands for services that exceed program capacity.
- ▶ An insufficient front-line workforce as reflected by caseloads that exceed recognized standards.
- ▶ Unacceptably high front-line staff turnover.
- ▶ Inadequate salary compensation in some critical positions.
- ▶ Inadequate level of professionalism of the workforce and an inadequate infrastructure that supports continual workforce development.
- ▶ Poor staff morale due to frequent public criticism and negative publicity. Thousands of Floridians receive needed services every day from the department and its providers without fanfare. However, little recognition is given to the yeoman effort of staff that meet these needs.
- ▶ Critical deficiencies in administrative support capacity including insufficient fiscal staff for budget monitoring and contract management staff for program oversight and quality assurance.
- ▶ Categorical funding through 105 categories.
- ▶ District allocations of dollars that are based more on history rather than current demographic or demand for services.
- ▶ Inadequate information systems that cannot yield consistently valid and reliable program and cost data necessary for the effective management of the department.
- ▶ District variation in program quality and cost per service.
- ▶ The explosive nature of the child welfare system (child abuse investigations, protective services, foster care and related services) including the periodic tragic deaths of children under the supervision of the state has hampered every administration since the mid-eighties. The death of a child always requires the full attention and energy of the administration to investigate, explain and take corrective measures to avoid a similar recurrence. No other program in the department is more responsible for the negative public perception of the ability of the department to fulfill its mission and address the problems of the state with competency.
- ▶ Inadequate or no price level funding of annual increases for contract providers for existing programs, challenging providers to keep up with inflation and make investments to improve its programs.

Future Trends

As the department approaches the new century, several trends have emerged that will have a bearing on how the department conducts its business and the success it will have in achieving its mission.

Privatization--Child Care, mental health, substance abuse and developmental services are privatized. The continued movement to privatize the remaining elements of the department will shape the kind of agency that the department will become. The department will be as effective as its contract providers of services. With diminished or no responsibility for direct services, the department must shift its focus to contract management, monitoring compliance with contract requirements, and assuring fiscal integrity and quality in the service provided by private entities.

Accountability--The department has made progress in developing performance indicators and outcome measures. The requirements of PB² have forced rapid evolution and acceptance of program outputs, performance measures and performance outcomes throughout the department's in-house and contracted programs. This effort should continue to evolve, expand and improve. Still unresolved is the incentive and disincentive system that needs to be in place to address performance success and failure.

Information systems and the Internet--Considerable investments of state and federal dollars have been made to develop and improve information systems in the department. The return on this investment has been disappointing. The department will need to continue development of distributed information networks that link the provider community. The use of the Internet and intranet systems has unlimited potential in management, customer services, program assessment, program support and staff training.

Budget and program restructure--The department's introduction of target groups shifted the focus and discussion from programs to people who need services. If the new administration supports the continuation of this approach, the budget which is constructed primarily around budget entities and program categories will need to be restructured to fund target groups.

Collaborative partnerships--The break up of the department into several agencies does not abrogate the need to eliminate duplication of services, to avoid fragmentation of policy and to increase efficiency and effectiveness of service delivery. Collaboration is an acknowledgment that no single agency solution or strategy can by itself effectively meet the complex needs of children and families. The department will have to continue to emphasize collaborative partnerships with public, private and community agencies to fulfill its mission.

The Current Framework of s. 20.19, F.S.

The following subsections are in s. 20.19:

- (1) Mission and Purpose
- (2) Secretary of Children & Family Services and Deputy Secretary
- (3) Office of Standards and Evaluation
- (4) Certification Programs for Department Employees
- (5) Program Offices
- (6) Assistant Secretary for Administration
- (7) Service Districts
- (8) Health & Human Services Boards
- (9) District Nominee Qualifications Review Committees
- (10) District Administrator
- (11) Statewide Health & Human Services Board
- (12) Departmental Budget
- (13) Conformity with Federal Statutes and Regulations
- (14) Information Systems
- (15) Eligibility Requirements
- (16) Purchase of Services
- (17) Contracting and Performance Standards
- (18) Headquarters and Service Facilities
- (19) Procurement of Health Services
- (20) Consultation with Counties on Mandated Programs
- (21) Outcome Evaluation and Program Effectiveness
- (22) Innovation Zones

Section 20.04, F.S.

