**Risk Pool Peer Review Committee Report**

**Kid Central, Inc. – Circuit 5 (Marion, Citrus, Sumter, Lake, and Hernando Counties)**

**Fiscal Year 2018-2019**

**October 2018**

**Executive Summary:**

Kids Central, Inc. (KCI) submitted an application for risk pool funding on August 16, 2018. The application was subsequently reviewed by the Central Region and with the concurrence of the Regional Managing Director was submitted to the Office of the Deputy Secretary.

The department established a Risk Pool Peer Review Committee pursuant to section 409.990(7), Florida Statutes, for state fiscal year (FY) 2018-2019. 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 proviso language included in the General Appropriations Act (Specific Appropriation 322) for FY 2017-2018. In compliance with this proviso language, the department completed a comprehensive, multi-year review of the revenues, expenditures and financial position of all Community-Based Care Lead Agencies (CBCs) including a comprehensive system of care analysis. This submission also included a financial viability plan from all lead agencies.

The Risk Pool Protocol provided for priority consideration for any CBC with increased removals based on a 12-month moving average from May 2016 to May 2018. This criterion was based on the experience from prior year reviews that found that significant increases in removals were a key indicator of financial vulnerability for a lead agency. Tier one for priority consideration was lead agencies with an increase in removals of 10 percent or more. KCI was in Tier three for priority consideration with a 7.82 percent decrease in removals.

Due to the early application process this fiscal year, the Risk Pool Peer Review team conducted a review with relevant information available from multiple sources to make recommendations. The documents reviewed are below:

- Risk Pool Funding Application FY 2018-2019
- Financial Viability Plan (FY 2017-2018 and FY 2018-2019)
- Budget Projections provided by the CBC
- CBC Financial Viability Integrated Data Report
- The Child Welfare Dashboard
- CBC Contract Monitoring Reports
- Previous Risk Pool Reports
- CBC Contract Monitoring Survey Data
- CBC Contract Monitoring Data Packets
- The Child Welfare Key Indicators Monthly Report
- Florida Safe Families Network (FSFN) Aggregate Payment Data

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 additional on-site visit being conducted by the Risk Pool Review Committee.

The Risk Pool Peer Review Committee for KCI consisted of:

Lee Kaywork, Team Leader
Glen Casel, CEO, Community Based Care of Central Florida
Carol DeLoach, CEO, Communities Connected for Kids
Naomi McGowan, CFO, Family Support Services of North Florida
Catherine Macina, CFO, Community Based Care of Central Florida
JoShonda Guerrier, Assistant Secretary for Child Welfare
Barney Ray, Office of CBC/ME Financial Accountability
Billy Kent, Northeast Region Family and Community Services Director
April May, Suncoast Region Community Development Director
Alissa Cross, CBC Contract Monitoring Team
Melissa Stanley, CBC Contract Monitoring Team
Megan Wiggins, CBC Contract Monitoring Team

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

**Application Summary:**

KCI's application for risk pool funding requested $2.1 million. The primary causes KCI attributed to their current financial challenges are outlined below:

- A 67% increase in the average number of children in out-of-home care per month since 2013. KCI's out-of-home population has increased from 5.51% of the statewide volume to 7.05% since 2009.
- Overall trends of removals increased by 29.37% between FY 2013-2014 and FY 2015-2016.
- Out-of-home care volume has increased by 67% and total expenditures have increased by 118% due to more placements in foster and facility placements.

**Findings:**

After review of the information provided, the Peer Review Committee was able to reach 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, CBC Contract Monitoring Reports)

- Summary below; see CBC Contract Monitoring Report, sections 2, 11, and 12 for more details

*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.***

KCI operates in Circuit 5, serving Citrus, Hernando, Lake, Marion, and Sumter Counties. Child Protective Investigations and Children's Legal Services are provided by the department. Case Management operations are provided by three subcontractors; The Centers, Youth and Family Alternatives (YFA), and LifeStream. Adoptions, kinship care, foster home recruitment, licensing, and placement operations are conducted in-house by KCI. Family support services and safety management services were contracted out but, beginning July 1, 2018, KCI terminated those contracts and brought those services in-house.

According to the US Census Facts, Sumter County has a greater median household income, a greater percentage of individuals with a high school or college degree and a lower percentage of population living in poverty than the other counties in the circuit and the statewide average for each. Marion, Citrus, and Hernando Counties have lower median household income and percentage of individuals with a high school or college degree than the statewide averages. Lake County has a lower median income, percentage of individuals with a college degree and percentage living in poverty but a higher percentage of individuals with a high school diploma that the statewide averages.

| Census Facts | | | | | | |
|---|---|---|---|---|---|---|
| US Census Facts | Florida | Citrus | Hernando | Lake | Marion | Sumter |
| Median Household Income | $48,900 | $39,054 | $42,274 | $47,141 | $40,295 | $52,594 |
| Percent of population living in poverty | 14.7% | 16.6% | 15.4% | 11.8% | 17.4% | 10.5% |
| Percent of population over 25 years old with a college degree | 27.9% | 17.8% | 15.4% | 21.7% | 18.4% | 29.8% |
| Percent of population over 25 years old with high school diploma | 87.2% | 86.7% | 87.0% | 87.8% | 86.4% | 90.5% |

Since FY 2015-2016, the number of reports accepted for investigation by the Child Protective Investigations (CPI) has increased. Despite the decrease in removals, the number of children receiving out-of-home care services has increased. In contrast, the number of children receiving in-home services has decreased.

| Service Area Data | | | | |
|---|---|---|---|---|
| | | Fy 2015/2016 | Fy 2016/2017 | FY 2017/2018 |
| Child Protective Investigations and Child Removals (Citrus, Sumter, Hernando, Lake and Marion Counties) | Reports accepted for Investigation by DCF (Initial & Additional Reports) | 12,339 | 13,316 | 13,805 |
| | Children Entering Out-of-Home Care | 1,242 | 1,106 | 1,087 |
| Children Served by Kids Central | Children Receiving In-Home Services | 2,226 | 1,851 | 1,827 |
| | Children Receiving Out of Home Care | 2,390 | 2,624 | 2,669 |
| | Young Adults Receiving Services | 138 | 156 | 139 |
| | Children Receiving Family Support Services | 1,679 | 1,582 | 1,917 |

KCI has three Neighborhood Project Centers located in areas with high levels of calls to the Florida Abuse Hotline. These centers provide resources and staff to help individuals with job searches, ACCESS benefits, VPK enrollment, medical provider assistance, and case management with a goal of reducing incidents of abuse and neglect due to connection to community resources.

