Risk Pool Peer Review Committee Report

Embrace Families – Circuits 9 & 18 (Seminole)

Fiscal Year 22-23

Executive Summary:

Embrace Families Community Based Care (EFCBC) submitted an application for risk pool funding on November 23, 2022.

The department established a Risk Pool Peer Review Committee pursuant to section 409.990 (8)(a), F.S. (2022) for State Fiscal Year (FY) 22-23, the Risk Pool application process was informed by lessons learned from the prior year reviews as well as the availability of extensive additional information from reports developed pursuant to Chapter 409.996(3), Florida Statutes. In compliance with Chapter 409.996(3), the department completed a comprehensive, multi-year review of the revenues, expenditures and financial position of all Community-Based Care lead agencies including a comprehensive system of care analysis. This submission also included a financial viability plan from all lead agencies.

The Risk Pool Peer Review team conducted a review virtually on December 6-7, 2022, with relevant information available from multiple sources to make recommendations. The documents reviewed included:

- Risk Pool Funding Application FY 22-23
- Financial Viability Plan FY 22-23
- Budget Projections provided by the Lead Agency
- The Child Welfare Dashboard
- The Child Welfare Key Indicators Monthly Report
- Florida Safe Families Network (FSFN) Aggregate Payment Data
- June 30, 2021, Single Audit (CPA Audit)

As a part of the review, the team evaluated all available information from previous on-site visits, current data, and monitoring reports. To resolve any outstanding questions, additional information was requested by the team from the CBC which allowed the team to make an enhanced recommendation without an on-site visit being conduct by the Risk Pool Peer Review Committee.

The Risk Pool Peer Review Committee for EFCBC consisted of:

Barney Ray, DCF Director of Revenue Management and Partner Compliance (Team Lead)

Esther Jacobo, Executive Director, Citrus Family Care Network

Brena Slater, CEO, Safe Children Coalition

Brian Zaletel, CFO, Family Support Services of North Florida and Family Support Service of Suncoast

Jessica Andrews, Director of Policy and Programs, Office of Child and Family Well-Being

Kathryn Williams, Deputy Assistant Secretary for Operations, Office of Child and Family Well-Being

While the specific areas of review and analysis varied based on the unique needs and circumstances of each Region, Circuit and Lead Agency, the following framework provided an outline for organizing the work of the Peer Review Committee.

Application Summary:

EFCBC's application for risk pool funding requested $3,054,312. EFCBC's projected deficit for Fiscal Year 22-23 is $8,467,696. Funding is requested to address significant changes in the number or composition of clients eligible to receive services, significant changes in the services that are eligible for reimbursement, and risk to continuity of care in the event of failure or discontinuance of service or financial misconduct by a lead agency.

The primary causes EFCBC attributed to their current financial challenges are outlined below:

- Increase in the number of youth with more acute needs.
- Increase in percentage of youth in licensed out of home care.
- Failure of Children's Home Society to recruit and retain the necessary case management workforce to provide services and subsequent withdrawal of providing services in their area.
- Increased funding to surrounding CBC lead agencies allowed those agencies to increase the salaries of case management resulting in EFCBC's decision to increase staff salaries to remain competitive.

Findings:

After review of the information provided the Peer Review Committee made the following findings:

1. **Findings related to the need for services and commitment of resources**
   - Sources: (The Child Welfare Key Indicators Monthly Report, The Child Welfare Dashboard)

     1.1. ***What is the relevant community context within which the child welfare system operates?***
     1.2. ***This may include incidence of calls to the hotline, child poverty in the area, local factors that influence the need for services, etc.***

1.3. ***Factors may also include community resources available to meet the needs of children and families such as Children's Services Councils, local governmental resources, or other unique factors.***

Embrace Families is the lead agency for foster care and adoption related services in Orange, Osceola, and Seminole Counties. Judicial Circuit 9 is comprised of Orange and Osceola counties and Seminole is one of the two counties that comprise Judicial Circuit 18. Embrace Families has held the lead agency contract since 2004 in Seminole County and since 2011 in Orange and Osceola Counties. The protective investigation function is conducted by the Seminole County Sheriff's Office in Seminole County and by the department in Orange and Osceola Counties. Children's Legal Services (CLS) represents the state in Dependency proceedings in both judicial circuits.

Embrace Families operates a county level operations management model with an agency administrative overlay. Case management is subcontracted to community partners in all three counties. Each case management agency is also contracted to provide diversion staff, which include staff that are co-located in each CPI service center and assist with referrals to services and resources. Staff provide care coordination for family support cases and provide an oversight role when care coordination is referred to another program.

Census Facts

US Census Facts	Florida	Osceola	Seminole	Orange
Median Household Income	$57,703	$55,538	$70,297	$61,416
Percent of population living in poverty	13.1%	11.8%	8.0%	12.7%
Percent of population over 25 years old with a college degree	30.5%	23.2%	41.0%	35.4%
Percent of population over 25 years old with high school diploma	88.5%	86.1%	94.4%	88.7%

Data Source: census.gov/quickfacts (2016-2020)

Based on the US Census Facts, Seminole County's population exceeds the state's average when it comes to education, both with high school diplomas and college degrees. The county also has an appreciatively higher median household income than the state average, coinciding with a poverty rate lower than the state average. Orange County follows similar trends to Seminole County with education rates higher than the state average. They also have a slightly higher median household income and a lower poverty level than the state average. In contrast, Osceola County has lower population rates with high school diplomas and college degrees, lower median household incomes but still a lower percentage of the population living in poverty than the state averages.

