Prototype Region Evaluation
July 1, 2001 – January 31, 2002

Jeb Bush
Governor

Judge Kathleen A. Kearney
Secretary
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Introduction

This document is a summary paper that describes the Department of Children and Families initial prototype region, the structure of the region and its relationship to community based care, and the key findings from two related evaluations.

Statutory and Historical Background

In 1999, the Florida Legislature passed, and Governor Bush subsequently signed, Chapter 99-219, Laws of Florida. This law waived specific sections of s. 20.19, Florida Statutes (which defines the structure of the Department of Children and Families) and required the Department to submit two reports. The first report was due December 1, 1999 and was to propose a plan to realign the districts to be consistent with the geographic boundaries of judicial circuits. The plan to realign the districts was submitted as required and used the term “regions” to refer to the proposed geographic areas. The second report required by Chapter 99-219, Laws of Florida, was a comprehensive plan to reorganize the Department.

The plan was submitted as required on January 1, 2000. The plan identified six principal deficits in the current organization that defined the needs for reorganizing both the Department and its service systems. These were the needs for:

- A more uniform and streamlined organizational structure,
- Contract management reform,
- Strengthening of partnerships with local communities,
- Development of local systems of care,
- Coordinated use of resources, and
- A structure to accommodate the continued change of the Department’s role from provider of service to purchaser of services.

The plan that was submitted to the 2000 Legislature included proposed legislation to address these needs. HB 2125, the reorganization legislation which the Legislature passed and the Governor signed, addressed many of the key elements in the plan. The 150-page bill included multiple amendments addressing a wide range of issues. As was recommended in the Department's reorganization plan, the legislation simplified the statutes governing the organization and operation of the Department, clarified the mission of the Department, and provided the Secretary with increased authority to organize the Department to gain efficiencies. The legislation also included provisions requiring the establishment of the community alliances described in the Department's plan, and approved the establishment of a prototype region combining Districts 5 and 6 and DeSoto and Sarasota Counties from District 8.

Following is the specific language contained in s. 20.19(7) (a), F.S., as amended by HB 2125, authorizing the establishment of a prototype region:
"Notwithstanding the provisions of this section, the Department may consolidate the management and administrative structure or function of the geographic area that includes the counties in the sixth, twelfth, and thirteenth judicial circuits as defined in s. 26.021. The Department shall evaluate the efficiency and effectiveness of the operation of the prototype region and upon a determination that there has been a demonstrated improvement in management and oversight of services or cost savings from more efficient administration of services, the secretary may consolidate management and administration of additional areas of the state. Any such additional consolidation shall comply with the provisions of subsection (5) unless legislative authorization to the contrary is provided."

Initiation and Design of Prototype Region
During FY 2000-2001, the Department proceeded with the development of the region. The region that initially was referenced as Region C in the Department's plan was named the “SunCoast Region.”

When the first 11 service districts were conceived in the mid-1970s, it was anticipated that each district would have a similar organizational structure. Over the years, district organizational structures have evolved to the point that there is as much dissimilarity as similarity. This lack of standardization has made managing the Department more difficult. It is anticipated that the new region's organizational structure will provide a basis for statewide standardization of structure and business practice.
Figure 2 displays the upper level organizational structure for the region.

The new regional management structure differs significantly from management structures of most districts as they existed during 2000. The region organizational structure currently includes a regional director with two deputies. One deputy has responsibility for region operations while the other has responsibility for region support services. The Deputy Regional Director for Operations supervises managers who in turn oversee the program offices, licensing, and client services. Client services directly provided by departmental staff are overseen by operations managers reporting to the operations deputy. These operations managers have responsibility for supervision of all staff located in each of the three judicial circuits in the region.