**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, CBC Contract Monitoring Report)
- Summary below; see CBC Contract Monitoring Report, sections 5, 9, and 11 for more details

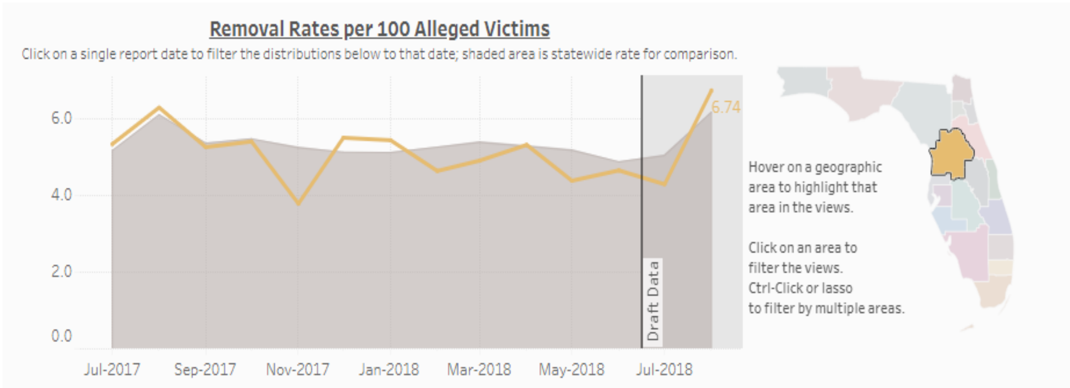
2.1. ***What are the rates of removal, rates of verification, and other measures from protective investigations that affect the need for child welfare services? How have these measures changed over time and how do they compare with other areas of the state?***

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

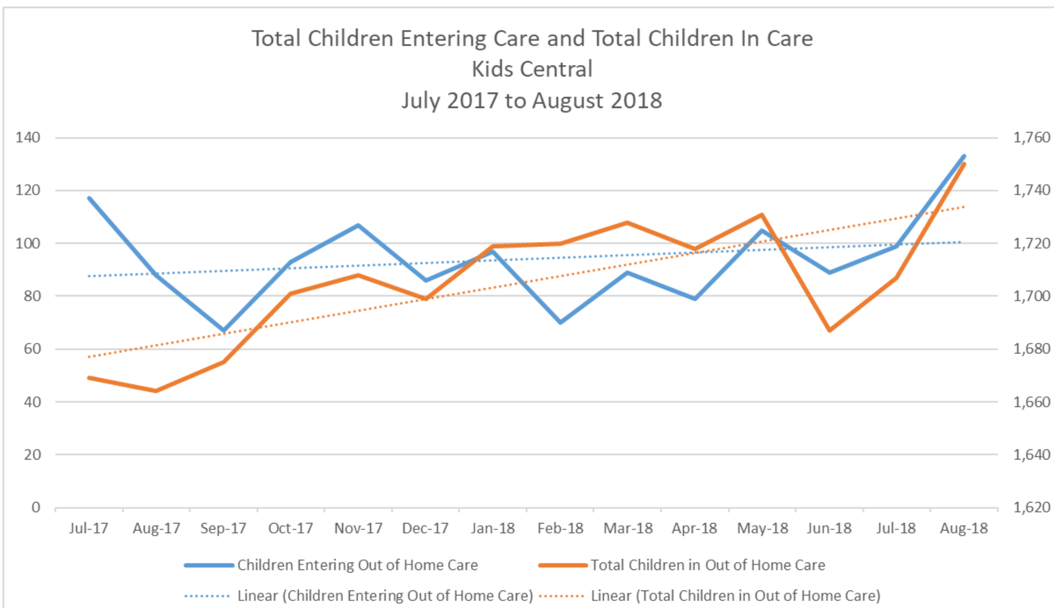
2.3. ***How well integrated are the CPI, safety management and intervention services components? Are there case transfer issues that affect performance?***

Compared with the increase in hotline calls, the rate of removal in KCI's service area is lower than the statewide rate and has been decreasing over the past fiscal year.

However, KCI is still making efforts to stabalize the system after an influx of children entering out-of-home care over the past several fiscal years.




As indicated in the graph below, the total number of children in out-of-home care is trending up while the total number of entries is stabilizing.




As indicated in the application, KCI has a relatively high number of children being served out-of-home; however, prevention services and in-home services are being utilized at higher rates than the statewide averages as well.

