

# SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

BILL: CS/SB 700

SPONSOR: Children and Families Committee and Senator Lynn

SUBJECT: Department of Children and Family Services

DATE: March 26, 2003

REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Collins</u>	<u>Whiddon</u>	<u>CF</u>	<u>Favorable/CS</u>
2.	<u>                    </u>	<u>                    </u>	<u>AHS</u>	<u>                    </u>
3.	<u>                    </u>	<u>                    </u>	<u>AP</u>	<u>                    </u>
4.	<u>                    </u>	<u>                    </u>	<u>RC</u>	<u>                    </u>
5.	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
6.	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>

## I. Summary:

Committee Substitute for Senate Bill 700 creates a not-for-profit corporation to be known as The Florida Substance Abuse and Mental Health Board, Inc., which is given the authority to set direction and policy for the substance abuse and mental health programs with the intent of providing mental health and substance abuse services which are coordinated and consistent throughout the state. This bill provides direction regarding board membership and process for appointment. Board members are not to be paid a salary.

A contract is to be developed between the Board and the department that requires the department to implement the policies of the Board. The contract is also to address how the department is to respond to requests made by the Board and additionally directs the Secretary to provide information requested by the Board in a timely manner.

This bill directs the Secretary to appoint an Assistant Secretary for the substance abuse and mental health programs from a list of recommendations made by the Board. The Secretary is to appoint a Director for each program area who is to have line of authority over district level staff. The Program Directors are to have direct control of budgets and contracts. Staff that are needed to manage these functions are to be placed under the supervision of the Program Director.

The bill also requires annual financial and program evaluation reports by the Board to both the Legislature and the Governor reporting on the status of the state's publicly funded mental health and substance abuse systems. The report must also address whether the department and the board are complying with the terms of the contract.

The Executive Office of the Governor is to obtain an independent evaluation of the effectiveness of the mental health and substance abuse programs which must include the operation of the

Board, the programs' organization within the department, and the contractual agreement between parties to determine the effectiveness of these changes. A report with recommendations relating to the continuation of the Board and organization of the department must be submitted to the Executive Office of the Governor, to the President of the Senate, and to the Speaker of the House of Representatives by January 1, 2006.

The statutory section created by this legislation expires on October 6, 2006 unless it is reviewed and re-enacted by the Legislature prior to that date.

This bill transfers the children in need of services/families in need of services (CINS/FINS) program from the Department of Juvenile Justice (DJJ) to the Department of Children and Family Services. This transfer is to become effective July 1, 2003.

This bill creates section 394.655 of the Florida Statutes and amends section 20.19 of the Florida Statutes.

## **II. Present Situation:**

### *The Department of Children and Family Services*

The mental health and substance abuse programs currently reside with the Department of Children and Family Services (department or DCF). The department's mission is to work in partnership with local communities to help people be self sufficient and live in stable families and communities and to deliver or provide for the delivery of all family services.

The Department of Children and Family Services is responsible for the delivery of diverse programs throughout the State of Florida. Program service areas include Adult Services; Child Care Services; Developmental Disabilities; Economic Self-Sufficiency Services; Family Safety; Mental Health; Refugee Services; and Substance Abuse. These programs are directed by the Secretary at the headquarters level and administered in 14 separate districts or regions that are managed by a District Administrator.

The Family Safety program has been a specific area of ongoing public concern, especially regarding the effectiveness of the child welfare system. Given the intensity of problems associated with the child welfare program, it has been suggested that other programs, particularly the mental health and substance abuse programs, do not receive adequate attention from the Secretary and District Administrators.

While some concerns regarding departmental management stem from recent adverse events, it has also been noted that the department has experienced management difficulties since its inception. A number of reasons have been cited for these problems some of which include:

- The separation of administrative services from program management allows administrative services to operate without careful consideration of the impact their decisions have on the mission of the organization. Routine transactions may take longer than necessary and needed actions may not get done.

- Districts operate independently and frequently like mini departments. Contracting mechanisms, standards, and monitoring are very different across the 14 districts.
- The program components representing services the department delivers are buried in the organizational structure. This structure compounds the difficulty in getting things done as program initiatives must be approved at several levels of the organization before reaching the Secretary for approval.
- There is no direct line relationship between the program offices and the district staff.

