

BRIEFINGS

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An Integrated, Streamlined Monitoring System for Child Welfare Services Contracts Can Help Achieve the Potential of the Community-Based Care System

The 2005 Florida Legislature has been reviewing the Department of Children and Families' system for monitoring the contracts it has with private providers of child welfare services. As part of that review, the Chair of the Children and Families Committee asked Florida TaxWatch to conduct research on the issue. This is the first report of what will be a long-term research project for Florida TaxWatch.

It is imperative that the state closely monitor the financial viability of the providers and their performance in achieving desired outcomes. However, the legislature and the department must be careful not to add processes and requirements to an already complex and burdensome system. Steps should be taken to streamline the system, better integrating the various functions and entities to help eliminate duplication and ultimately provide better services to children.

Florida Has Shifted Child Welfare Services to Private, Local Providers

Florida is the first state in the nation to fully outsource its child welfare services. Following a pilot program in 1996, the legislature mandated in 1998 that the Department of Children and Family Services contract with private, non-profit, community-based organizations to provide virtually all child protective services. These include family preservation, emergency shelter, foster care and adoption.

Implementation of this change took time. Earlier this month, the state signed a contract with a community-based care (CBC) lead agency to take over child welfare in Miami-Dade and Monroe counties, the last two counties where the state was directly providing these services. The state now has contracts covering the entire state, and the annual value of these contracts is approximately \$500 million.

The transition to community-based care acknowledges that communities differ across the state, and "one size fits all" was not the best approach. Instead, the care of dependent children and

assistance to their families is now a community responsibility involving partners such as foster parents, the public school system, the courts, law enforcement, the faith community and other community organizations—with the state providing oversight. The idea is to couple local control and flexibility with state assurance that children are provided with a quality system that offers both equal protection and equal access to quality, cost-effective intervention and assistance.

The legislature also created Community Alliances to be a central point for broad-based community input, collaboration and governance. These alliances are groups of stakeholders, community leaders, client representatives and human service funders. An alliance may serve one or more counties.

Community Based Care is Showing Results

The transition of 50,000 children from state care to community care was a major undertaking. Although the pre-privatization child welfare system was facing serious problems, there was concern about the quality of care during the transition as the new system became established and the lead agencies solidified their infrastructure and processes. There have been some problems, including the failure of two CBCs that have been replaced. However, while performance varies across the state, data show that the new system is already showing benefits and improving outcomes.

Information from the Department of Children and Families and the CBCs shows that improvement is being made in these areas:

- * more children visited each month*
- * fewer children in care*
- * fewer children in out of home care*
- * fewer children re-entering foster care*
- * more children adopted*
- * more available foster families*
- * less foster home crowding*

Monitoring of CBCs Is Already Extensive

The Community-Based Care lead agencies (CBCs) are subject to a variety of review and oversight activities. Within the Department of Children and Families (DCF), a number of different oversight functions are performed by a variety of headquarters and district level staff. In addition to DCF's oversight, the lead agencies go through a number of other internal and external reviews. The current contract monitoring system is complex and duplicative. Many CBCs contend that the system is onerous, over-reaching and wasteful.

The major oversight effort by DCF is the annual monitoring by the Contract Oversight Unit under the department's Inspector General. This consists of up to 10-15 DCF staff doing an onsite

visit that can last 20 days. The team does an in-depth review of financial matters, policies and procedures and internal controls. This is in addition to the monthly monitoring by the contract manager, who reviews things such as spending plans, invoices, staffing reports and performance. The Contract Oversight Unit does not rely on the contract managers' findings, but instead reviews the manager's work by redoing much of it.

DCF also conducts an annual re-licensing review of the CBCs, in which many administrative and personnel matters are examined. The department also conducts a bi-annual Child Welfare Quality Assurance Review in which a representative sample of case files is reviewed.

The Florida Mental Health Institute (FMHI) at the University of South Florida has been under contract with the DCF since September 2002 to conduct an annual statewide evaluation of Community-Based Care.

DCF also wants to require CBCs to be reviewed by an "independent fiscal monitor." This is currently being done in one lead agency, but it is being included in other contracts. DCF will be contracting with private auditors to conduct ongoing reviews and tests of financial operations. The frequency will be determined by DCF based on its assessment of need, but reviews could be monthly or more frequent.

