Bill No. CS/CS/CS/SB 536, 1st Eng. (2024)

Amendment No.

	CHAMBER ACTION
	<u>Senate</u> <u>House</u>
1	Representative McFarland offered the following:
2	
3	Amendment (with title amendment)
4	Remove lines 107-542 and insert:
5	year contracts with lead agencies. <u>The department may extend a</u>
6	contract for 1 to 5 years, in accordance with s. 287.057, only
7	if a lead agency has met performance expectations within the
8	monitoring evaluation.
9	(4) In order to serve as a lead agency, an entity must:
10	(a) Be organized as a Florida corporation or a
11	governmental entity.
12	(b) Be governed by a board of directors or a board
13	committee composed of board members. <u>The board of directors or</u>
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14 board committee shall provide oversight and ensure 15 accountability and transparency for the system of care. The 16 board of directors or board committee shall provide fiduciary 17 oversight to prevent conflicts of interest, promote accountability and transparency, and protect state and federal 18 19 funding from misuse. The board of directors shall act in accordance with s. 617.0830. The membership of the board of 20 directors or board committee must be described in the bylaws or 21 22 articles of incorporation of each lead agency, which must provide that at least 75 percent of the membership of the board 23 24 of directors or board committee must be composed consist of 25 persons residing in this state, and at least 51 percent of the 26 state residents on the board of directors must reside within the 27 service area of the lead agency. The lead agency shall ensure that its board members, directors, and officers participate in 28 29 annual training related to their responsibilities. The 30 department shall set forth minimum training criteria in the 31 contracts with the lead agencies. However, for procurements of 32 lead agency contracts initiated on or after July 1, 2014: 33 1. At least 75 percent of the membership of the board of directors must be composed consist of persons residing in this 34 state, and at least 51 percent of the membership of the board of 35 36 directors must be composed consist of persons residing within 37 the service area of the lead agency. If a board committee governs the lead agency, 100 percent of its membership must be 38 126347

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39 <u>composed</u> consist of persons residing within the service area of 40 the lead agency.

41 2. The powers of the board of directors or board committee 42 include, but are not limited to, approving the lead agency's 43 budget and setting the lead agency's operational policy and procedures. A board of directors must additionally have the 44 45 power to hire the lead agency's executive director, unless a board committee governs the lead agency, in which case the board 46 47 committee must have the power to confirm the selection of the lead agency's executive director. 48

49 (c) Demonstrate financial responsibility through an
50 organized plan for regular fiscal audits and the posting of a
51 performance bond.

52

(7)(a) As used in this subsection, the term:

1. "Activity" includes, but is not limited to, a contract for goods and services, a contract for the purchase of any real or tangible property, or an agreement to engage with a lead agency for the benefit of a third party in exchange for an interest in real or tangible property, a monetary benefit, or an in-kind contribution.

59 2. "Conflict of interest" means when a board member, 60 <u>director</u>, or an officer, or a relative of a board member, 61 <u>director</u>, or an officer, of a lead agency does any of the 62 following:

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a. Enters into a contract or other transaction for goodsor services with the lead agency.

b. Holds a direct or indirect interest in a corporation, limited liability corporation, partnership, limited liability partnership, or other business entity that conducts business with the lead agency or proposes to enter into a contract or other transaction with the lead agency. For purposes of this paragraph, the term "indirect interest" has the same meaning as in s. 112.312.

72 c. Knowingly obtains a direct or indirect personal, financial, professional, or other benefit as a result of the 73 74 relationship of such board member, director, or officer, or 75 relative of the board member, director, or officer, with the 76 lead agency. For purposes of this paragraph, the term "benefit" 77 does not include per diem and travel expenses paid or reimbursed 78 to board members, directors, or officers of the lead agency in 79 connection with their service on the board.

80 <u>3. "Related party" means any entity of which a director or</u> 81 <u>an officer of the entity is also directly or indirectly related</u> 82 <u>to, or has a direct or indirect financial or other material</u> 83 <u>interest in, the lead agency. The term also includes any</u> 84 <u>subsidiary firm or joint venture.</u>

85 <u>4.3.</u> "Relative" means a relative within the third degree
 86 of consanguinity by blood or marriage.

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(b)1. For any activity that is presented to the board of a 87 lead agency for its initial consideration and approval after 88 89 July 1, 2021, or any activity that involves a contract that is being considered for renewal on or after July 1, 2021, but 90 91 before January 1, 2022, a board member, a director, or an 92 officer of a lead agency shall disclose to the board any 93 activity that may reasonably be construed to be a conflict of 94 interest before such activity is initially considered and 95 approved or a contract is renewed by the board. A rebuttable 96 presumption of a conflict of interest exists if the activity was 97 acted on by the board without prior notice as required under 98 paragraph (c). The board shall disclose any known actual or 99 potential conflicts to the department. 100 2. A lead agency may not enter into a contract or be a 101 party to any transaction with related parties if a conflict of 102 interest is not properly disclosed. A lead agency may not enter 103 into a contract with a related party for officer or director 104 level staffing to perform management functions. The contract 105 with the department and lead agency must specify the 106 administrative functions and services that the lead agency will subcontract For contracts with a lead agency which are in 107 existence on July 1, 2021, and are not subject to renewal before 108 109 January 1, 2022, a board member or an officer of the lead agency