The design of the regional structure took into consideration the fact that the SunCoast Region is further along in implementation of Community Based Care (CBC) and privatization of child welfare-related services than most areas of the state. Although
these initiatives are related primarily to Family Safety which is only one of the major program areas under the Department's authority, the philosophy and approach inherent to CBC and privatization were seen as significant factors driving structuring decisions. One of the significant factors in this approach is the multiplicity of agencies, both public and private, that are involved in CBC and privatization within the SunCoast region. Table 1 describes the entities that have lead responsibility for child welfare related services in the counties within SunCoast Region. The Department of Children and Families (DCF) and CBC Lead Agencies also contract with other community agencies to provide additional services for children and their families.

<table>
<thead>
<tr>
<th>County</th>
<th>Child Welfare Legal Services</th>
<th>Protective Investigations</th>
<th>Protective Supervision, Foster Care, and Adoption Related Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>DeSoto</td>
<td>DCF</td>
<td>DCF</td>
<td>Community Based Care, YMCA Children, Youth and Family Services</td>
</tr>
<tr>
<td>Hillsborough</td>
<td>Office of Attorney General</td>
<td>DCF</td>
<td>Tansitioning from DCF to Community Based Care, Hillsborough Kids Inc.</td>
</tr>
<tr>
<td>Manatee</td>
<td>Office of Attorney General</td>
<td>Manatee Sheriff’s Office</td>
<td>Community Based Care, YMCA Children, Youth and Family Services</td>
</tr>
<tr>
<td>Pasco</td>
<td>State Attorneys Office</td>
<td>Pasco Sheriff’s Office</td>
<td>Community Based Care, Family Continuity, Inc.</td>
</tr>
<tr>
<td>Pinellas</td>
<td>State Attorneys Offices</td>
<td>Pinellas Sheriff’s Office</td>
<td>Community Based Care, Family Continuity, Inc.</td>
</tr>
<tr>
<td>Sarasota</td>
<td>DCF</td>
<td>DCF</td>
<td>Community Based Care, YMCA Children, Youth and Family Services</td>
</tr>
</tbody>
</table>

Other major differences between the region structure and district structures include:

Consolidation of Contracting Functions
In most DCF districts, program office staff performs contract management functions. In most cases program office based contract managers are able to devote only a portion of their time to contract management. In the region, a new model contract unit with full time contract managers was established. The Contract Unit has three organizational sub units: contract administration, contract monitoring, and contract management.

Consolidation of Licensing Functions
Staff performing child care licensing, foster care licensing, and background screening functions are consolidated into one unit. The possibility of consolidation of
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Developmental Disabilities and Substance Abuse licensing functions also is to be explored.

Establishment of a Central Education and Training Program
In the region, training is provided by staff under the supervision of the regional training manager; again, allowing for increased consistency and specialization in training.

Reduction of “Multi-hatting”
In districts, there are functions such as disaster coordination, planning, quality assurance, contract evaluation, and data management that are performed on a part time basis by one or more staff. In the region, because of the region’s size there is a greater opportunity for staff to have a reduced variety of assignments. This allows increased specialization in these technical areas.

Implementation of Prototype Region
Transition to the region structure began with the consolidation and downsizing of management staffing in District 5 (Pinellas and Pasco Counties) and District 6 (Hillsborough and Manatee Counties) and the transfer of responsibilities for purchasing, payment of bills, and payroll to Central Office. The SunCoast Region was implemented on July 1, 2001 when responsibility for management of services for DeSoto and Sarasota Counties was transitioned from District 8 to the Region (See Figure 1).

Despite SunCoast’s status as a fully implemented region, it is recognized that the region will continue to evolve and mature as it standardizes its internal business processes and fully implements community based care.

Prototype Evaluation

A proposed amendment to HB 2125, the bill providing authority to establish the prototype region, included language specifying elements to be addressed in an evaluation of the prototype and provided a requirement for the submission of an annual report each February regarding the progress in implementing the region. The proposed amendment required that the evaluation include a review of the duties of the lead agency and that the evaluation be conducted by an independent evaluator with experience in the evaluation of organizational change and organizational effectiveness. To the extent possible within current resources, the Department’s intent was to include the seven elements specified in the proposed amendment in its evaluation of the prototype region, though the amendment was never actually formalized as law.