### *New Organizational Structure*

A new Secretary and Assistant Secretary were appointed to provide leadership for the department in September 2002. One of the first tasks of the new leadership team was to determine the most appropriate organizational and service delivery structure that aligned with the department's mission, in order to build a more accountable and responsive department focused on excellence and family safety and stability. A report "Re-forming the Social Service Business Partnership: Setting out the Vision and Strategies for Reform" was provided to the Legislature in February, 2003.

The Secretary's Plan for Reforming the Social Service Business Partnership identified needs of the substance abuse and mental health programs to:

- Increase the visibility of and focus on needs of persons with mental illness and substance abuse problems;
- Support advocacy for mental health/substance abuse funding and other resources;
- Provide a consistent policy framework oriented to community-based, client and family centered services;
- Support standardized and streamlined administration of mental health and substance abuse throughout the state;
- Maximize the critical role of Medicaid funding in behavioral health services; and
- Focus on the importance of mental health and substance abuse services in strengthening families.

In an effort to address these needs, based upon the authority designated in s. 20.19, F.S., the Secretary rearranged the organizational structure of the mental health and substance abuse program offices. Effective March 16, 2003, a new structure was initiated that resulted in the mental health and substance abuse programs becoming directly responsible for budgeting, contracting, and policy development, and established a direct line of supervision for all field staff and institutions.

Critical components of this new structure include the delegation of authority to the Director of the Mental Health Program and the Director of the Substance Abuse Program over control of staff and fiscal resources, program policy direction and performance expectations, contracting for services, interacting with interested parties, as well authority over a number of other specific areas.

*CINS/FINS*

Some earlier attempts to create more manageable entities resulted in the creation of The Department of Juvenile Justice (DJJ) out of the Department of Health and Rehabilitative Services (HRS). The CINS/FINS program was moved as a part of DJJ. In 1999, the Governor's Office requested that DJJ and the Florida Network of Youth and Family Services (Florida Network) work together to consolidate the 43 private-provider contracts for CINS/FINS services into a single statewide contract. The Florida Network was awarded the 3-year contract beginning July 1, 2001.

The Florida Network serves children in need of services (CINS) and families in need of services (FINS) as defined in ch. 984, F.S. The network is a private, not-for-profit association of 24 community-based agencies, operating in 34 sites throughout Florida. These agencies provide round-the-clock crisis, counseling, and shelter services for runaway, ungovernable, homeless, troubled and/or habitually truant children between the ages of 11 and 17 years and their families. The CINS/FINS continuum of services is designed to divert children from entry into the child welfare and juvenile justice system, and to maximize the strengths of family systems.

During FY 2001 – 2002, the CINS/FINS program experienced a nearly \$7 million budget reduction. Despite this reduction, the program screened, assessed, and referred more than 28,000 people. A study conducted by Tax Watch estimates the program saves the state approximately \$45 million annually by keeping program participants out of the DJJ system. The average cost per child served by the Network is \$1,650, more than \$5,000 less than it costs to serve a child in the juvenile justice system.

Since the inception of DJJ, there has been debate as to whether the CINS/FINS program is better placed with DJJ or DCF as the primary mission of DJJ is public safety. According to information received from the two departments, both DCF and DJJ have concurred that the CINS/FINS program better aligns with the social services offered through DCF.

The Governor's proposed budget for 2003-04 transfers the CINS/FINS program to DCF and eliminates the CINS/FINS budget line at DJJ of \$28 million in General Revenue and \$4 million in federal trust. The Governor's proposed budget reflects a reduction of \$12 million in funding as the program is transferred to DCF. General Revenue funding is reduced to \$1.6 million and replaces \$10.4 million of the lost General Revenue with federal Temporary Assistance for Needy Families (TANF) funds.

The proposed Senate Appropriations Bill leaves the CINS/FINS program in the Department of Juvenile Justice with an overall funding level of \$25.9 million. The funding consists of \$22.4 million in General Revenue, \$3.1 million in Grants and Donations, and nearly \$400,000 from the Social Services Block Grant.