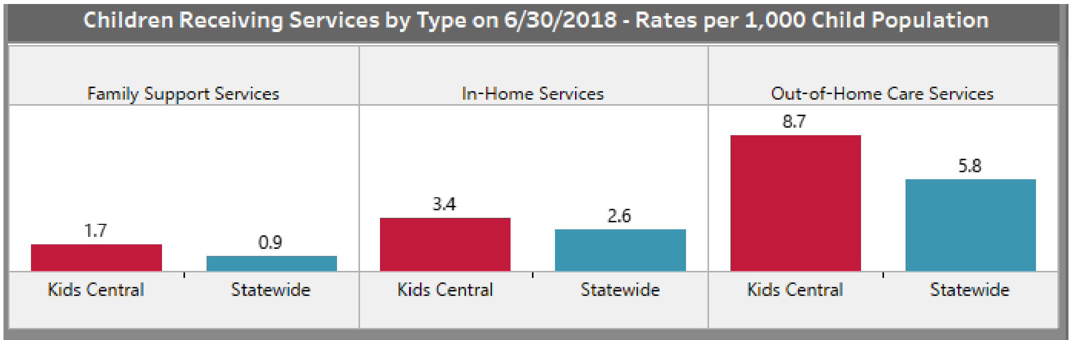


**Figure 6.** Source: Child Welfare Key Indicators Monthly Report, June 2018

In July 2016, the Office of Child Welfare initiated a **Service Array Assessment** with each CBC across the state. The assessment focuses on evaluating the availability, access and application of services for families involved with the child welfare system.

Family Support Services

KCI funds four family support services programs through Devereux, LifeStream, and the Centers. Devereux provides two types of services to safe families. For families which are safe but at high or very high risk for future maltreatment, Devereux provides the Nurturing Parenting Program. Services last no longer than 20 sessions, one per week, depending on the accessed needs of the family.

Devereux also provides Family Group Decision Making. These services are provided to safe children with moderate, high, or very high risk for future maltreatment when the underlying reason for the referral is associated with domestic violence. A Diversion Care Coordinator or Family Preservation Coordinator will work with the family for 30 to 90 days to help them implement the tasks and successfully complete their treatment plan.

KCI funds The Centers and LifeStream to provide Family Connections (FC). FC is a multi-faceted community-based service program that delivers tailored and direct therapeutic services to help families reduce risks, maximize protective factors, and achieve service outcomes and goals. An FC worker provides at least one hour of face-to-face services to families at least once per week for at least three months following the development of the service plan. These services are available to families which are safe but at moderate, high, or very high risk for future maltreatment.

As of July 1, 2018, KCI will no longer subcontract family support services out to other agencies but will provide the services in-house. It is recommended that once the new services are in place, information should be submitted for an updated service array review and rating.

Safety Management Services

Neighbor to Family (NTF) is the safety management service (SMS) and foster care prevention service provider for Circuit 5. They ensure that the caregivers are assisted in every possible way to gain a healthy lifestyle for themselves and their families. Each case lasts between two weeks and one month but can extend to a longer period. They provide services to unsafe children that immediately and actively protect the child from dangerous threats when the parent/caregiver cannot meet the safety standards. They provide behavioral management, crisis management, social connections, resource support, and separation assistance. NTF sees each child in the family in their home a minimum of every seven calendar days. NTF is a direct referral and they are available normal business hours and on call. If an immediate response is needed, NTF responds within two hours of the referral.

Focus groups and surveys conducted during KCI's on-site monitoring reflected that safety management services were unclear or not valued. There was confusion of roles, length of service, and service providers. As of July 1, 2018, KCI will no longer subcontract safety management services out to NTF but will provide the service in-house.

According to the finding of the recent Contract Monitoring Report:

Overall partner relationships in the service area are generally not collaborative leaving partners to have a perception that roles are "siloed." As result, there were some reports of discord related to the case transfer process, adequate court preparation, and communication between leadership.

CPI and frontline staff continue to struggle building rapport and maintain effective communication. CPIs have a perception that Case Management Agencies (CMAs) are resistant to taking in-home non-judicial cases and do not have confidence in safety plans, and this thought was confirmed by case management staff. Survey results from the judiciary indicated that case managers work collaboratively with parents and foster parents and case managers are providing them with quality, sufficient, and timely information on cases.

Frontline staff, CPIs and case managers report discontent with the case transfer process. While an MOU is in the process of being finalized, the current protocol varies by county. Specifically, individuals are unclear of who "owns" portions of the process as there are inconsistencies in what is required and how the staffing occurs depending on the participants. Additionally, a hard copy of the documentation is required to be hand delivered to schedule the case transfer staffing. This practice is time consuming and frustrating for investigations staff.

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

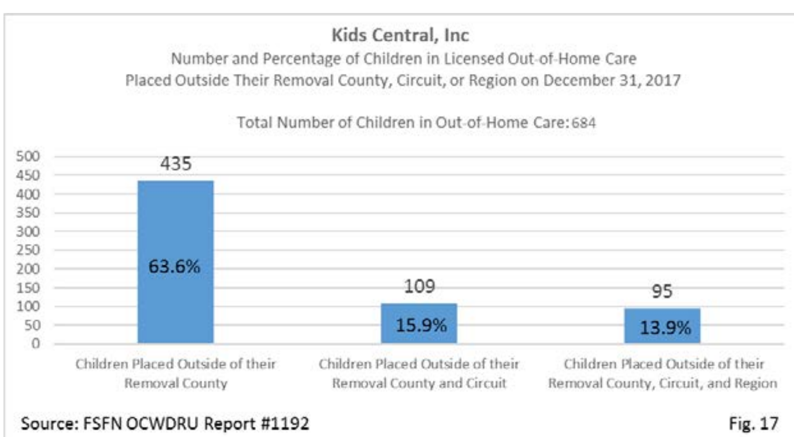
- Summary below; see CBC Financial Viability Integrated Data Report, CBC Budget Projections, CBC Financial Viability Report, and CBC Contract Monitoring Report for additional details.

  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), and 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 CBC 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 CBC?*** *(see overall management section for response)*

As of August 31, 2018, KCI had 1,750 children in out-of-home care. Of those children, 56.7% were placed with a relative/non-relative, 33.5% were placed in licensed foster care and 6.57% in group care. The remaining children (56 total) are either in residential treatment centers or other placement types.

KCI places a heavy focus on placing siblings together, which is evident in their consistent performance above the target and statewide average for the past two fiscal years and maintaining this performance in FY 2017-2018.

