

**The Florida Senate**  
**BILL ANALYSIS AND FISCAL IMPACT STATEMENT**

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

Prepared By: The Professional Staff of the Health and Human Services Appropriations Committee

BILL: PCS for SB 1666

INTRODUCER: Committee on Health and Human Services Appropriations and Senator Peaden

SUBJECT: Community-based Agencies

DATE: March 30, 2009

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

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Hardy	Peters	HA	<b>Pre-meeting</b>
2.			GO	
3.			WPSC	
4.			RC	
5.				
6.				

**I. Summary:**

Chapter 2006-30, Laws of Florida, created a three-year pilot project for two community-based care lead agencies under contract to the Department of Children and Family Services (DCF) in Broward County and Miami-Dade/Monroe counties. This pilot project was implemented and the law related to the pilots is scheduled to be repealed on July 1, 2009. This bill will continue the legislative authority from the pilot project and expand it statewide: The bill:

- Grants community based care agencies authority to roll forward state funds at the end of each fiscal year through the end of their contract period.
- Requires community based care agencies to document federal funds earned and return unearned funds to DCF.
- Grants authority to DCF to increase community based care agency contracts for excess federal funds earned in accordance with the requirements in s. 216.181(11), F.S.
- Grants authority to DCF to outsource program, administrative or fiscal oversight monitoring of community-based agencies.
- Grants authority for community-based 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, professional fees, costs of food and refreshment, and costs of promotional materials.

- Grants authority for DCF to make two month advance payments on fixed price community based care contracts.
- Grants authority for community-based agencies to retain any interest earned on advances and expend these earnings on allowable child welfare and related services.
- Requires DCF to document interest earnings and associated expenditures.

## II. Present Situation:

Chapter 2006-30, Laws of Florida, created a three-year pilot project for two community-based care lead agencies (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 community-based care pilot agencies and provided the Department of Children and Families (DCF) the option to make this available to other community-based care contracts statewide. The legislation provides that grants of general revenue may be made to the pilot project community-based care agencies. 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 in the use of funds for staff cellular phone allowances, contracts requiring deferred payments and maintenance agreements, security deposits for office leases, related professional membership dues, professional license fees, food and refreshment cost, promotional materials and costs associated with fundraising. In addition to the funding flexibility, the community-based care pilot project transfers fiscal, administrative, and program monitoring responsibilities from the DCF to independent, non-governmental third-party oversight entities. 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 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 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.

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 that, overall, the 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. While, OPPAGA did not recommend the continuation or expansion of the pilot project, DCF has requested authority for outsourcing to continue, indicating it would like to have the flexibility to secure such oversight as needed in the future. Our Kids of Miami-Dade/Monroe, Inc. one of the community-based care 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.

### **III. Effect of Proposed Changes:**

This legislation will continue the pilot projects authorized in Chapter 2006-30, Laws of Florida, and make available the pilot provisions statewide. The legislation will:

- Grant that community based care agencies may roll forward state funds at the end of each fiscal year through the end of their contract period. This would include general revenue and tobacco funds in community based care agency contracts with DCF. The language in the bill specifies a grant of general revenue which allows these agencies to retain state funds and roll them forward into the next contract cycle.
- Require community based care agencies to document federal funds earned and return unearned funds to the DCF.
- Grant permissive authority to DCF to increase community based care agency contracts for excess federal funds earned in accordance with the authority and requirements in s. 216.181(11), F.S.
- Grant authority for 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 and administrative monitoring.
- Grant authority for community-based 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, professional fees, costs of food and refreshment, and costs of promotional materials.
- Grant authority for DCF to make two-month advance payments on fixed price community based care contracts.
- Grant authority for community-based agencies to retain any interest earned on advances and expend these earnings on allowable child welfare and related services.
- Requires DCF to document interest earnings and associated expenditures.

**IV. Constitutional Issues:**

## A. Municipality/County Mandates Restrictions:

None.

## B. Public Records/Open Meetings Issues:

None.

## C. Trust Funds Restrictions:

None.

**V. Fiscal Impact Statement:**

## A. Tax/Fee Issues:

None.

## B. Private Sector Impact:

None.

## C. Government Sector Impact:

This legislation authorizes community-based agencies to retain interest earned on advances that would otherwise be returned to the state and revert to General Revenue Unallocated. In Fiscal Year 07-08, community-based agencies earned \$1,800,000 from interest on advances.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Additional Information:**

## A. Committee Substitute – Statement of Substantial Changes:

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

## B. Amendments:

None.

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This Senate Bill Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.

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