Legislation is already in place that requires that an annual evaluation of Community Based Care (CBC) be conducted by the Department (section 409.1671(4)(a), F.S.). Since four of the seven elements required in the prototype region evaluation were specific to community based care and lead agencies, it was decided to include these elements in the CBC evaluation requirements. For fiscal year 2001/2002, The University of South
Florida's Louis de la Parte Florida Mental Health Institute, hereafter referred to as USF, was selected to perform the CBC evaluation inclusive of the prototype elements.\footnote{Paulson, R. I., Armstrong, M., Brown, E., Jordan, N., Kershaw, M. A., Vargo, A., and Yampolskaya, S. (2002). \textit{Submission to the Florida Legislature: Evaluation of the Florida Department of Children and Families community-based care initiative in Manatee, Sarasota, Pinellas and Pasco Counties.} [Tampa, FL]: University of South Florida, Louis de la Parte Florida Mental Health Institute.}

Competitive Government Strategies, LLC, hereafter referred to as CGS, was selected to perform the portion of the prototype evaluation not directly related to CBC.\footnote{Stitt, C. B., Olsen, T. F., Certo, D. J. (2001). \textit{Submission to the Florida Legislature: Review of the Florida Department of Children and Families prototype "SunCoast" region.} Indianapolis, IN: Competitive Government Strategies, LLC.}

Table 2 provides a listing of evaluation requirements and assigned evaluator.

<table>
<thead>
<tr>
<th>Evaluation Requirement</th>
<th>Principle Evaluator</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. The duties and responsibilities of the lead agencies</td>
<td>University of South Florida</td>
</tr>
<tr>
<td>2. The relationship of the department with the lead agencies</td>
<td>University of South Florida</td>
</tr>
<tr>
<td>3. The accountability of the system involving lead agencies and sub-contractors in carrying out the department’s statutory obligations</td>
<td>University of South Florida</td>
</tr>
<tr>
<td>4. The quality of services provided to clients by the lead agencies and their sub-contractors</td>
<td>University of South Florida</td>
</tr>
<tr>
<td>5. Size of the prototype region and its effect on service priorities and service delivery within local communities</td>
<td>Competitive Government Strategies, LLC</td>
</tr>
<tr>
<td>6. The effect on existing service providers who may or may not be lead agencies or sub-contractors</td>
<td>Competitive Government Strategies, LLC</td>
</tr>
<tr>
<td>7. Any demonstrated improvements in the management and oversight of services or cost savings that have resulted from the lead agency structure or other elements implemented in the prototype region.</td>
<td>Competitive Government Strategies, LLC</td>
</tr>
</tbody>
</table>
Following is a brief description of the methods used by USF and CGS to perform their portions of the evaluation. Also included is a summary of the preliminary results from these evaluations. The full executive summary from each evaluator’s report is included in the appendix to this report.

**Evaluation Approach- USF**

USF employed four major approaches to meet evaluation requirements including:

- An outcome analysis using child protection administrative data,
- A qualitative study examining the context around CBC implementation and monitoring of CBC sites,
- A cost analysis component, and
- A quality service review looking at child, family, and system level outcomes using semi-structured interviews and a file review protocol.

At the time this report was completed, only the initial phases of the first three approaches had been completed. The remainder of the planned evaluation approaches including the quality service reviews will be completed by June 30, 2002.