The placement team focuses heavily on ensuring kids stay in their community; however, 63.6% of children were placed outside of their removal county and 13.9% were placed outside of their region. The statewide average for this measure is 36.03% for children placed outside their removal county and 10.5% placed outside their removal region.



By focusing heavily on foster home recruitment and retention, KCI has been able to increase the percentage of children placed in foster homes rather than relying on available congregate care capacity. The current foster home capacity is currently at 97.2%. On-site interviews, focus groups, and documentation review reflected that approximately 23% of foster homes were on an over-capacity waiver with one quarter of those having more than five children (some as many as 12) in the home. Many over-capacity waivers are contributed to multiple large sibling groups being placed together.

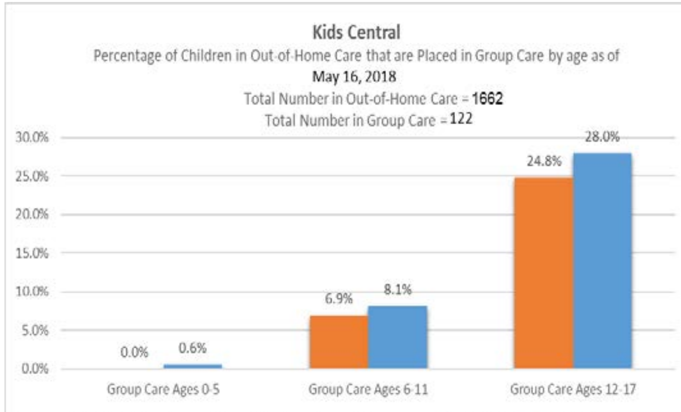


Fig. 19

KCI does not rely on facility-based residential group care for placement of children ages 0-5. They reduced their reliance for children ages 6-12 in FY 2017-2018. However, the total spent for ages 13-17 did increase by 8% last year.

Source: FSFN Payments via Tableau software (OCA Disposition Dates through 8/31/2018)

| **Kids Central (Contract # PJL04)<br>Total $ of FSFN Payments to Licensed Residential Group Care (OCA LCRGE)** | | | | |
|---|---|---|---|---|
| Ages | FY2016-2017 | FY2017-2018 | Increase/(-Decrease) | % Increase/(-Decrease) |
| 0-5 | $84,836 | $56,606 | -$28,230 | -33% |
| 6-12 | $2,244,256 | $1,795,536 | -$448,720 | -20% |
| 13-17 | $4,251,996 | $4,606,687 | +$354,691 | +8% |

| **Kids Central (Contract # PJL04)<br>Total Number of Unique Clients in Licensed Residential Group Care (OCA LCRGE)** | | | | |
|---|---|---|---|---|
| Ages | FY2016-2017 | FY2017-2018 | Increase/(Decrease) | % Increase/(Decrease) |
| 0-5 | 11 | 4 | -7 | -64% |
| 6-12 | 122 | 102 | -20 | -16% |
| 13-17 | 229 | 216 | -13 | -6% |

| Kids Central (Contract # PJL04)<br>Median Daily Rate $ in Licensed Residential Group Care (OCA LCRGE) | | | | |
|---|---|---|---|---|
| Ages | FY2016-2017 | FY2017-2018 | Increase/(Decrease) | % Increase/(Decrease) |
| 0-5 | $90.80 | $120 | +$29.20 | +32% |
| 6-12 | $97.00 | $100 | +$3.00 | +3% |
| 13-17 | $97.00 | $105 | +$8.00 | +8% |

| Kids Central (Contract # PJL04)<br>Total $ of Payments by FSFN Service Type in Licensed Residential Group Care (OCA LCRGE) | | | | |
|---|---|---|---|---|
| FSFN Service Type | FY2016-2017 | FY2017-2018 | Increase/ (Decrease) | % Increase/ (Decrease) |
| Group Home | $4,383,623 | $4,769,426 | +$385,803 | +9% |
| Emergency Shelter | $982,492 | $545,107 | -$437,385 | -45% |
| Residential Treatment-CBC Funded | $342,569 | $450,550 | -$107,981 | -24% |
| Specialized Therapeutic Group Home | $95,882 | $219,201 | +$123,319 | +129% |
| CBC Funded | $126,081 | $211,596 | +$85,515 | +38% |
| RGC Enhanced Rate | $477,061 | $132,044 | -$345,017 | -72% |
| APD Group Home | $0 | $20,493 | +$20,493 | |

KCI did reduce expenditures in some service types such as Emergency Shelter and Enhanced based care in SFY 2017-18.

| Kids Central (Contract # PJL04)<br>Total $ of Payments by FSFN Service Type in Foster Home Batch (OCA LCFH0) | | | | |
|---|---|---|---|---|
| FSFN Service Type | FY2016-2017 | FY2017-2018 | Increase/ (Decrease) | % Increase/ (Decrease) |
| Foster Home Traditional 0-5 | $1,963,777 | $2,046,006 | +$82,229 | +4% |
| Foster Home Traditional 6-12 | $968,729 | $1,017,493 | +$48,764 | +5% |
| Foster Home Traditional 13-17 | $519,995 | $517,864 | -$2,131 | -0.4% |
| FC Enhanced Rate | $557,538 | $935,506 | +$377,968 | +68% |
| Foster Home – Therapeutic 0-5 | $11,336 | $3,457 | -$7,879 | -70% |
| Foster Home – Therapeutic 6-12 | $47,808 | $64,561 | +$16,753 | +35% |
| Foster Home – Therapeutic 13-17 | $38,533 | $25,226 | -$13,307 | -34% |

| | | | | |
|---|---|---|---|---|
| APD Home CBC Funded 0-12 | $195,539 | $282,506 | +86,967 | +45% |
| APD Home CBC Funded 13-17 | $133,459 | $22,095 | -$111,364 | -83% |
| Medical Foster Home | $165,651 | $147,060 | -$18,501 | -11% |
| Foster Home Out of State 0-5 | $32,538 | $57,744 | +$25,206 | +77% |
| Foster Home Out of State 6-12 | $26,570 | $59,227 | +$32,657 | +123% |
| Foster Home Out of State 13-17 | $3,865 | $32,011 | +$28,146 | +728% |

KCI decreased expenditures for Agency for Persons with Disabilities (APD) homes but increased in therapeutic foster homes significantly. However, this is a less expensive option than enhanced facility-based care.