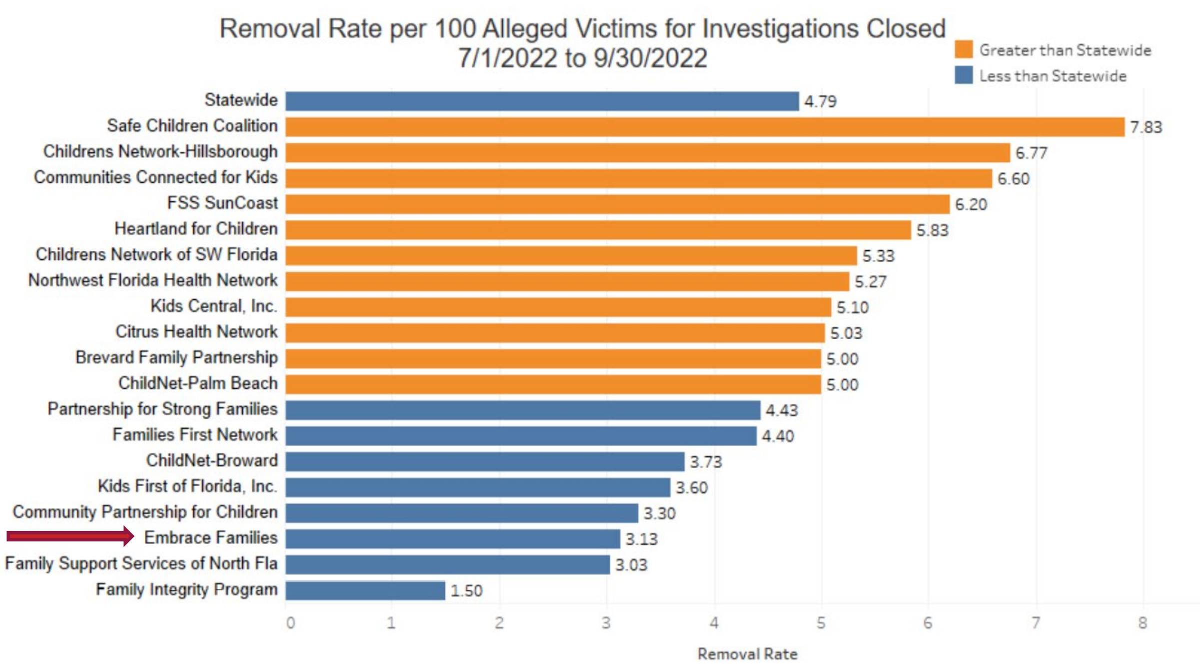
2. **Findings related to protective services including removals, referrals for post-investigative services, activities to protect children without removal and use of resources focused on prevention and intervention.**
   - Sources: (The Child Welfare Key Indicators Monthly Report, The Child Welfare Dashboard)

   2.1. ***What are the rates of removal, rates of verification and other measures from protective investigations that affect the need for child welfare services? How have these measures changed over time and how do they compare with other areas of the state?***

   2.2. ***What activities are in place to provide support to protective investigators and families to permit children to remain safe in their homes? What services are provided with funds used for prevention and intervention?***

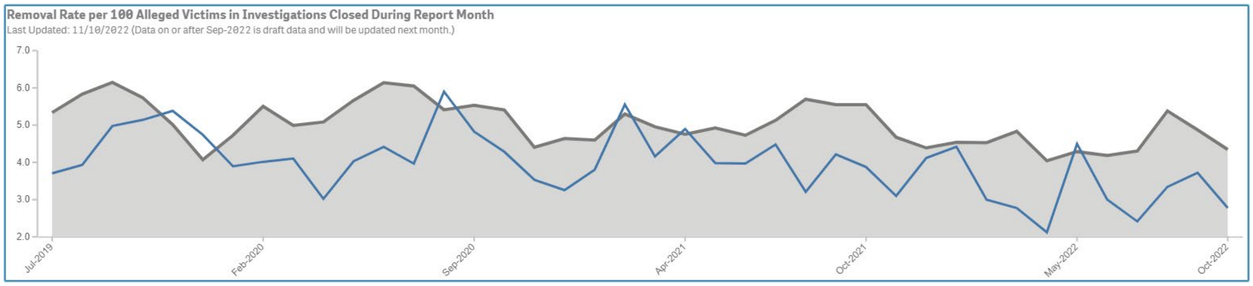
   2.3. ***What services are provided with funds used for prevention and intervention?***

   2.4. ***How well integrated are the CPI, safety management and intervention services components? Are there case transfer issues that affect performance?***



The removal rate per 100 alleged victims from 7/1/2022 to 9/30/2022 is less than the statewide average, as shown in the graphic above.

Removal Rate Per 100 Alleged Victims



The removal rate per 100 alleged victims has been consistently below the statewide average.

3. **Findings related to provision of services for children in care (both in-home and out-of-home)**
   - Sources: (The Child Welfare Dashboard, CBC Financial Viability Report, CBC Monthly Expenditure Reports, and Florida Safe Families Network (FSFN) Aggregate Payment Data)

   3.1. ***What is the composition of the children in care including age cohorts, placement types, use of specialized higher costs settings, use of congregate care, etc.***

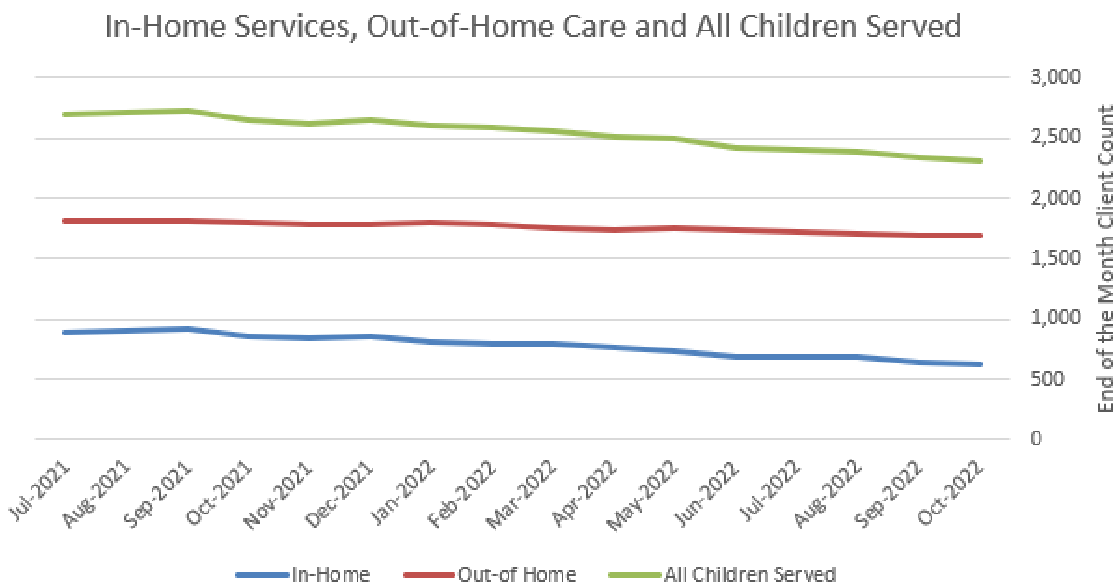
   3.2. ***What is the cost of various placement types? To what extent are the rates paid for foster care (including care with various rates of intensity), congregate care consistent with statewide norms (considering community context)? Have these rates remained relatively consistent over the past few fiscal years?***