**Summary of Preliminary Results-USF**

- There was a shared definition of the role of the lead agency as well as a generally shared vision of what the child welfare system should look like.
- There was agreement that organizational structures had been established to ensure smooth operations of CBC. There were concerns, however, regarding access to and integration of mental health, substance abuse, and juvenile justice services.
- The extent to which lead agencies are simply an extension of DCF or are equal business partners remains an area of apparent disagreement between DCF and lead agencies.
- The creation of the region during CBC implementation may have caused some delay in CBC implementation.
- With respect to the lead agencies and their provider networks, the information systems, fiscal policies, reporting procedures, and quality assurance processes are in place and as well developed as can be expected at this stage of development.
- Clarification of the role and authority of the regional office as it relates to CBC must be a high priority.
- Some duplicative and overlapping auditing and program monitoring functions were cited.
- The qualitative study asked key informants for their perspective on CBC performance with the result that most informants felt that CBC had helped children and their families and that improved communication and coordination within the region had begun to bring about positive systems change.
- Preliminary analysis of quantitative data indicates that in most cases CBC counties performed as well on client outcomes as counties where DCF provided services with an expenditure of fewer dollars for direct services.
Evaluation Approach-CGS
The data sources and methods employed by CGS to accomplish its portion of the evaluation requirements included:

- Structured interviews with DCF personnel and selected external service contractors,
- Reviews of DCF documents including a CBC Invitation To Negotiate, and Family Safety and Mental Health contracts,
- Analysis of performance metrics, and
- Application of CGS experience and results of public management literature reviews to a critical review of the Region.

Summary of Preliminary Results-CGS

- Since its inception, the region has reduced administrative headcount by 106 FTE (23.8%) and administrative salary expenses by approximately $2,130,000 when compared to District 5, 6 and 8 precursors. An additional $750,000 in salary savings were achieved which was redistributed to meet other department needs.
- An analysis of relevant performance metrics available at this early stage in region development results in the conclusion that performance data thus far are not inconsistent with the hypothesis that service quality has been sustained through the concurrent changes in the SunCoast Region.
- Other observations and recommendations for future regionalization based upon the results of interviews with region management and a sample of external service providers include:
  - The benefit of moving quickly to establish senior leadership and the basic structure of new regions,
  - The need for creative HR policies and strategies,
  - The need to understand more fully how external service providers are different from internal service delivery groups, and
  - The need to oversee ongoing contractor operations less obtrusively.
- Based upon a review of “best practices” literature and CGS’s extensive experience with public sector clients, additional suggestions for rollout of later regions were provided. The most important of these suggestions included increasing competition for service provision contracts, enhancing the competitive procurement process, and effectively utilizing both positive and negative incentives to improve service provider performance.
- While it was acknowledged that administrative savings from regionalization are achievable, it was recognized that any savings from proposed future region development would be directly related to the relative staffing levels of the districts that are consolidated to form the region. Recent statewide administrative staff cuts reduce the potential administrative savings that could be realized through regionalization.
Conclusion

At the time this evaluation report was completed, the Region had been in place for less than one year. Both evaluators recognized that the SunCoast Region is very much a work in progress and that interpreting the results of the current evaluations should be tempered by this fact. The evaluators each were able to recommend midcourse corrections in a number of areas that the Department will consider.

It was heartening that the Department and Region were able to undergo radical change and to achieve such significant administrative cost savings without adversely affecting client services. It should be emphasized, as mentioned in the CGS report, that care must be applied in generalizing the SunCoast experience to other potential regionalization. The SunCoast Region was formed through the combination of administrative staff from three districts that had higher levels of staffing relative to most other DCF districts. In addition, since the formation of SunCoast, DCF has reduced its overall administrative staffing by 12.5 % to accommodate reductions in state funding. This is not to say that no additional administrative savings would be realized through further regionalization; however, as further regionalization is planned, the detailed circumstances of each proposed region will have to be assessed in order to determine potential savings.

Copies of the executive summaries from each evaluator’s report are contained in the appendix to this document. Full copies of the evaluator’s reports can be obtained from:

Department of Children and Families
Office of the Secretary, Mission Support and Performance
David L. Fairbanks, Ph.D.
1317 Winewood Boulevard
Building 1 Room 306-B
Tallahassee, Florida 32399-0700
850-922-7773

Or see the Department's Internet site at:

Appendix I

Submission to the Florida Legislature: Evaluation of the Florida Department of Children and Families Community-Based Care Initiative in Manatee, Sarasota, Pinellas and Pasco Counties

Prepared by:
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Eric Brown, M.A.
Neil Jordan, M.S.
Mary Ann Kershaw, B.S.
Amy Vargo, M.A.
Svetlana Yampolskaya, Ph.D.