In addition, CBCs have an independent audit performed by a licensed Certified Public Accountant (CPA), which includes an audit of financial statements, federal compliance and state compliance. Some CBCs think the work of the CPA is virtually ignored by the Contract Oversight Unit's review, although DCF staff expressed to Florida TaxWatch staff that this is not the case.

The CBCs also daily update HomeSafenet, Florida's statewide automated child welfare information system. This system provides DCF with immediate and continual updates of CBC performance.

There is annual monitoring associated with other funding that a CBC might receive, such as Alcohol, Drug Abuse & Mental Health monitoring. DCF may also require a Children and Families Services Review.

CBCs will also be going through an accreditation process, as required by their contracts. This is a comprehensive and time-consuming review by a national accreditation organization, including on-site visits by trained peer reviewers, to ensure that they comply with nationally recognized standards of best practice. This review could result in other areas of oversight duplication. Instead, the accreditation process should be integrated into the state monitoring system so that it can be a tool for DCF monitoring.

The state's Office of Program Policy Analysis and Government Accountability (OPPAGA) has issued three reports since February 2004 on the transition and contract monitoring and oversight systems. The initial focus was on the readiness assessment process, but OPPAGA also made recommendations concerning the budget allocation and oversight systems.

Current System Needs a Thorough Review

In 2003, under a previous department administration, the Department of Children and Family Services formed a CBC Oversight and Accountability Workgroup to review the monitoring process with the goal of “well thought-out and clearly articulated contracts with private service providers coupled with an integrated programmatic and financial oversight system that is minimally intrusive to service providers and non-duplicative.” (*Draft Workgroup Report, October 2003*)

After the group produced its draft report, momentum slowed and a final report was not issued. Although the group cited areas where duplication existed and improvement was needed, and even drafted some recommendations, they were not pursued.

The draft report highlighted some problems with the system including “information is not routinely shared among oversight groups and coordination of efforts is non-existent.” It cited a chain of command and oversight structure that was unclear and duplicative and acknowledged tensions between various units of the department.

This process should be reinvigorated. To this end, a new workgroup should be formed to assess the efficiency and effectiveness of the current community-based care contract monitoring system, including CBC monitoring of their sub-contractors. In addition to DCF staff, it should include representatives from lead agencies and community alliances. Moreover, the work group should include members of the business community, preferably ones with a working knowledge of how government operates. This can help bring best business practices and business processes into the system.

The review should focus on integration of the current functions to eliminate duplicative or unnecessary efforts. The focus should be on what is needed to achieve the desired outcome measures. The group would report to the Governor and the Legislature its findings and recommendations to improve the process.

Not all CBCs need to be subject to the same level of scrutiny. One issue a workgroup should address is better targeting of monitoring and oversight resources. Leading indicators should be identified to help DCF recognize the need for enhanced scrutiny of certain providers and avoid unnecessary detail in the review of others.

While It May Be Unnecessarily Detailed, the Monitoring System Should Be Broadened in Scope and Perspective

Reviews must acknowledge that other parts of the system impact lead agency performance. Child welfare system partners, including DCF administration, the court system, the protective investigation function, guardian ad litem coverage and services, and child welfare legal services all effect a CBC’s ability to meet contract requirements. Reasons for increasing caseloads, such as exceptional and unexpected numbers of children brought into the system from increased investigations, must be considered during the monitoring process. Similarly, DCF

responsibilities such as timeliness of payments and budget completion, availability and effectiveness of technical assistance, and frequency of requests outside of the contract terms can seriously impact CBC performance.

Prevention is the key to reducing caseloads and improving performance. Providing up-front services that address the reasons children enter state care can greatly reduce the number of children entering and re-entering the system. Last year, the Legislature shifted prevention funding to the CBCs and this resulted in several big successes, helping hundreds of children avoid the system. This policy should be continued.