   3.3. ***What is the cost for dependency case management? Is this consistent with norms for such services? Have these rates remained relatively consistent over the past few fiscal years?***

   3.4. ***To what extent is the Lead Agency appropriately utilizing non-child welfare funding for services (such as DCF SAMH Funds, Medicaid, and other non-DCF funding sources).***

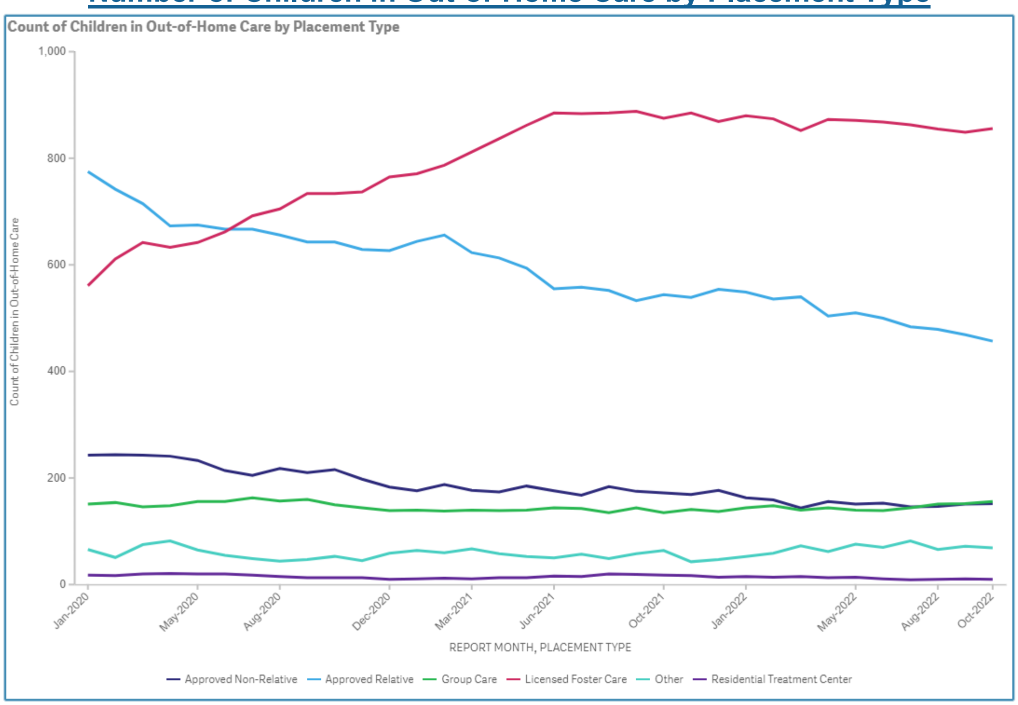
   3.5. ***What evidence exists that case management services are well-managed by the Lead Agency?*** *(See overall management section for response)*

   3.6. ***To what extent is the CBC meeting its obligation to the Family First Prevention goals? Have they reduced reliance on Residential Group care? How much? If not, what is the action plan going forward? Has the CBC met the 40% goal for all relative/non-relative placements licensed as Level I Foster Homes?***



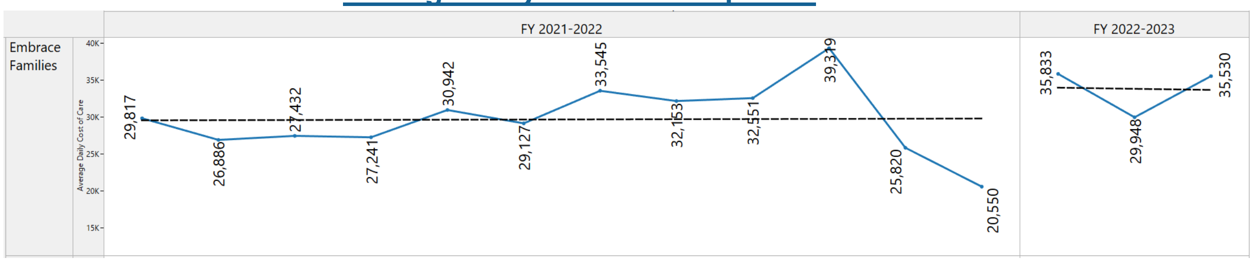
The number of clients being served in-home, and out-of-home is trending downward.

Number of Children in Out-of-Home Care by Placement Type



The number of children in group care has remained relatively stable from 150 in January 2020 to 155 in October 2022. However, the number of children in foster care has increased significantly from 560 children, of which 87 were in Level I child specific licensed foster homes in January 2020, to 855 children, of which 405 are in Level I child specific licensed foster homes in October 2022. This increase is due to the increased number of Level I child specific licensed foster home placements.

Average Daily Cost of Group Care



EFCBC is reporting an increase in the average daily cost of group care from FY 21-22 to FY 22-23. In FY 21-22 group care averaged $29,615/day.

For the first three months in FY 22-23, the average cost of group care appears to be climbing with an average cost per day of $33,770/day.