**III. Effect of Proposed Changes:**

CS/SB 700 creates the "Florida Substance Abuse and Mental Health Board, Inc." This board is created with the intent of providing mental health and substance abuse services which are

coordinated and consistent throughout the state, which reflect the current state of knowledge regarding quality and effectiveness and that are responsive to service recipients and the needs of Florida's communities.

CS/SB 700 directs that the Board is to be organized as a not-for-profit corporation in compliance with ch. 617, F.S., and is not a unit or entity of state government. While the Board is to be administratively housed within the department, it is not subject to the supervision or control of the department or any other executive agency. The Board and any committees formed by it are subject to the provisions of ch. 119, F.S., relating to public records as well as ch. 286, F.S., pertaining to public meetings. Establishing the board as a not-for-profit corporation enables the board to function autonomously and establishes a distinct separation from the executive branch.

The bill directs that a contract is to be developed between the board and the department requiring the department to implement the policies of the board. This contract is to address how the department is to respond to requests made by the Board. The Secretary of the department is directed to provide information requested by the Board in a timely manner

#### *Purpose of the Proposed Board*

This bill establishes the Board as an entity that is subject to and consistent with the direction set by the Legislature. The Board is directed to exercise certain responsibilities that include requiring the collection and analysis of needs assessment data and to monitor the status of the publicly funded mental health and substance abuse systems. The Board is responsible for establishing policy that is designed to improve the coordination and effectiveness of services and to provide mechanisms for stakeholders to provide input regarding system management. The Board is to recommend priorities for service expansion to the department and the Agency for Health Care Administration and make recommendations to the Secretary concerning strategies for improving the performance of the system. It is also a responsibility of the Board to monitor and forecast manpower needs and to work with the department and the educational system to establish policies that will ensure the state has the personnel it needs to continuously implement and improve its services.

The Board is also to develop memoranda of understanding between substance abuse and mental health program offices and any other departments, and performance measures and standards. The Board is also directed to coordinate with other agencies and entities that provide, purchase, or fund substance abuse and mental health programs and services in order to work toward fully developed, integrated when appropriate mental health and substance abuse services.

#### *Appointments and Membership*

The Board is to consist of 15 members. Five members are to be appointed each by the President of the Senate, the Speaker of the House of Representatives, and the Governor. The chair of the committee is to be a member designated by the Governor, and the Secretary of the Department of Children and Family Services or his designee shall serve as an ex-officio member of the Board. The Board must be composed of:

- Experts in the fields of mental health and substance abuse;

- Former clients or family members of former clients served by the mental health and substance abuse programs;
- A representative of the state's senior population;
- Community or business leaders who have experience and interest in the areas of substance abuse and mental health;
- A representative of the criminal justice system; and
- A person representing the perspective of Community-Based Care under ch. 409, F.S.

A majority of the members would be community or business leaders. Although Board members are frequently appointed by the Governor and approved by the Senate, the appointment process specified in the bill for this Board is designed to create a shared sense of ownership by the Governor and the Legislature. This process will also help to ensure that the Board membership is representative of diverse sectors of the state which will contribute to establishing linkages with customers and stakeholder groups that will help the Board set direction and policy in a manner that is consistent with customer needs.

#### *Membership Requirements*

Persons who derive their income from either DCF or the Agency for Health Care Administration are excluded from Board membership but may serve on advisory committees. Members of the Board may be removed for cause by the appointing party or automatically upon three consecutive absences.

The Board is directed to develop by-laws and to meet at least quarterly and at other times upon the call of the chairman. The majority of the membership constitutes a quorum, and the board may only meet and take action with a quorum present. Within the resources appropriated by the Legislature and other available funds, the chairman of the Board may appoint advisory committees to address and advise the board on particular issues.

Members of the Board are required to file financial disclosures which will reduce the possibility of any conflicts of interest. Board and committee members are to provide services without compensation. However, they may be reimbursed for travel and per diem pursuant to s. 112.061, F.S., which is similar to the practices of other boards.