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

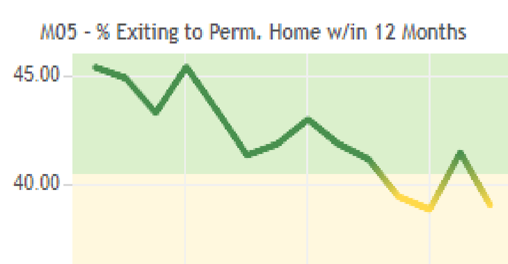
- Sources: (The Child Welfare Key Indicators Monthly Report, The Child Welfare Dashboard, CBC Contract Monitoring Report, Financial Viability Integrated Data Report)
- Summary below; see The Child Welfare Key Indicators Monthly Report, The Child Welfare Dashboard, Financial Viability Integrated Data Report, CBC Contract Monitoring Report – Sections 4 and 11, for more details.

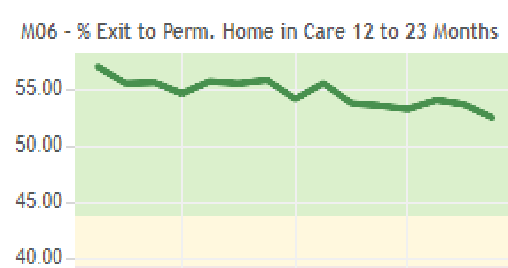
*4.1.* ***What is the performance of the CBC in the recognized measures of children achieving permanence? Do these findings indicate that children are not remaining in care for longer than necessary? Are these permanency achievement rates consistent across placement settings?***

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

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

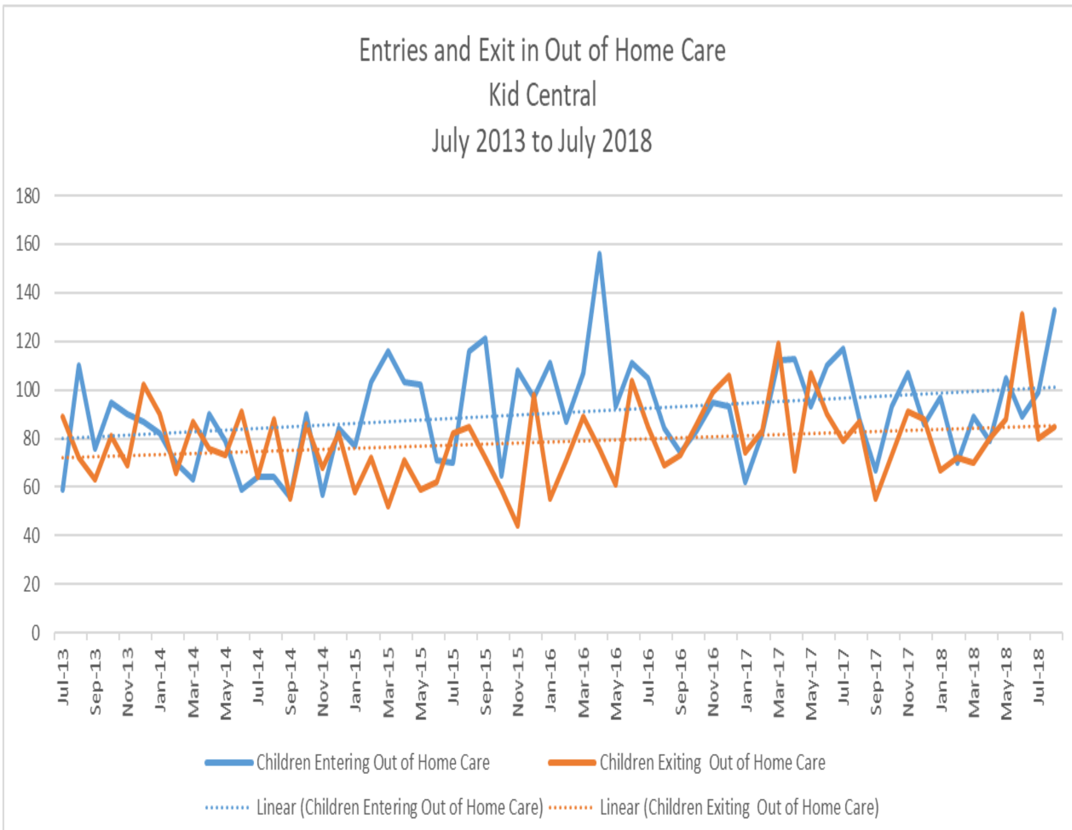
KCI has fluctuated in performance on scorecard measure 5 –achieving permanency within 12 months. However, they have consistently met measure 6 – achieving permanency within 12-23 months. Quality case reviews indicate challenges with consistently establishing appropriate permanency goals in a timely manner.