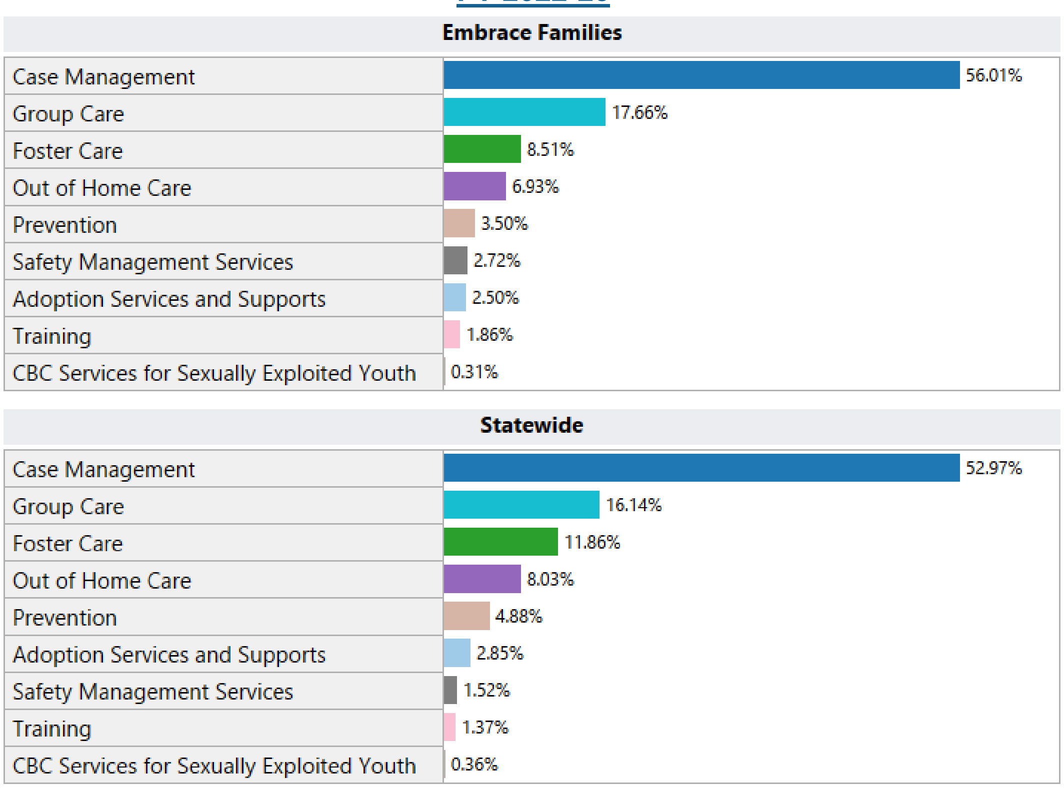
Total $ of FSFN Payments to Licensed Residential Group Care (OCA LCRGE, LCGHE & LCGHI, LCNSE, LCNSI, LCSSE, LCSSI, SESSE, SESSI)						
Ages	**FY 20-21**	**FY 21-22**	**$ Increase/ (Decrease)**	**% Increase/ (Decrease)**	**FY 22-23 (Thru Dec. Service Mths- 25% of the year)**	**FY 22-23 as a % of FY 21-22**
0-5	$17,436	$24,960	$7,524	43%	$300	1%
6-12	$887,810	$1,020,885	$133,075	15%	$472,466	46%
13-17	$8,774,872	$10,228,941	$1,454,069	17%	$2,606,789	25%

Total Number of Unique Clients in Licensed Residential Group Care (OCA LCRGE, LCGHE & LCGHI, LCNSE, LCNSI, LCSSE, LCSSI, SESSE, SESSI)						
Ages	**FY 20-21**	**FY 21-22**	**Increase/ (Decrease)**	**% Increase/ (Decrease)**	**FY 22-23 (Thru Dec. Service Mths- 25% of the year)**	
0-5	4	7	3	75%	1	
6-12	55	44	(11)	-20%	30	
13-17	267	262	(5)	-2%	169	

Median Daily Rate $ in Licensed Residential Group Care (OCA LCRGE, LCGHE & LCGHI, LCNSE, LCNSI, LCSSE, LCSSI, SESSE, SESSI)						
Ages	**FY 20-21**	**FY 21-22**	**$ Increase/ (Decrease)**	**% Increase/ (Decrease)**	**FY 22-23 (Thru Dec. Service Mths- 25% of the year)**	**FY 22-23 as a % of FY 20-21**
0-5	$24.30	$24.30	$0	0%	$300.00	
6-12	$210.00	$248.00	$38	18%	$300.00	
13-17	$200.00	$248.00	$48	24%	$275.00	

While the number of unique clients served has decreased, group care rates have increased. Comparing FY 20-21 to FY 21-22, the median rate was $38/day more in the 6-12 age group and $48/day more in the 13-17 age group. From FY 20-21 to FY 21-22, EFCBC's total group care costs increased by $1.6M for children 0-17 in FSFN. In FY 20-21, there were a total of 326 clients in group care placements. In FY 21-22, there were 313 clients in group care placements and as of September 2022 (FY 22-23), there were approximately 200 clients in group care placements.

Percent of Core Services Expenditures
FY 2022-23



As of September 2022, FY 22-23 case management expenditures were 56.01% of EFCBC's core services expenditures compared to the statewide average of 52.97%. In contrast, foster care expenditures were 8.51% of EFCBC's core services expenditures compared to the statewide average of 11.86%. EFCBC is also spending less for out of home care costs and prevention than the statewide average.

Case Manager Turnover – Calendar YTD		
	September 2021	September 2022
Camelot Seminole	54.90%	12.50%
Camelot Orange	61.33%	12.90%
OHU Orange	60.87%	4.49%
Gulf Coast Osceola	45.00%	30.00%

Source: EFCBC's FS 409.988 Report

EFCBC case manager turnover is high but appears to be improving as of September 2022.

Average Caseload (Clients per Case Manager)		
	July 2021	June 2022
CHS Orange	30.86	23.58
CHS Seminole	36.25	48.91
OHU Orange	29.57	19.89
Gulf Coast Osceola	21.30	23.76

Source: EFCBC's Caseload Report from 7-1-21 to 6-30-22

Average Caseload (Primary Cases per Primary Case Manager)		
	December 2021	December 2022
Embrace Families	20.83	18.43
Statewide	17.09	16.08

Source: FSFN Report – Children Active Receiving In-Home or Out-of-Home Services – Daily Listing by Agency

From December 2021 to December 2022, it appears the number of primary cases per primary case manager has decreased 11.5% for EFCBC.

There was a shift in children from relative/non-relative care to Level 1 licensed care beginning in July 2019. As of November 28, 2022, EFCBC exceeded the goal of achieving 40% relative/non-relative placements licensed as Level 1 foster homes. EFCBC has 41.52% homes licensed, which is above the statewide average of 37.08%.