To add perspective and further increase local participation, the monitoring process should include input from community alliance members and lead agency representatives. To help ensure successful implementation of the privatization effort, the legislature established a “readiness assessment” process to assess the operational readiness of each DCF district and lead agency. The process included on-site reviews by a team made up of representatives from DCF, the lead agencies and community alliance members—all serving as equal members.

Using that model, the on-site annual Contract Performance Unit review could be expanded to include community alliance members and people from other CBCs.

Legislature Looking to Revamp State Contracting

Effective contracting by all state agencies has been a focus of the 2005 Legislature. Different versions of a bill revamping the overall state contracting process have already been passed by both chambers.

Legislation focusing on DCF contracting has also moved through the process. Requirements of Senate Bill 1476 and House Bill 1827 include that prior to outsourcing, DCF develop a business plan to be included in the department’s legislative budget request. It enumerates additional requirements for contracts in excess of \$250,000. It also limits the ability of DCF to amend contracts without the approval of the Governor and the Administration Commission, when those amendments increase the value of the contract by specified amounts. It also requires those amendments to be submitted to the Senate Ways and Means Committee and House Fiscal Council, allowing them the opportunity to object. In that case, if the Governor does not disapprove the amendment, it must go before the Administration Commission where approval requires a 2/3 vote of members present. The legislation also sets out requirements and processes for contact managers and contract monitoring units.

Many of the provisions in the DCF contracting bill are also contained in the overall state contracting legislation. While the increased attention to sourcing decisions for state contracts is important and needed, the decision to contract out child welfare services has already been mandated by the legislature and implemented by the department. If the legislation becomes law, the examination of DCF’s system for monitoring contracts with CBCs should continue.

Summary of Findings and Recommendations

- The outsourcing of child welfare services by the Department of Children and Family Services is showing good results, as many outcome measures are improving. The development of this community-based care system should be encouraged and steps taken to help this effort reach its full potential.
- A quality monitoring and oversight system by the state is necessary but care must be taken that it does not create an undue burden on the community-based care lead agencies or become an impediment to efficient and effective delivery of services. The focus should be on performance and improving the lives of children as well as the fiscal health of the community-based care lead agency.
- CBCs are subject to various reviews and accountability requirements and the current process is complex and unnecessarily duplicative.
- A workgroup should be formed to assess the efficiency and effectiveness of the current contract monitoring system, with a focus on integration of the current functions to eliminate duplicative or unnecessary efforts. In addition to DCF, lead agencies and community alliances, the work group should include members of the business community to help bring best business practices into the system.
- Reviews must acknowledge that other parts of the system impact lead agency performance, including DCF administration, the court system, the protective investigation function, guardian ad litem coverage and services, and child welfare legal services.
- Prevention is the key to reducing caseloads and improving performance. Last year, the Legislature shifted prevention funding to the CBCs and this resulted in several big successes. This policy should be continued.
- To add perspective and further increase local participation, the monitoring process should include input from community alliances and lead agencies. Using the “readiness assessment” model, the on-site annual Contract Performance Unit review could be expanded to include community alliance members and people from other CBCs.
- Open and up-front communication between DCF and the lead agencies is essential. Regular meetings should be held to proactively discuss operational issues, identify problems and develop strategies.
- To help maximize the receipt of available federal funds, CBCs that are currently under contract with DCF should retain a share of the reimbursement of federal funds that the provider is eligible for and agrees to earn pursuant to the services that are being furnished under contract. As required by statute, the department should develop for approval by the Governor’s Office, a methodology for distribution.

The governor and legislature are to be commended for the courage and vision to take on a first-in-the-nation approach to providing child welfare services. This system is built on an infrastructure of established local programs, some of which have been in existence for 100 years. The Secretary and professional staff of the Department of Children and Family Services should also be commended for their commitment to helping children and for implementing this major undertaking and going through a difficult transition in this new role of the department. The new system has vast potential to improve the quality of life for Florida's children and their families, as well increasing value for Florida taxpayers. The positive results that have already occurred are encouraging.

Work should continue on the contract and performance monitoring of DCF. Florida TaxWatch will continue its research in this area. The state must balance the need to ensure that lead agencies are healthy and providing the best possible return on taxpayer investment with the need to allow them to do the work they are paid to do with true local and private sector focus, flexibility and accountability.

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