Section 20.04, F.S., provides that the head of a department may not reallocate duties and functions specifically assigned by law to a specific unit of the department. However, those functions or agencies assigned generally to the department without specific designation to a unit of the department may be allocated and reallocated to a unit of the department at the discretion of the head (Secretary) of the department. Additional offices in the Department of Children & Family Services, may be established only by specific statutory enactment.

B. EFFECT OF PROPOSED CHANGES:

Suspends certain provisions of s. 20.19 to allow the secretary of the Department of Children & Family Services to organize programs, functions, districts and offices. Allows the secretary to appoint district administrators. Requires the Department of Children & Family Services to submit a report detailing the organization to the Legislature by December 1, 1999.

Although the bill waives certain provisions s. 20.19, F.S., for one year, other sections of Florida law regarding the department's duties and responsibilities are still in effect, including, but not limited to: chapters 39; 63; 216; 393; 394; 397; 402; 409; 410; 411; 414; and 415. These chapters by defacto require an organizational structure to be in place to perform the required functions and activities.

C. APPLICATION OF PRINCIPLES:

1. Less Government:

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

(1) any authority to make rules or adjudicate disputes?

N/A

(2) any new responsibilities, obligations or work for other governmental or private organizations or individuals?

N/A

(3) any entitlement to a government service or benefit?

N/A

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

(1) what responsibilities, costs and powers are passed on to another program, agency, level of government, or private entity?

N/A

(2) what is the cost of such responsibility at the new level/agency?

N/A

(3) how is the new agency accountable to the people governed?

N/A

2. Lower Taxes:

a. Does the bill increase anyone's taxes?

N/A

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

N/A

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

N/A

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

N/A

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

N/A

3. Personal Responsibility:

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

N/A

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

N/A

4. Individual Freedom:

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

N/A

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

N/A

5. Family Empowerment:

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

(1) Who evaluates the family's needs?

N/A

(2) Who makes the decisions?

N/A

(3) Are private alternatives permitted?

N/A

(4) Are families required to participate in a program?

N/A

(5) 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:

- (1) parents and guardians?

N/A

- (2) service providers?

N/A

- (3) government employees/agencies?

N/A

D. STATUTE(S) AFFECTED:

Section 20.19, F.S.

E. SECTION-BY-SECTION ANALYSIS:

Section 1.--Suspends certain provisions of s. 20.19 to allow the secretary of the Department of Children & Family Services to organize programs, functions, districts and offices. Allows the secretary to appoint district administrators. Requires the Department of Children & Family Services to submit a report detailing the organization to the Legislature by December 1, 1999.

Provides that the authority granted to reorganized the department is repealed on June 30, 2000

Section 2.--The bill takes effect on July 1, 1999.

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:

1. Non-recurring Effects:

N/A

2. Recurring Effects:

N/A

3. Long Run Effects Other Than Normal Growth:

N/A

4. Total Revenues and Expenditures:

N/A

B. FISCAL IMPACT ON LOCAL GOVERNMENTS AS A WHOLE:

1. Non-recurring Effects:

N/A

2. Recurring Effects:

N/A

3. Long Run Effects Other Than Normal Growth:

N/A

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

1. Direct Private Sector Costs:

N/A

2. Direct Private Sector Benefits:

N/A

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

N/A

D. FISCAL COMMENTS:

N/A

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 revenue raising authority.

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:

Although the bill suspends certain provisions of s. 20.19, F.S., for one year, other sections of Florida law regarding the department's duties and responsibilities are still in effect, including, but not limited to: chapters 39; 63; 216; 393; 394; 397; 402; 409; 410; 411; 414; and 415. These chapters by defacto require an organizational structure to be in place to perform the required functions and activities.

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

N/A

VII. SIGNATURES:

Committee on Children & Families:
Prepared by:

Staff Director:

Bob Barrios

Bob Barrios