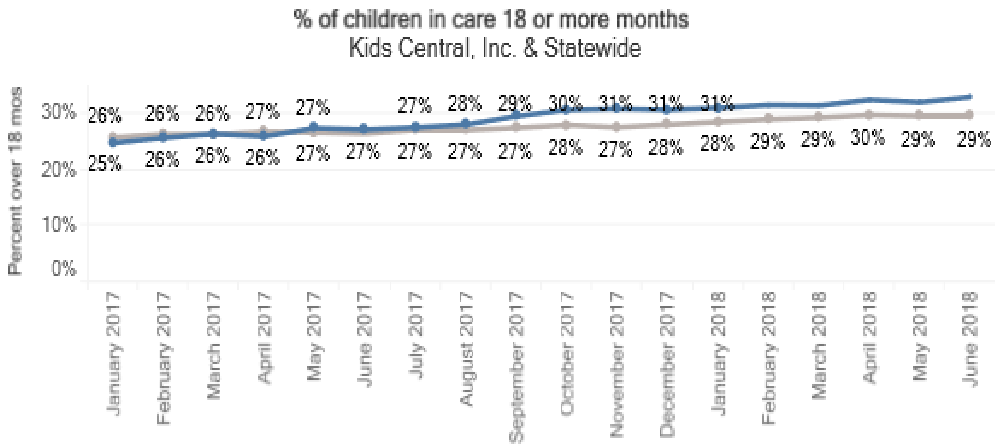



Surveys completed by the CBC Monitoring Team indicated that case managers work collaboratively with parents and foster parents, and case managers are providing them with quality, sufficient, and timely information on cases. However, case managers were not taking appropriate or timely actions to ensure permanency. Additionally, responses stated that case managers are not consistently prepared for court or lack knowledge of case details. In some instances, case managers and case manager supervisors lack an understanding of safety planning and conditions for return.

In the past 5 years, both entries and exits have been trending upward with a noticeable increase in entries between March 2015 to May 2016. While they have both been increasing, the gap between entries and exits has been widening slightly.




The percentage of children who have been in care 18 months or more is increasing and surpassed the statewide percentage.




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

- Sources: (The Child Welfare Key Indicators Monthly Report, The Child Welfare Dashboard, CBC Financial Viability Report, CBC Financial Viability Integrated Data Report and CBC Budget Projections)
- Summary below; see CBC Financial Viability Integrated Data Report, CBC Budget Projections and CBC Financial Viability Report for additional details.

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

5.2. ***How has any changes to core services funding contributed to any projected deficits for FY 2018-2019?***

5.3. ***In what ways are funding dynamics in the CBC unique or atypical of funding in other CBCs?***

5.4. ***What is the amount of the anticipated deficit for the current year? How reliable and valid are these projections?***

5.5. ***Are their options other than Risk Pool funding available to reduce the deficit?***

5.6. ***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?***

5.7. ***Are there fiscal practices that could be completed with greater efficiency in order to reduce the projected deficit?*** (None were identified.)

5.8. ***Has the most recent CPA audit indicated any issues that would affect the financial health of the organization?***

| DCF Contract Funds Available at Year End (by Fiscal Year) | FY13-14 | FY14-15 | FY15-16 | FY16-17 | FY17-18 | FY18-19 |
|---|---|---|---|---|---|---|
| Core Services Funding | $36,473,968 | $38,204,407 | $37,288,333 | $37,633,982 | $38,666,497 | $38,743,638 |
| Risk Pool Funding | $0 | $0 | $0 | $0 | $0 | $0 |
| CBC Operations "Back of the Bill" Funding | $0 | $0 | $0 | $1,270,073 | $1,380,153 | $0 |
| Other Amendments to Initial Allocations | $473 | $22,974 | $216,228 | $8,067 | $17,542 | $0 |
| **Amended Core Services Funding** | **$36,474,441** | **$38,227,381** | **$37,504,561** | **$38,912,122** | **$40,064,192** | **$38,743,638** |
| **Funding not defined as Core Services Funding** | | | | | | |
| Independent Living (IL and Extended Foster Care) | $1,486,379 | $1,486,379 | $1,486,379 | $1,486,379 | $1,189,103 | $1,394,708 |
| Children's Mental Health Services (Cat 100800/100806) | $405,030 | $405,030 | $405,030 | $405,030 | $405,030 | $405,030 |
| PI Training, Casey Foundation or other non-core svcs | $0 | $0 | $0 | $0 | $0 | $0 |
| Safety Management Services (Nonrecurring) | $0 | $0 | $0 | $565,596 | $0 | $565,596 |
| **Total at Year End** | **$38,365,850** | **$40,118,790** | **$39,395,970** | **$41,369,127** | **$41,658,325** | **$41,108,972** |
| Maintenance Adoption Subsidy (MAS) | $7,270,537 | $7,397,640 | $7,947,056 | $8,169,220 | $8,706,015 | $8,663,974 |
| MAS Prior Year Deficit | | | -$191,121 | | | |
| Carry Forward Balance from Previous Years | $2,388,645 | $2,101,049 | $2,774,045 | $2,084,356 | $525,144 | -$286,339 |
| **Total Funds Available** | **$48,025,032** | **$49,617,479** | **$49,925,950** | **$51,622,703** | **$50,889,484** | **$49,486,607** |

After several years of $2+ million carry forward surpluses, KCI has received "back of the bill" funding for operating deficits the past two fiscal years totaling $2.5 million.

Total Core Services funding increased by ~$1 million in FY 2017-2018 but by only about $77,000 in FY 2018-2019. KCI did receive $565,596 in non-recurring funding for safety management services which provides additional financial resources for services.

**Projected Revenues**

The due date for risk pool applications for FY 2018-2019 from CBCs to the department was mid-August which was before the final FY 2017-2018 expenditures were completed by CBCs and submitted to the department. Therefore, applicant CBCs had to make some assumptions about their FY 2017-2018 carry forward surplus or deficit and any excess federal earnings as part of their revenue projections.

The total of available funds provided by KCI was $50,627,886 less $380,729 in FY 2017-18 carry forward deficit. The total funds included earning $395,268 in adoption incentive award and receiving an additional $443,995 in additional MAS allocation to cover their projected MAS expenditures. KCI used the initial allocations for Independent Living services for July 1, 2018. However, an additional allocation of $94,731 from Title IV-E funding for changes to the Extended Foster Care program effective January 1, 2019 will be allocated prior to January 2019. The total estimated carry forward deficit is understated by $13,145. The estimate for prior year excess federal earnings was understated by $115,435. Adjusting for these items, the total revenues were $50,444,178.