4. Findings related to exits from care including exits to permanence.

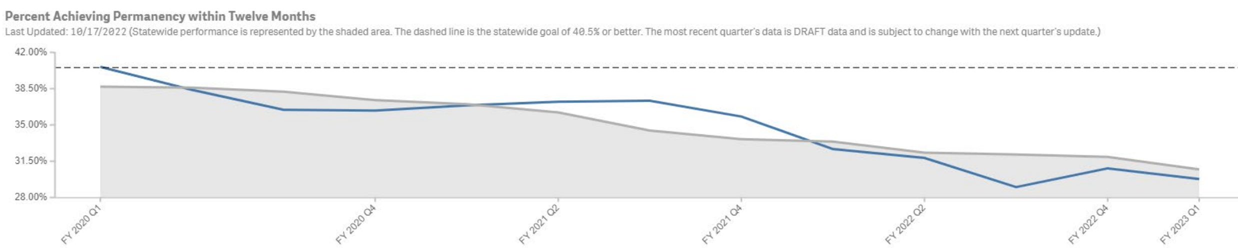
- Sources: (The Child Welfare Dashboard)

4.1. ***What is the performance of the Lead Agency in the recognized measures of children achieving permanence? Do these findings indicate that children are not remaining in care for longer than necessary? Are these permanency achievement rates consistent across placement settings?***

4.2. ***What contextual factors (such as Children's Legal services, dependency court dynamics, etc.) influence time to permanence for children served by the Lead Agency?***

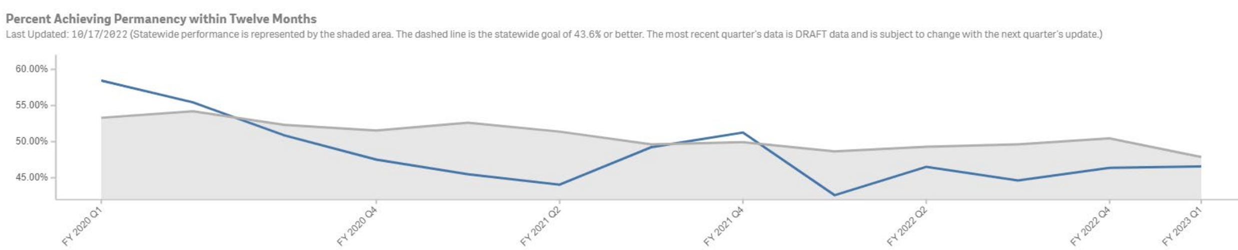
4.3. ***Has there been a change in number of exits or time to exit that is materially influencing the cost of out-of-home care?***

Percent Achieving Permanency within Twelve Months



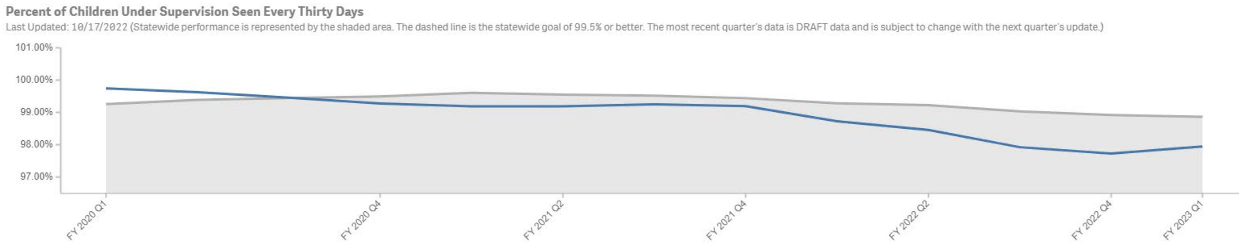
The chart above shows a three-year time frame during which, EFCBC fell below the statewide target in FY 19-20, Q2 and has continued to trend downward. Recent data shows EFCBC achieved permanency for 318 of 1,069 children in FY 22-23, Quarter 1 (29.75%), placing them 12th in the state for this metric.

Children in Care 12 to 23 Months Achieving Permanency within 12 Months



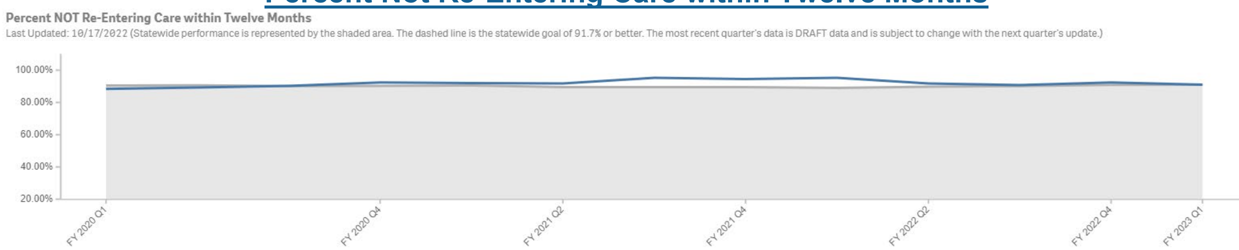
EFCBC has exceeded the statewide target for percent of children in care 12 to 23 months achieving permanency almost every quarter shown above.

Percent of Children Under Supervision Seen Every Thirty Days



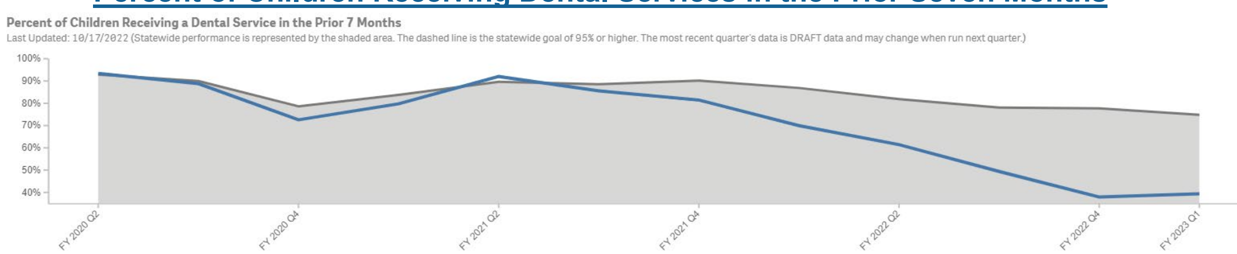
EFCBC is not meeting the statewide target of 99.5% or better. The last time Embrace Families met the goal was FY 19-20, Q2.

