

Florida's Child Welfare System

CARRY FORWARD

- We request the continuation in budget policy to allow community-based care lead agencies to carry forward unspent funds to next fiscal year. This mechanism recognizes that these are multi-year risk-based contracts that allow expenses to be incurred during the life of the contract.
- Florida's Child Welfare System is a unique-in-the-nation transfer of financial and program/professional liability risk from the state to community based non-profit agencies.
- CBC Lead Agencies are independent entities that are at full financial risk in managed care contracts that specify a fixed budget rather than an actuarially determined rate (like HMO's).
- CBC Lead Agencies must manage within this fixed budget even though they do not control entry to or exit from the system; must accept all children referred for services; and are required to meet all identified service needs for as long the child remains in state care.
- CBC Lead Agencies are new 501(c)(3) entities that came into being through a response to a competitive procurement. Thus they have no assets, reserve funds, or cash balances.
- The number of lead agencies experiencing fiscal distress has decreased dramatically since funds were allowed to be utilized across fiscal years.
- Current business rules allowing Lead Agencies to defer spending across fiscal years promote responsible stewardship of resources in that the June "use it or lose it" mentality is eliminated and minimal reserves to pay for unanticipated extraordinary care costs are allowed. They also encourage investment in diverting children from the system whenever possible. These business rules still require Lead Agencies spend all contracted funds on allowable child welfare purposes.

MAINTAIN CURRENT BUDGET & RESTORE NONRECURRING FUNDS

- During the past five years, Florida's child welfare system has gone from being one of the worst in the nation to a model system of care. Two main factors made this happen: (1) privatization and a community-based care approach, and (2) the Title IV-E Waiver granted to Florida in 2004 which allowed for flexibility in the use of funds to go beyond out-of-home care and into diversion and intervention services that have kept thousands of children safely in their homes while receive much needed services.
- As the Legislature grapples with difficult financial decisions, we urge you to **maintain the current level of funding** and to **restore non-recurring funding (\$23 million – includes community-based care core services, maintenance adoption subsidies and Independent Living services)**. Any further cuts to child welfare would be costly to both the state and the children we serve.

EFFICIENCIES

- We encourage changes of the current contract monitoring model to a more cost-effective and efficient contracting model.

- COA (Council on Accreditation) and other nationally recognized accrediting bodies should play an important role on the monitoring of child welfare lead and service providers.