**Projected Expenditures**

The total projected FY 2018-2019 expenditures by KCI was $52,409,188 which includes $443,995 in MAS expenditures greater than their current MAS allocation. This total was $1,171,891 (or 2,3%) greater than the FY 2017-2018 actual expenditures reported of $51,237,297. No Case Management Organization (CMO) deficits were identified in the risk pool application request or the budget projections provided.

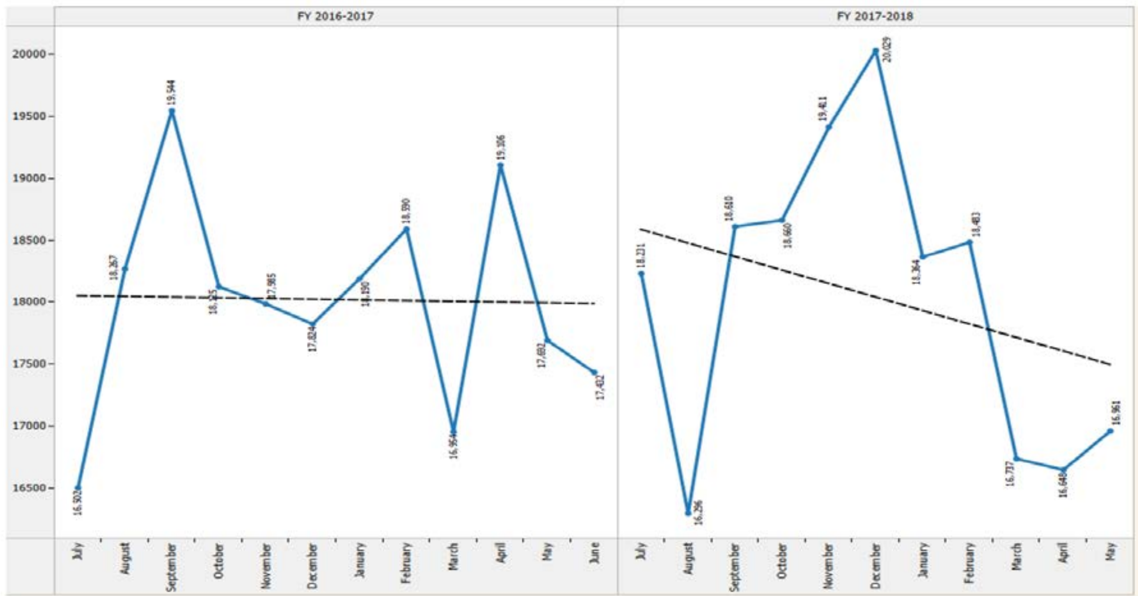
The **Wages** line increased by $2,648,202 from $6,530,527 to $9,178,729. The reason for this major increase was KCIs decision to bring their prevention and intervention contract in-house effective July 1, 2018. The total expenditures for this contract last year was $2,613,035. The budget for the **Prevention and Intervention** under **Contracted Services** is $120,000 this year.

The **Contracted Services for Case Management line** is $257,647 more than the actuals for FY 2017-2018.

The projection used for their **Board Rate** line was $11.9 million which was about $315,000 (or 3%) less than the amount of their actual expenditures for FY 2017-2018. Board Rate includes payments for licensed family foster homes and facility- based residential group care. The trend in average daily group (facility-based) care decreased from a high of $20,029 per day in December 2017 to a low of $16,648 per day in April 2018.

KCI used the average daily cost all Board Payments (licensed family foster homes and facility-based residential group care) for April and May 2018 to project for FY 2018-2019 and then reduced it by $12,000 per month. KCI believes that this is a prudent estimate and are hopeful for better results but reluctant to reduce the projection further due two factors. First, FY 2017-2018 began with lower removals and then increased in the second and third quarters. Second, while the operational focus is on case closures, the impact to their highest cost placements will likely be small. Given the decreasing trend, KCI could realize less in expenditures than projected in FY 2018-2019 however it is too early in the fiscal year to tell whether this trend will continue.

*Average daily group care expenditures by month:*




The budget projection for **contracted Case Management** was about $1 million more than the actuals for last fiscal year. This assumes that the CMOs will earn more of their contract funds due to fewer vacancies and meeting more of their performance measures.

KCI did not include a **Maintenance Adoption Subsidy (MAS)** deficit in the projection.

**FY 2018-2019 Financial Viability Plan**

In their design and instruction for the Financial Viability Plan (FVP) templates, the department 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

KCI's FVP does contain actions to address the three primary cost drivers affecting their financial position. The actions include:

- Maintain the effectiveness and enhance diversion and family support services as necessary by sustaining 95% of children completing in-home evidence-based services who do not experience maltreatment.
- Review and revise market analysis and segmented marketing plan and recruitment strategies for foster home recruitment to add 120 new foster homes (Cost Savings $1,750,000).
- Continual review of children in out-of-home care to ensure they are placed in the most appropriate and least restrictive setting possible by performing 6-

  - and 10-month reviews in care with CMOs on barriers to permanency and potential step-down to less restrictive settings or permanency.
  - Sustain 98% of children residing with relative caregivers who participate in kinship services in relative placements.
  - Achieve an average of 100 exits per month from out-of-home care (Cost Savings: $681,720).

Two of the actions in the plan identified cost savings actions but these were not used in the development of the budget projections. Depending upon the success of reducing the number of children in out-of-home care and in residential group care, a reduction in the projected deficit is possible.

