



## 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 (CBC) 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 This section of law is scheduled to be repealed on July 1, 2009.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 CBC pilot agencies and provided the Department of Children and Families (DCF) the option to make this available to other CBC contracts statewide. DCF exercised this option and under the authority of this legislation, grants of general revenue have been made to the pilot projects and CBC agencies statewide. 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 and all other CBC agencies 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 state license fees, food and refreshment cost, promotional materials and cost associated with fundraising.

In addition to funding flexibility, the CBC pilot legislation transferred fiscal, administrative, and program monitoring responsibilities from the Department of Children and Families to independent, non-governmental third-party oversight entities at the two pilot sites. 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

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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 funds, tobacco settlement funds, child welfare training funds, Temporary Assistance for Needy Families and Block Grant funds and Social Services Block Grant funds (House Human Services Appropriations committee staff).

casework services are comprehensive and services received best meet clients' needs, and evaluate 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 CBC 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:

- Allows CBC agencies to roll forward general revenue and other state funds at the end of each fiscal year through the end of their contract period. The language in the bill specifies a grant of general revenue and other state funds, which allows these agencies to retain the funds and roll them forward into the next contract cycle.<sup>6</sup>
- Requires community based care agencies to document federal funds earned and return funds not documented to DCF.
- Allows DCF to increase CBC 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>7</sup>
- Allows 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.
- Allows CBC 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, related professional membership dues, costs of food and refreshment, and costs of promotional materials.
- Directs DCF to make two-month advance payments on fixed-price CBC contracts at the beginning of each fiscal year with equal monthly payments thereafter.

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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> 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 \$1 million.

**B. SECTION DIRECTORY:**

- Section 1. Amends s. 409.1671, F.S., 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:**

The bill specifies that a contract between the department and a CBC agency must be funded by a grant of general revenue and applicable federal funding sources. Currently, however, CBC agencies also receive Tobacco Settlement funds and other state funds. The other state funds total approximately \$120 million.

**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**

On April 15, 2009, the Full Appropriations Council on General Government & Health Care adopted to amendments:

1. Added other state trust funds as a source of grant revenue for the contract between the CBC agencies and the department.
2. Eliminated state professional license fees as an allowable expenditure.

The bill analysis is drafted to the council substitute.