



**Status Update for  
Implementation of House Bill 7089**

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## **Background**

During the 2024 Legislative Session, HB 7089 was passed and signed into law by Governor DeSantis. Section 26 of HB 7089 (2024) requires that, by September 30, 2024, the Department of Children and Families (DCF or Department) shall submit a report to the Governor, the President of the Senate, and the Speaker of the House of Representatives on rules and policies adopted and other actions taken to implement this act. This report provides details on the actions the Department has taken as of September 2024.

## **HB 7089 Child Welfare Accountability**

### **Section 19:**

The bill amends section 409.987, Florida Statutes, to clarify that the Department may only extend a CBC contract for a period of 1 to 5 years and may only do so if the CBC has met performance expectations.

The bill requires that CBC board members provide oversight and accountability for the system of care, act in accordance with s. 617.0830, F.S., and participate in specific training. The Department is directed to set minimum training criteria in contracts.

The bill requires that conflicts of interest be disclosed to the Department and specifies contractual penalties in the amount of \$5k, \$20k and \$30k for failures to disclose. The board member who fails to disclose the conflict must also be removed. CBCs must post a fidelity bond to cover the costs associated with failure to disclose a conflict.

If a conflict of interest is not disclosed, the contract must be reproced and the Department shall recoup expenses related to the contract.

Related parties are defined in the bill and various restrictions are placed on related parties including the prohibition of contracting with a related party for management services. Contracting for administrative services must be specified in contract. All contracting with a related party must be at or below fair market value.

### Department Update:

The Department has amended its contracts with the Lead Agencies to include language related to the requirements outlined in this section. Specifics include:

- Specified board trainings to include Governance and Ethics, Financial Literacy Oversight, Strategic Planning, Oversight of the Child Welfare System.
- Contract language specifies that a CBC may subcontract with a related party for administrative functions related to human resources, information technology, payroll and accounting services, and legal services.

The Lead Agencies have expressed concerns around their ability to secure a Fidelity Bond as required. The Department is actively working with them to resolve and will update the contracts accordingly.

## **Section 20:**

Section 409.988, F.S., is amended to require any contract with an unrelated entity for officer-level or director-level staffing to perform management functions must adhere to the executive compensation provision in s. 409.992(3), F.S.

The section is further amended to limit the 35 percent exemption regarding the direct provision of child welfare services to two years and require the local community alliance to approve such requests.

The section provides a process for the Department to deny a 35 percent exemption and requires an audit by the Auditor General for any Lead Agency that directly provides more than 40 percent of all child welfare services. This section outlines required data elements that Lead Agencies must publish monthly on their websites.

### Department Update:

- Contracts with the Lead Agencies have been amended to include language and requirements outlined in this section.
- CLS staffing rates have been posted on the Department's website.
- Conversations have begun with the Auditor General's Office regarding the process for auditing Lead Agencies that provide more than 40 percent of services in house.
- The Department is collaborating with providers and CBCs to develop policy to better define the process for seeking an exemption of 35 percent direct service provision limitation.

## **Section 21:**

Repeals the outdated funding model that is currently listed in statute.

### Department Update:

No action needed.

## **Section 22:**

The bill creates s. 409.9913, F.S., which outlines a comprehensive framework for allocating core services funding to lead agencies. The term "core services funding" is defined, excluding specific funds, and "operational and fixed costs" are outlined.

The Department, in collaboration with lead agencies and service providers, is tasked with developing a funding methodology that is actuarially sound, reimbursement-based, and incentivizes efficient operation, prevention, family preservation, and permanency. This methodology must consider variable costs and be regionally scaled for cost-of-living factors. Lead Agencies and providers must submit detailed cost and expenditure data as requested by the Department.

A report is required by December 1, 2024, detailing the proposed funding methodology, data used for its development, proposed rates and total allocations for each Lead Agency, and risk mitigation

recommendations to ensure stable funding without detrimental impacts to operations or services to children.

Another report is required by October 31, 2025, and each October 31 thereafter, that offers recommendations for adjustments to the funding model.