**Projected Deficit**

The Risk Pool application requested $2,162,032 which is the amount of the deficit projected by KCI. Adjusting for projected revenues mentioned previously and the MAS expenditures more than their MAS allocation, the adjusted projected deficit is $1,965,000 or 3.9% more than their projected revenues.

No findings were identified in the most recent CPA audit for June 30,2017.

**6. Findings related to overall management.**

- Sources: (CBC Contract Monitoring Report, Financial Viability Plan)
- Summary below; see CBC Contract Monitoring Report – Sections 4 and 11, and the Financial Viability Plan for more details.

*6.1.* ***To what extent is there clear and effective communication between and among the Region, the CBC, the Sheriff (if applicable), case management organizations and other key community partners?***

*6.2.* ***How actively and effectively does CBC management track programmatic performance and fiscal performance?***

*6.3.* ***What actions have been taken by the Region and/or the CBC to resolve the fiscal issues without accessing the Risk Pool? What further actions are planned?***

According to the Contract Monitoring report:

KCI's leadership style is to provide data to the case management organizations or other partners and have them come up with a solution, versus working together as a team to identify solutions. The community expresses a feeling of being "siloed" and indicates that they wish KCI would take more of a leadership role in collaboration.

KCI gathers and utilizes a significant amount of data to try and improve performance and distributes this data through weekly data reports. While there is a large amount of data that could prove beneficial to the system, KCI's delegative leadership approach and lack of accountability for the system as a whole has proven to not be the most effective nor well received. While the use and analysis of quantitative data is extensive and a strength in the organization, there was not the same level of focus on qualitative data to drive system improvement and relationship building.

KCI has been taking actions based on last year's risk pool recommendations. See below for details:

| Risk Pool Peer Review Team Recommendations | KCI Response |
|---|---|
| KCI and the Region should continue to work on a faster case transfer process. | September 2018 update: Improving the rate of timely case transfers is included in the FY18-19 KCI Financial Viability plan on the Region tab under the section "Plans to address factors related to exits from care." The owner of this action is CPI Operations Management. The current performance is a fourteen (14) day average. The target is a (7) day average to be achieved by June 30, 2019. Performance will be reviewed quarterly to ensure interim targets of (12) days for Quarter 1, (10) days for Quarter 2, and (8) days for Quarter 3 are being met. |
| KCI should review their financial projections and work with the DCF Office of CBC/ME Financial Accountability to ensure they are as accurate as possible. | September 2018 update: KCI provided a FY18-19 expenditure projection with their Risk Pool application which indicated a deficit projection of ($2,162,032). On August 23, 2018, the Office of Fiscal Accountability sent a request for additional information to KCI CFO, John Aitken, regarding salaries and benefits in connection with in-house prevention services, increased case management costs in the projection, and out-of-home care projected expenditures related to the board rate paid by KCI. On August 24, 2018, Mr. Aitken provided additional clarifications for each of these areas in support of the amounts identified on KCI's expenditure projection. |
| KCI and the Region should continue to work with staff and stakeholders on understanding and utilizing conditions for return. | September 2018 update: CLS to fully support proffering conditions of return is included in the FY18-19 KCI Financial Viability plan on the Region tab under the section "Plans to address factors related to exits from care." The target is for CLS to ensure that, by June 30, 2019, conditions for return are addressed in court preparation staffings and appropriate court hearings. The current performance is 86.77%. The target is set for a minimum of 90%. Performance will |

| | |
|---|---|
| | be reviewed quarterly to ensure activities are on track to achieve the target. |
| KCI and the Region should continue to work together to appropriate address issues related to the judiciary. | September 2018 update: Judicial hearings and court orders are included in the FY18-19 KCI Financial Viability plan in the Lead Agency tab under the section "Plans to address factors related to exits from care." KCI will analyze court ordered factors and activities to assess the impact on timeliness of permanency. The analysis will be completed by October 1. A target will then be established and performance will be reported quarterly for Quarters 2, 3 and 4.<br><br>In addition, since January, DCF Circuit 5 Children's Legal Services, has spearheaded meetings with the judiciary in all five counties to discuss specific judicial issues relevant to that county, with participants from various stakeholders in the system of care including the GAL, DJJ, DV advocates, CPI, sheriff's office and DJJ attending at times. Positive outcomes include improved relations and a better understanding of the information exchanged by both parties.<br><br>KCI personnel, including John Cooper, met with the judiciary from Citrus, Marion, and Sumter counties at the Summit. The judiciary from Hernando and Lake counties were not present. Permanency and operational issues were discussed with KCI presenting relevant data showing status and where progress is needed. The most significant result was all three counties agreed to regular meetings with KCI staff to discuss permanency and operational issues and look at specific cases to troubleshoot. Two of the three counties have judicial changes; Judge Morley (Sumter) and Judge Hatcher (Citrus) are rotating, however, the General Magistrates in these counties have agreed to the meetings. Meetings with |

| | |
|---|---|
| | Citrus are already set for November and December. KCI In-House Counsel Tom Ranew is coordinating with the other two counties to set up a regular schedule. Mr. Ranew will also be reaching out to the judiciary in Lake and Hernando counties in an effort to obtain agreement on regular meetings between KCI and the judiciary in those counties. |

**Summary of Findings:**

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

- KCI experienced an increase in children entering out-of-home care and, although those numbers are beginning to decrease, it has had a significant impact on their financial position.

**Recommendations:**

The Peer Review Committee review found that KCI qualifies for risk pool funding with a full distribution of $1,965,000 based on an adjusted budget and cash flow analysis completed by the Office of CBC/ME Fiscal Accountability.

Additionally, KCI should:

1. Develop a plan to reduce the number of children in care greater than 18 months.
2. Continue to work on the Previous Risk Pool recommendations.
3. Modify their Financial Viability Report to more accurately reflect their actual plan.
4. Implement any recommendations form the recent Contract Monitoring Report.