Percent Not Re-Entering Care within Twelve Months



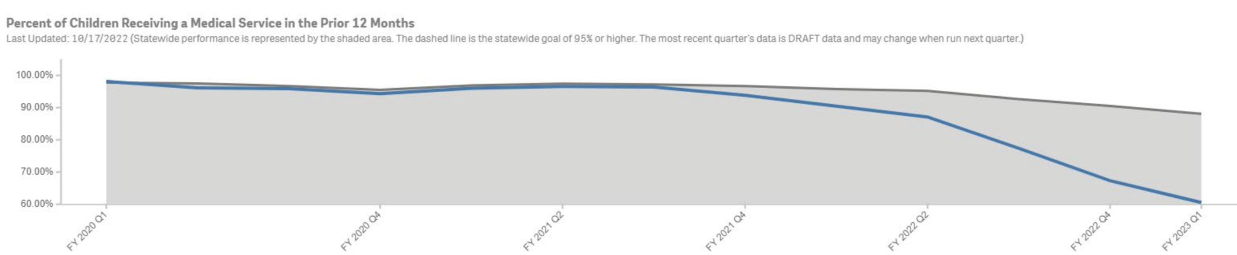
The statewide target for children not re-entering care within twelve months is 91.7%. In FY 20-21, EFCBC achieved a high of 95.06% for this metric.

Percent of Children Receiving Dental Services in the Prior Seven Months

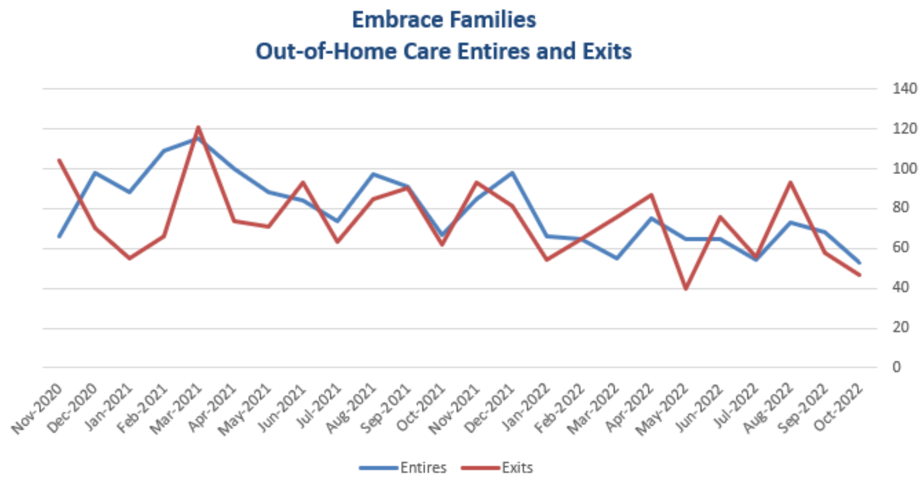


The statewide goal for children over three years of age receiving dental services in the prior seven months is 95%. EFCBC has been struggling with this metric. In FY 22-23, Q1, only 39.17% of children had received dental services in the prior seven months. The last time Embrace Families met the goal was FY 18-19, Q4 (not shown).

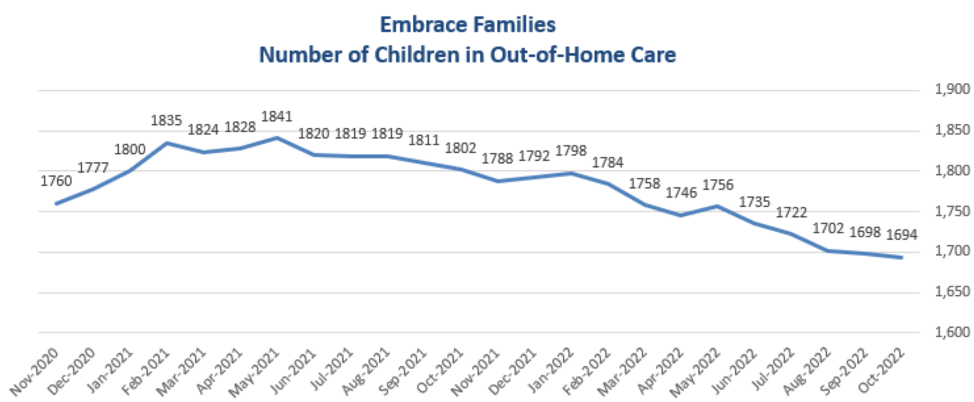
Percent of Children Receiving Medical Services in the Prior Twelve Months



EFCBC is not meeting the statewide goal of 95% or better. The percent of children receiving services has dropped significantly over the last 2 ½ years from 96.1% in FY 19-20, Q2 to 61.26% in FY 21-22, Q4. The last time EFCBC met the goal was FY 20-21, Q3.



Entries have mostly outpaced exits over a 24-month period. In total there were 1,899 entries compared to 1,780 exits from November 2020 to October 2022.



Despite entries outpacing exits, out of home care numbers are still trending down.

5. Findings related to funding, fiscal trends, and fiscal management.

- Sources: (CBC Financial Viability Report, CBC Monthly Expenditure Reports and CBC Budget Projections)

5.1. ***How has core services funding changed over time? (Financial) How has the Lead Agency managed these changes? What adjustments to the available array of services have been made?*** (For service array response see section1)

5.2. ***How have any changes to core services funding contributed to any projected deficits for FY 22-23?***

5.3. ***What is the ratio of core funding as a Percent of the Allocation formula?***

5.4. ***In what ways are funding dynamics in the Lead Agency unique or atypical of funding in other Lead Agencies?***
5.5. ***What is the amount of the anticipated deficit for the current year? How reliable and valid are these projections?***
5.6. ***Are their options other than Risk Pool funding available to reduce the deficit?***
5.7. ***If the Lead Agency meets the criteria for Risk Pool funding, but the amount of funding available is insufficient to cover the projected deficit, what other options are available?***
5.8. ***Are there fiscal practices that could be completed with greater efficiency to reduce the projected deficit?***
5.9. ***Has the most recent CPA audit indicated any issues that would affect the financial health of the organization?***