Louis de la Parte Florida Mental Health Institute
University of South Florida

Submitted to the
Office of Mission Support and Performance
Florida Department of Children & Families

January 31, 2002
EXECUTIVE SUMMARY

OBJECTIVE: The Department of Children and Families (DCF) contracted with the University of South Florida’s Louis de la Parte Florida Mental Health Institute (FMHI) to conduct an evaluation of the four counties in which Community-Based Care (CBC) was operational in FY 2000-01: Sarasota, Manatee, Pinellas, and Pasco Counties.

The CBC Evaluation Plan developed by FMHI has been designed in keeping with the legislative intent for CBC and the goals of the Adoption and Safe Families Act (ASFA) to promote quality performance, outcome measurement, and cost effectiveness and efficiency. Because Florida's CBC initiative is still quite new in most counties, it is too soon to conclude whether the reform has succeeded. Consequently, this evaluation focuses on the potential advantages and disadvantages of privatization as it has been implemented in Florida thus far. This report’s goal is to provide policymakers with concrete information and recommendations about next steps and mid-course corrections.

There are four major components to this evaluation plan, which together provide an integrated evaluation of the CBC initiative: (1) an outcome analysis using child protection administrative data, (2) a qualitative study examining the context around CBC implementation and monitoring of CBC sites, (3) a cost analysis component, and (4) a quality service review looking at child, family, and system level outcomes using semi-structured interviews and a file review protocol. In accordance with the evaluation plan submitted to DCF, only the initial phases of the first three components were undertaken during November-December 2001 and are reported on here.

FINDINGS: The results of this initial evaluation of Community-Based Care in the Sarasota/Manatee and Pinellas/Pasco County CBC sites indicate that the CBC sites are making steady progress towards accomplishing the goals set out by the Florida Legislature and DCF for transitioning to a more locally-based child protection system. If these programs are not yet unqualified successes, it is because DCF Central Office staff, Regional staff, and the lead agencies are still implementing the complex system changes inherent in the initiative. Considerable learning has taken place in this cooperative effort and we anticipate that the implementation of CBC in future county sites will consequently be smoother. While many of the difficulties inevitable in a complex systems change have been resolved, there are still many challenges that remain as CBC is implemented statewide. As the implementation is now shifting from a handful of sites to a statewide effort, these issues need to be addressed through mid-course corrections based on initial experiences with the CBC system.

We looked at 7 major outcome indicators: (1) the percentage (%) of children exiting foster care within 6 months, (2) the % re-entering foster care within 11 months, (3) the % transitioned from protective supervision to foster care, (4) the % returned to parents and legal guardians after exiting foster care, (5) the % returned to relatives after exiting foster care, (6) total expenditures for child protective services, and (7) average expenditures per child served. In analyzing the programmatic outcomes, the results are mixed. There
were few differences in outcomes between the CBC and non-CBC counties on the major quantitative indicators. Only one indicator, showed a strong, positive difference attributable to CBC. In our expenditure analysis, CBCs appeared to be more cost-efficient because their expenditures on direct services were lower than for non-CBC sites.

The qualitative study showed four major issues that need to be addressed: The nature of the relationship between DCF and the lead agency and its provider network; The role of the regional office.; The duplicative nature of the program monitoring and auditing process; The interface between the lead agency and DCF management information system, data collection, and reporting processes.

In sum, the CBC counties generally did as well or better on the outcome indicators than the comparison counties and they accomplished them while spending fewer dollars on direct child protective services. The exception was in Pasco County, which only recently implemented CBC. At the same time, CBC successfully achieved major systems change. The qualitative component to this evaluation indicated that despite some major inter-organizational issues that remain to be resolved, there is strong leadership support at all levels and the changes have been achieved through a negotiation process involving the mutual respect of all parties. As DCF is currently in the process of implementing the legislative mandate to expand CBC statewide it is important to capitalize on what has been learned from the initial CBC projects.