#### *Staff and Funding*

The Board is authorized to appoint four staff persons, one of whom is to be designated staff supervisor, including a program analyst, a budget analyst, a contract manager and an administrative assistant. These employees serve at the pleasure of the Board and are considered employees of the corporation, not of the state. Other staff support is to be provided by the department as negotiated in contract.

The bill requires the Board to develop and submit a budget request for its operation to the Governor through the Secretary and to provide for an annual financial audit of its records by an independent certified public accountant. The financial report must include a management letter in accordance with s. 11.45, F.S., as well as a detailed schedule of expenditures from each

expenditure category. The audit report must be submitted to the Governor, the department, and the Auditor General for review.

There is currently no funding designated to support this Board or its functions.

#### *Evaluation*

The Board is also directed to annually evaluate and report to both the Legislature and the Governor regarding the status of the state's publicly funded mental health and substance abuse systems with the first report due in December, 2004. Public sector agencies which deliver or contract for substance abuse or mental health services are directed to cooperate with the development of the annual report. As a part of the annual report, the Board and the department must report whether or not both parties are complying with the terms of the contract in a manner that is consistent with the goals and purposes of the Board and is in the best interest of the state.

The provision of annual reports will address one of the core functions of boards, which is to keep the public informed of activities and to protect the public interests. The development and provision of these reports will also help to identify and address the key issues faced by the substance abuse and mental health programs.

#### *Organizational Structure of the Substance Abuse and Mental Health Programs*

The committee substitute amends s. 20.19, F.S., and directs the Secretary for DCF to appoint an Assistant Secretary for Substance Abuse and Mental Health from a list of three recommendations made by the Board. The Assistant Secretary is to serve at the pleasure of the Secretary and with the concurrence of the Board. The Assistant Secretary is required to have expertise in both the areas of substance abuse and mental health.

The bill further directs the Secretary of the department to appoint Program Directors for the substance abuse and mental health programs. The Program Directors must have the requisite expertise in these areas and will have line authority over all district substance abuse and mental health program management staff.

The organizational structure proposed by this committee substitute is already substantially in place as a result of the departmental reorganization that was effective March 16, 2003. However, this bill codifies departmental changes that address many of the long-standing concerns regarding departmental management.

#### *Expiration*

The Executive Office of the Governor is directed to obtain an independent evaluation of the effectiveness of the mental health and substance abuse programs that must address the operation of the Board, the programs' organization within the department, and the contractual agreement between parties to determine the effectiveness of these changes. A report with recommendations relating to the continuation of the Board and departmental organization must be submitted by the Executive Office of the Governor to the President of the Senate and the Speaker of the House of Representatives by January 1, 2006.

Section 394.655, F.S., expires on October 6, 2006 unless it is reviewed and re-enacted by the Legislature prior to that date.

The bill also directs the transfer of the CINS/FINS program from the Department of Juvenile Justice to the Department of Children and Families. This transfer is to become effective on July 1, 2003.

#### **IV. Constitutional Issues:**

##### **A. Municipality/County Mandates Restrictions:**

None.

##### **B. Public Records/Open Meetings Issues:**

The Board and any committees it forms are subject to the provisions of ch. 119, F.S., relating to public records and the provisions of ch. 286, F.S., relating to public meetings.

##### **C. Trust Funds Restrictions:**

None.

#### **V. Economic Impact and Fiscal Note:**

##### **A. Tax/Fee Issues:**

None

##### **B. Private Sector Impact:**

None.

##### **C. Government Sector Impact:**

There is currently no funding appropriated to support the Florida Substance Abuse and Mental Health Board, Inc. The funding necessary to support this board is approximately \$250,000 annually.

These expenses include:

- \$223, 000 annually for staff salaries. This figure includes administrative overhead such as office rental.
- \$24,000 for travel expenses. This estimate is based upon travel expenses for quarterly one-day meetings and includes motel, airfare and per diem at an estimated \$400 per trip.

Although the contract required for the department to carry out directives of the Board should have no fiscal impact, it is not known whether the expectations of the Board will result in the need for the department to request additional revenues from the Legislature.



The transfer of the CINS/FINS program to DCF may change the configuration of revenues appropriated for the program but should not otherwise have a fiscal impact on state government.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Amendments:**

None.

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This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.

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