Total Funding

DCF Contract Funds Available at Year End (by Fiscal Year)	FY17-18	FY18-19	FY19-20	FY20-21	FY21-22	FY22-23
Core Services Funding	$55,291,962	$55,555,184	$57,178,398	$58,909,304	$60,218,306	$65,703,245
Risk Pool Funding	$0	$0	$0	$0	$0	$0
CBC Operations "Back of the Bill" Funding	$2,317,872	$0	$2,354,282	$6,331,222	$913,525	$0
Other Amendments to Initial Allocations	$0	$4,767	$37,262	$0	$0	$0
Amended Core Services Funding	**$57,609,834**	**$55,559,951**	**$59,569,942**	**$65,240,526**	**$61,131,831**	**$65,703,245**
Funding not defined as Core Services Funding						
Independent Living (IL and Extended Foster Care)	$2,067,385	$2,478,073	$2,491,226	$2,491,226	$2,491,226	$4,241,457
Children's Mental Health Services (Cat 100800/100806)	$705,916	$705,916	$705,916	$705,916	$705,916	$705,916
PI Training, Casey Foundation or other non-core svcs	$0	$0	$0	$0	$2,461,566	$0
Safety Management Services (Nonrecurring)	$0	$603,466	$603,466	$0	$0	$0
Total at Year End	**$60,383,135**	**$59,347,406**	**$63,370,550**	**$68,437,668**	**$66,790,539**	**$70,650,618**
Maintenance Adoption Subsidy (MAS)	$11,914,166	$12,826,056	$13,912,798	$14,817,490	$15,502,161	$15,818,258
Guardianship Assistance Payments (GAP)			$80,535	$180,535	$608,691	$529,457
MAS Prior Year Deficit						
Carry Forward Balance from Previous Years	-$685,066	-$320,512	$984,857	-$2,083,655	-$1,886,397	-$2,516,812
Total Funds Available	**$71,612,235**	**$71,852,950**	**$78,348,740**	**$81,352,038**	**$81,014,994**	**$84,481,521**

Since FY 17-18, EFCBC has received “Back of the Bill” funding for an operating deficit every year, except FY 18-19. EFCBC ended FY 21-22 with a $2,516,812 deficit to be carried forward to FY 22-23.

Core Services Expenditures by Category

Reported Expenditures by Fiscal Year	FY17-18	FY18-19	FY19-20	FY20-21	FY21-22
Administrative Costs	$2,832,273	$2,682,981	$2,991,555	$2,968,929	$3,004,495
Admin Cost Rate (Exp as % of Total Allocations)	3.9%	3.7%	3.9%	3.6%	3.6%
Core Services Expenditures					
Dependency Case Management	$28,898,360	$28,408,344	$37,104,482	$37,966,361	$35,001,991
Adoption Services Promotion & Support	$1,718,149	$1,368,490	$1,943,481	$1,886,501	$1,180,571
Prevention/Family Support/Family Preservation	$5,049,404	$4,190,717	$3,743,861	$3,040,430	$2,546,347
Client Services	$4,318,812	$6,273,202	$3,676,719	$3,557,985	$3,118,362
Training - Staff and Adoptive/Foster Parent	$1,705,792	$1,459,119	$1,073,507	$1,051,500	$1,018,155
Licensed Family Foster Home (Level I Child Specific)	$0	$0	$343,094	$1,304,402	$1,602,811
Licensed Family Foster Home (Level II-V)	$3,435,770	$3,408,053	$3,906,309	$3,831,712	$4,364,043
Licensed Facility Based Care	$8,723,843	$6,454,054	$8,773,569	$9,529,809	$10,802,133
Services for Victims of Sexual Exploitation	$1,183,502	$530,513	$225,391	$159,890	$458,381
Safety Management Services	$1,306,535	$1,702,179	$1,274,639	$965,967	$1,265,663
Other	$0	$0	$0	$0	$0
Core Services Expenditures	**56,340,167**	**53,794,672**	**62,065,051**	**63,294,556**	**$61,358,456**

When comparing core service expenditures by category, FY 19-20 had a significant increase in dependency case management from $28.4 to $37.1M representing a 30% increase. This level of spending held steady with Embrace Families averaging $36.5M in dependency case management expenditures in FY 20-21 and FY 21-22. Licensed facility-based care expenditures are also trending upward from $9.5M in FY 20-21 to $10.8M in FY 21-22. Adoption services promotion and supports and prevention spending is trending downward.

No findings were identified in the most recent CPA audit for June 30, 2021.

FY 22-23 Financial Viability Plan

In their design and instruction for the Financial Viability Plan (FVP) templates, DCF requested that CBCs identify their actions to address three primary cost drivers:

1. Factors related to entries into care
2. Factors related to the cost of children while in care
3. Factors related to exits from care

EFCBC's FVP contains actions to address the three primary cost drivers affecting their financial position. The specific actions include:

- Increase utilization of in-home placements
- Increase diversion referrals for the Tri-County Area
- Increase turnaround time for reunification home studies
- Children's Home Network will be following up with Relatives and non-relatives who initially deny services
- Maintain relative/non-relative placements at 65% or higher
- Family Finder activities will continue throughout the life of the case
- Reduce children in residential group care
- Increase capacity of foster homes

- Stabilize children in foster homes
- Increase average monthly discharges to 85.
- Decrease the number of children in placements costing $300 per day or more

6. **Other factors or considerations noted on the application or determined relevant by the Peer Review Committee.**

EFCBC has received Back of the Bill funding for operating deficits in five of the last six years totaling $12,816,901.

According to the Key Indicators Report from October 2022, 5.0% of Embrace's children in out-of-home care were prescribed at least one psychotropic medication. In comparison, the October 2021 Key Indicators Report noted 6.6% of children in Embrace's out-of-home care population was on at least one psychotropic medication. In both reports, Embrace has the second lowest percentage of children on psychotropic medications.

EFCBC's application for Risk Pool funds also stated they have experienced an increase in the number of youth classified as at risk of unstable placement with extensive DJJ history. However, according to the data in the October Key Indicators Report for the last two years, the number of youth served by DCF and DJJ has decreased from a high of 115 in February 2020 to 68 as of September 2022.

EFCBC stated that their policy is to engage a compensation consulting firm every three years to complete a market pricing analysis and make recommendations for adjustments to the compensation strategy. The most recent analysis was completed in early 2021 and led to a revision of 5% to the salary grade tiers. EFCBC said they froze merit increases and hiring in FY 21-22 and staff were assigned additional responsibilities outside their normal duties.