We suggest a number of mid-course corrections which reflect the shift from a few demonstration programs to a statewide program. These include:

- Develop training and written products about CBC and its implementation utilizing the staff and materials developed by the current CBCs.
- Commit sufficient resources to provide technical assistance and start-up funds for new sites and adopt a more realistic estimate of the time required for full implementation of new CBC sites.
- Create a statewide policy/governance CBC forum to discuss emerging issues and policy decisions/changes that are needed.
- Continue the development of stakeholder groups to advise local CBCs and clarify their role with respect to the community alliances.
- Enhance efforts to accelerate the organizational cultural changes at the regional and district office levels of DCF. Such acceleration will help resolve the major organizational and process problems described above and further facilitate the statewide transition to CBC.
Submission to the Florida State Legislature

Review of the Florida Department of Children and Families
Prototype “SunCoast” Regionalization

Prepared By:

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Thomas F. Olsen, Senior Project Manager
David J. Certo, Senior Project Manager

Competitive Government Strategies, LLC
Indianapolis, Indiana
November 29, 2001
Executive Summary {Requirements 5, 6, 7, 8, 9}

The creation of the SunCoast regional prototype was requested by the Florida Department of Children and Families (DCF or Department) and approved by the 2000 Florida General Assembly. One of the Legislature’s stipulations in that approval was that an independent review of the results be conducted. This report is in partial fulfillment of that directive.

The SunCoast regional prototype is already more than an experiment in reorganization. The results to date represent the combined impact of at least four significant and concurrent changes:

- Reorganization (combining Districts 5 and 6 and two counties of District 8 to form the new SunCoast Region),
- Changing the means of delivery of a number of existing DCF services,
- Changing the fundamental nature of certain services (e.g., the closure of a large regional mental hospital), and
- Centralizing certain internal administrative services at the Central Office.

Additional complicating factors include changes phased in at various times during the period from calendar 4Q2000 through calendar 3Q2001 and differences in precedent practices between DCF program areas.

Over the period from calendar 4Q2000-3Q2001, the SunCoast Region reduced administrative headcount by 106 FTEs (23.8%) and administrative salary expenses by approximately $2,130,000 when compared with its District 5, 6, and 8 precursors. An additional $750,000 in salary savings were achieved in this reorganization but redistributed to meet other needs throughout the Department.

Care must be applied in generalizing SunCoast’s cost savings to any other potential regionalization. The SunCoast region was formed by combining the administrative staffs from three districts, each with what DCF executives assert were relatively higher levels of staffing than other districts. Subsequent to SunCoast’s formation, DCF has reduced its overall administrative staffing by 12.5% to accommodate reductions in state funding. Also to be considered in estimating future regionalization savings is the degree to which

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3 Throughout this review the curled-bracket notation is used to cross-reference to the requirements of the original legislative inquiry. See section 2.1, below, for additional detail regarding the legislative study requirements.

4 Foster care services were subcontracted to Community Based Care (CBC) providers and other DCF services to “lead agencies” and other external contractors – collectively referred to as “External Service Providers” hereafter.

5 These include accounts payable, disbursement, and certain Human Resources functions. These changes also affected all the existing DCF Districts at the same time as the SunCoast Region.

6 Assuming no administrative headcount reductions in District 8 beyond the 20 positions transferred to SunCoast and cut.

implementation of Community-Based Care (CBC) reduces the level of required DCF oversight.

With the assistance of regional DCF staff, the most relevant performance metrics for each of the DCF program sectors were identified and analyzed over the period covering the changes in question. With the passage of time and accumulation of more post-change experience, it will be possible to draw more statistically defensible conclusions from these performance metrics. What can be concluded from the performance data thus far is that they are not inconsistent with the hypothesis that service quality has been sustained through the concurrent changes in the SunCoast Region.