The bill states that beginning with the 2025-2026 fiscal year, the Legislature will allocate funding to the CBCs with due consideration for the methodology developed in the previous report. It reaffirms that the Legislature must approve changes to CBC funding allocations provided in the General Appropriation Act and that the Department may approve additional risk pool funding as provided in s. 409.990, F.S.

Lastly, the section requires the Department to submit monthly reports from July – October 2024 providing updates on activities and progress made toward developing the funding methodology.

Department Update:

The Department has engaged KPMG as the vendor for this project and is working with the CBCs and providers in the continued development of the new funding model. See previously submitted Funding Model Status Update reports for additional information.

**Section 23:**

Lead Agencies are mandated to competitively procure all contracts, aligning with the federal simplified acquisition threshold. Contracts exceeding \$35,000 with related parties must also be competitively procured by lead agencies.

The Department is authorized to impose financial penalties or sanctions, integrated into contracts, for noncompliance with local, state, or federal procurement laws regarding commodities or contractual services.

The contract between the Department and Lead Agencies must outline the Lead Agency's rights and responsibilities regarding real property acquisition, transfer, or disposal.

Specifically, Lead Agencies are required to adhere to all federal laws concerning the acquisition, improvement, transfer, or disposal of real property obtained with federal funds and as of July 1, 2024, any sale, transfer, or disposal of real property acquired and held by Lead Agencies using state funds must be approved by the Department.

The section also amends language related to Lead Agency administrative salaries, clarifying the requirement that no salary shall exceed 150 percent of the annual salary paid to the Secretary of the Department applies regardless of the number of contracts a Lead Agency may execute with the Department.

Department Update:

- Contracts with the Lead Agencies have been amended to include the language and requirements outlined in this section.
- A memo was sent to CBCs on July 16, 2024, outlining requirements for salary

compensation and requiring submission of documents to confirm compliance. The Department is currently validating compliance.

**Section 24:**

The bill amends s. 409.994, F.S., to clarify that the Department may petition a court for the appointment of a receiver for a Lead Agency if the Lead Agency is unlikely to meet its current financial obligations to its employees, contractors, or foster parents.

Department Update:

No action needed. This change requires no update to existing policy or rule. Instead, the new change would only come into effect during a legal proceeding if the Department sought receivership.

**Section 25:**

Section 409.996, F.S., is amended to replace the term “tiered interventions” with “contractual actions.”

The bill also clarifies that no later than January 1, 2025, the Department must ensure that each CBC contract executed includes a list of financial penalties for failure to comply.

Department Update:

- Contracts with the Lead Agencies have been amended to include language and requirements outlined in this section.
- In addition to routine financial penalties outlined in the Department’s Standard Contract, the following financial penalties have been added to the contracts and carry the same penalties associated with failure to disclose conflicts of interest that are specified in section 19 of the bill:
  - Upon Department determination of Provider noncompliance with applicable local, state, or federal law for the procurement of commodities or contractual services, the following penalties shall be imposed:
    - A penalty in the amount of \$20,000 for the first noncompliance.
    - A penalty in the amount of \$30,000 for a second or subsequent noncompliance regarding the same or any other applicable local, state, or federal law.
  - Upon Department determination of Provider noncompliance with applicable state and federal law for related party requirements, as outlined in s. 409.987, F.S., the following penalties shall be imposed:
    - A penalty in the amount of \$20,000 for the first noncompliance.
    - A penalty in the amount of \$30,000 for a second or subsequent noncompliance regarding the same or any other applicable local, state, or federal law.

**Section 26:**

Requires the Department to submit reports on September 30, 2024, and February 1, 2025, on rules and policies adopted and other actions taken to implement the act.

Department Update:

The Department submits this report in compliance with this section.

**Section 27:**

Establishes the Future of Child Protection Contracting and Funding Workgroup, provides for responsibilities, membership, and requires a report be submitted by October 15, 2025. The section requires a report be submitted by the Department that examines current contracting methods, considers unique regional needs, identifies barriers to implementing Title IV-E services, and recommends changes to existing laws, rules, or policies. The workgroup is to terminate after the Secretary submits the report.

Department Update:

The Department has had preliminary conversations to begin identifying potential members and the scope of work.