EFCBC reported turnover of 6% in FY 20-21 and 15% in FY 21-22. Total number of terminations were 16 in FY 20-21 and 32 in FY 21-22. Based upon the market analysis and the increased turnover, EFCBC decided to implement the market-based salary increases which increased the salary of all employees.

7. **The areas identified above are illustrative of the expected areas for review and analysis, but additional factors may be identified in the application or suggested by findings during the course of the Peer Review Committee's work.**

Summary of Findings:

Based on the information reviewed the Risk Pool Review Committee was able to affirm the following:

- EFCBC has not experienced a significant increase in removals or in out-of-home care numbers. In fact, there has been a decrease in both in-home and out-of-home placements.

- While all lead agencies incur costs to serve children in their care that other state programs could pay for, they must work with the Agency for Persons with Disabilities (APD) and Department of Juvenile Justice (DJJ) to coordinate cost sharing or full funding of costs of placements or services for eligible children and youth.

- EFCBC has experienced an increase in residential group care rates in the current fiscal year.

- EFCBC froze hiring in FY 21-22 but did not provide any other definitive actions it took to reduce their budget within the funding available or at the least reduce their deficit. Subsequent actions increased their budget without funding to support those actions.

- Employee separations increased by 50% from 16 in FY 20-21 to 32 in FY 21-22. To address this issue, EFCBC increased salaries of 144 employees as market-based adjustments in FY 21-22 despite not having recurring funding to support those increases. This also increased the cost of benefits as well. None were to increase salaries to the state minimum wage of $11 per hour. Four (4) were increased from below $13 per hour to more than $15 per hour which had a $36,000 total annual impact. This decision by EFCBC increased their annual costs by more than $800,000. Turnover of EFCBC employees did increase during FY 21-22 from These pay and benefits increases for staff were not financially prudent at a time when the agency was aware of their operating deficit.

- EFCBC added seventeen (17) new positions in FY 22-23 which increased their FY 22-23 budget by more than $918,000, annualized at $1,057,646. Diversion Manager (1), Adoption Manager (1), Quality Manager (1), Caregiver Support Coordinators (2), Addiction Specialist (1), Administrative Specialist (1), Field Case Managers (5) beginning July 1st and five (5) more beginning in January 2023. EFCBC said that they took these actions to provide more support to case managers and others to help relieve some of the workload pressures that could contribute to case manager turnover.

- EFCBC added subcontracts for more than $314,000 to increase family finding capacity and expedited home studies for enhanced foster home licenses to meet acuity needs. EFCBC said they took these actions to expand the number of enhanced foster homes and reduce residential group care placements.

- EFCBC added subcontracts for more than $1.8M for one-to-one supervision, day services, mentoring and security expenses including police coverage for youth at-risk of unstable placements.

- EFCBC increased their case management subcontracts for case manager salary increases by $2.6M annually without recurring funding to sustain this increase. They took this action to try and stabilize the workforce and reduce case manager turnover.

- Embrace Families, Inc (EF) increased their budget in FY 22-23 for management and administrative services to EFCBC by more than $410,000 based upon increased projected direct costs of EFCBC and not based upon increased funding from DCF.

- EFCBC's budget projections do not include consideration of a lapse factor for their subcontracts which have historically had surpluses in prior fiscal years. Examples include case management subcontracts and their management agreement with Embrace Families, Inc.

- EFCBC is not meeting several performance metrics for children in their care such as children receiving a medical service in the last twelve months or dental services within the last seven months.

Risk Pool Allocations:

The Peer Review Committee found that EFCBC qualifies for risk pool funding due to c*ontinuity of care in the event of failure, discontinuance of service, or financial misconduct by a lead agency* and recommends a distribution of the entire appropriation of $3,054,312. This distribution is non-recurring in nature and well below the amount of their projected deficit. Therefore, EFCBC must make changes to sustain operations this year and beyond.

Recommendations:

<u>As a condition of receiving risk pool funding</u>, EFCBC must do the following:

1. EFCBC is clearly a child and family focused lead agency. However, it needs to operate within its available funding. In times of financial crisis, management should triage their programs to minimize potential deficits.

   Within thirty (30) days of receiving this report, EFCBC should complete a review of their entire budget and identify specific areas and items of cost that they can reduce or eliminate to decrease their projected deficit. This evaluation must identify whether each cost is essential, reasonable, necessary, and prudently incurred given the financial deficit of the lead agency. It should also identify where elimination of duplicative services that do not affect services for children can be realized.

   Areas EFCBC should review include but are not limited to:
   a. The Board of Directors of Embrace Families CBC should evaluate their management and administrative services agreement with Embrace Families, Inc. (EF) to identify a reduction in the rate charged or to change the

agreement to a fixed monthly invoice based an annual budget from EF and comparing to historical actual cost information with repayment of any remaining surplus at the end of the fiscal year instead of paying as a percentage of direct program costs.

   b. Evaluate every subrecipient and contractor/vendor agreement to determine if the agreement is providing a valuable return on investment and if not, reduce or end the agreement.
   c. Evaluate every position to determine if it should be eliminated or held vacant and shift responsibilities to other positions until recurring funding is sufficient to pay for it.
   d. Prohibit any further one-time bonuses, salary increases with cost of living, merit based, etc. of any employees until recurring funding is sufficient to pay for it.
   e. Evaluate and identify processes that can be completed with greater efficiency at a reduced cost than currently incurred and implement.
   f. Identify all specific children and youth that receive a greater level of care and submit a plan to DCF that either safely steps them down to a lower level of care or identifies other funding sources to pay for the greater level of care. The plan should include the specific actions EFCBC will take to accomplish each task and the amount of cost reduction or cost shifting for each specific child and youth.
   g. Provide DCF with the results of the budget review and provide the specific actions and the cost reductions expected for the remainder of FY 22-23 and annualized in FY 23-24.

2. EFCBC should develop programs to reduce its reliance on residential group care and examine its daily cost of care for the existing placements.

3. EFCBC should seek CBC lead agency peer input from across the State to see if any efficiencies implemented in similar circumstances can be implemented at EFCBC.

4. EFCBC should submit its plan to DCF with specific actions and dates to address timely provision of medical and dental services for all children in care.

5. DCF should continue its review of EFCBC budget and expenditures and compare with other lead agencies to identify areas where staffing or subcontracted levels are greater than its peers.