A major objective of the SunCoast prototype was to provide guidance for the potential subsequent regionalization of the rest of DCF. Our interviews with DCF SunCoast management and a sample of external service providers provided a number of relevant ideas, dealing with such issues as:

- The benefit of moving quickly to set the senior leadership of the Region and its basic organization,
- The need for creative HR policies for dealing with affected DCF employees,
- The need to resolve the philosophical contest between the Program and Contract functions for service delivery leadership,
- The need to understand more fully how external contract service providers are different from internal service delivery groups, and
- The need to oversee ongoing contractor operations less intrusively.

In addition to interview feedback, we also drew upon public management “best practices” literature and our firm’s experience with public sector clients to offer additional suggestions for DCF’s regional rollout. These observations transcend any one DCF region or district and apply to the statewide system. The most important of the suggestions derived from these sources focus on (1) increasing competition for service provision contracts, (2) enhancing the competitive procurement process, and (3) effective utilization of both positive and negative incentives to improve service provider performance and reduce unit costs of services.

Informed by this best practices literature, as well as our firm’s collective experience assisting numerous government clients with contracting for external delivery of government services, we analyzed selected DCF/SunCoast service contract and Invitation to Negotiate (ITN) “templates.” We noted the following opportunities for further improvement:

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8 For some externally contracted services only a few months of post-change performance data was available for analysis at the time of this review. Formal statistical tests for “significance” of differences between means usually become much more reliable as sample sizes increase.

9 Especially noteworthy are the unintended consequences of State pension eligibility rules and the organizational disadvantages of seniority-based bidding, or “bumping,” for open positions. These seniority issues have since been significantly ameliorated by the “Service First” initiative.

10 These templates are in statewide DCF use, not just in SunCoast, and are maintained through Central Office.
- **Inhibitions to participation.** The ITN contains a number of provisions (e.g., bonding requirements) that could limit the ability of potential vendors, particularly nonprofit groups, to participate.

- **Relatively strict reporting, record keeping, and procedural requirements.** Throughout the documents DCF requires potential private providers to use the Department’s own procedures. The key motivations for seeking private partners are to generate cost savings and service enhancements. Demanding that nonprofit providers replace State employees with identical processes and programs can reduce the likelihood of achieving either objective.

- **Revealing end-pricing instead of negotiating.** Stating the amount of money that is available while seeking bids removes much of the pressure to compete that should be created in the sealed bid process, further decreasing the likelihood that significant cost savings will result from the ITN.

- **Selected unrealistic requirements.** The documents contain provisions that appear unrealistic for any External Service Provider to meet, including the Department.

- **Counterproductive adversarial relationships.** The documents present a list of required approaches, deadlines, and rules that will govern the relationship between External Service Providers, DCF, and clients. Inflexibility in contract documents will probably lead to a more adversarial contract management experience.

- **Underutilization of incentives.** In order to maximize service quality and value, it is important to have both positive and negative incentives for External Service Providers. Although the ideal mix may be difficult to achieve, the current documents have few incentives or penalties other than contract cancellation.

- **Overweighting “means” versus “ends.”** Instead of worrying about how service is provided (particularly in mandating current State procedures), the Department should instead establish measures related to outcomes.

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11 Or enforcing a relatively high degree of uniformity across multiple External Service Providers for services that had not previously been delivered by DCF itself.

12 As discussed in more the detail in the body of the report, this issue has many subtleties. A practical general objective would be to define consistent core requirements and procedures, but consciously create room for External Service Provider flexibility and creativity in end-client service delivery as well as selected administrative practices. Federal regulatory and State statutory requirements must be considered, as well.
- *Making a hard job harder.* The documents contain many administrative requirements that could adversely impact service quality by preoccupying field staff time.

- *Prioritizing less than the most relevant measures.* Throughout the ITN document the vendor proposals are evaluated on how clearly the applicant describes its proposals and procedures in an exercise in evaluating processes. Less emphasis is devoted to past outcomes, likelihood of success, cost effectiveness, and other results-oriented indicators.

As previously noted, the Department makes the general point that federal regulations or State statutes require some of these practices just summarized. To the extent this is the case, these observations may identify opportunities for regulatory or statutory reforms.