



The Florida Senate

Interim Project Report 98-23

November 1998

Committee on Governmental Reform and Oversight

Senator Charles Williams, Chairman

CONSOLIDATING ADMINISTRATIVE FUNCTIONS OF STATE AGENCIES

SUMMARY

At the direction of the Joint Legislative Auditing Committee, the Office of Program Policy Analysis and Government Accountability (OPPAGA) examined the administrative services functions of the Agency for Health Care Administration (AHCA) and the Departments of Children and Families (DCF), Elder Affairs, Juvenile Justice, and Health (DOH). The main thrust of the study was to determine if there might be an opportunity to consolidate the delivery of administrative services among agencies.

The study concludes that the divestiture of programs from the former Department of Health and Rehabilitative Services to the four new agencies resulted in improved delivery of administrative services without large increases in staff. Likewise, both DOH and DCF could benefit financially and operationally through further consolidation of administrative service functions.

BACKGROUND

In 1991, the Legislature began rescinding many of the organizational responsibilities of the Department of Health and Rehabilitative Services (DHRS) transferring the majority of its programs to four newly created agencies, the Departments of Elder Affairs, Juvenile Justice, Health, and the Agency for Health Care Administration. At the time DHRS was responsible for administering a broad range of programs which included Medicaid; mental health, alcohol and drug abuse; public health services; elder and family services; and child protective investigations, to name a few. The Legislature believed that by creating four new agencies having program management expertise within specific program areas, it might more effectively increase the provision of existing program services. Finally, in 1997, the DHRS was abolished and renamed DCF.

METHODOLOGY

All information is based upon findings reviewed in OPPAGA report No. 98-20, entitled "Review of the Provision of Administrative Services in Florida's Health and Human Services Agencies."

FINDINGS

In Fiscal Year 1996-97, Florida's health and human services agencies reported spending \$277 million for administrative services. The financial data showed that the majority (75%) of the fiscal dollars were actually used for management information system services and administrative support services.

The OPPAGA reported investigating four options for reducing costs and staffing within the five health and human services agencies:

- * further consolidating administrative services within agencies;
- * merging administrative services for all health and human services agencies within a single agency;
- * re-engineering administrative services; and
- * privatizing administrative services.

The OPPAGA report concluded consolidating DCF's and DOH's administrative services within their agencies to be the most viable option. This option allows for continued improvements regarding agency separation and decentralized delivery of services, and less operational disruption. It is anticipated that this option will produce further FTE reductions and cost savings while continuing to improve the efficiency of services. Program implementation should yield a \$460,000 cost avoidance annually.

RECOMMENDATIONS

The Department of Health (DOH) and the Department of Children and Families (DCF) should submit a consolidation plan to the Legislature by October 1, 1999. The plan should include: the identification of specific administrative services that can be delivered through regional administrative service centers and consortia; implementation schedules; and best estimates for cost savings.

The five health and human services agencies should establish baseline information regarding the current cost of providing administrative services and adopt

performance measures to assess their effectiveness and efficiency.

Any operational consolidation addressed by proviso language in the General Appropriations Act and the Implementing Bill should also be authorized under general law. This would permit the proper delegation to the budget bills. In 1996, the Florida Supreme Court ruled in *Chiles vs. Milligan*, 682 So.2d 74 (Fla. 1996) that “an appropriations bill cannot amend an existing statute on a subject matter other than appropriations.”

COMMITTEE(S) INVOLVED IN REPORT *(Contact first committee for more information.)*

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Committee on Ways and Means, Subcommittee A
OPPAGA

MEMBER OVERSIGHT

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