110 shall disclose to the board any activity that may reasonably be

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111	construed to be a conflict of interest under this section by
112	December 31, 2021.
113	3. Subject to the requirements of subparagraph 2., a lead
114	agency may enter into a contract or be a party to any
115	transaction with related parties as long as the fee, rate, or
116	price paid by the lead agency for the commodities or services
117	being procured does not exceed the fair market value for such
118	commodities or services. The lead agency shall disclose any
119	known actual or potential conflicts to the department.
120	(g) All department contracts with lead agencies must
121	contain the following contractual penalty provisions:
122	1. Penalties in the amount of \$5,000 per occurrence shall
123	be imposed for each known and potential conflict of interest, as
124	described in paragraph (b), which is not disclosed to the
125	department.
126	2. If a contract is executed for which a conflict of
127	interest was not disclosed to the department before execution of
128	the contract, the following penalties apply:
129	a. A penalty in the amount of \$10,000 for a first offense.
130	b. A penalty in the amount of \$15,000 for a second or
131	subsequent offense.
132	3. The penalties for failure to disclose a conflict of
133	interest under subparagraphs 1. and 2. apply to any contract
134	entered into, regardless of the method of procurement,
135	including, but not limited to, formal procurement, single-source
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136	contracts, and contracts that do not meet the minimum threshold
137	for formal procurement.
138	4. A contract procured for which a conflict of interest
139	was not disclosed to the department before execution of the
140	contract shall be reprocured. The department shall recoup from
141	the lead agency expenses related to a contract that was executed
142	without disclosure of a conflict of interest.
143	Section 3. Paragraphs (c), (j), and (k) of subsection (1)
144	of section 409.988, Florida Statutes, are amended to read:
145	409.988 Community-based care lead agency duties; general
146	provisions
147	(1) DUTIES.—A lead agency:
148	(c) Shall follow the financial guidelines developed by the
149	department and shall comply with regular, independent auditing
150	of its financial activities, including any requests for records
151	associated with such financial audits within the timeframe
152	established by the department or its contracted vendors provide
153	for a regular independent auditing of its financial activities.
154	The results of the financial audit must Such financial
155	information shall be provided to the community alliance
156	established under s. 20.19(5).
157	(j) May subcontract for the provision of services <u>,</u>
158	excluding with a related party for officer or director level
159	staffing to perform management functions, required by the
160	contract with the lead agency and the department; however, the
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161 subcontracts must specify how the provider will contribute to 162 the lead agency meeting the performance standards established 163 pursuant to the child welfare results-oriented accountability 164 system required by s. 409.997. The lead agency shall directly 165 provide no more than 35 percent of all child welfare services 166 provided unless it can demonstrate a need $_{\tau}$ within the lead 167 agency's geographic service area in which there is a lack of 168 qualified providers available to perform the necessary services. 169 The approval period to exceed the threshold must be limited to 2 170 years and must be renewed following the process outlined in this section, to exceed this threshold. The local community alliance 171 172 in the geographic service area in which the lead agency is 173 seeking to exceed the threshold shall review the lead agency's 174 justification for need and recommend to the department whether 175 the department should approve or deny the lead agency's request 176 for an exemption from the services threshold. If there is not a 177 community alliance operating in the geographic service area in which the lead agency is seeking to exceed the threshold, such 178 179 review and recommendation shall be made by representatives of 180 local stakeholders, including at least one representative from 181 each of the following: 182 1. The department. 183 2. The county government. 184 3. The school district. The county United Way. 185 4.

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The county sheriff's office. 186 5. 187 The circuit court corresponding to the county. 6. 188 7. The county children's board, if one exists. Shall publish on its website by the 15th day of each 189 (k) 190 month at a minimum the data specified in subparagraphs 1.-10. 191 1.-5., calculated using a standard methodology determined by the 192 department, for the preceding calendar month regarding its case 193 management services. The following information shall be reported 194 by each individual subcontracted case management provider, by 195 the lead agency, if the lead agency provides case management 196 services, and in total for all case management services 197 subcontracted or directly provided by the lead agency: 198 The average caseload of case managers, including only 1. 199 filled positions; 200 The total number and percentage of case managers who 2. 201 have 25 or more cases on their caseloads; 202 3. The turnover rate for case managers and case management 203 supervisors for the previous 12 months; 204 The percentage of required home visits completed; and 4. 205 5. Performance on outcome measures required pursuant to s. 206 409.997 for the previous 12 months; -207 The number of unlicensed placements for the previous 6. 208 month; 209 The percentages and trends for foster parent and group 7. home recruitment and licensure for the previous month; 210 126347 Approved For Filing: 3/4/2024 7:14:37 AM

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211	8. The percentage of families being served through family
212	support, in-home, and out-of-home services for the previous
213	month;
214	9. The percentage of cases that converted from nonjudicial
215	to judicial for the previous month; and
216	10. Children's legal service staffing rates.
217	Section 4. Section 409.991, Florida Statutes, is repealed.
218	Section 5. Section 409.9913, Florida Statutes, is created
219	to read:
220	409.9913 Funding methodology to allocate funding to lead
221	agencies
222	(1) As used in this section, the term:
223	(a) "Core services funding" means all funds allocated to
224	lead agencies. The term does not include any of the following:
225	1. Funds appropriated for independent living services.
226	2. Funds appropriated for maintenance adoption subsidies.
227	3. Funds allocated by the department for child protective
228	investigation service training.
229	4. Nonrecurring funds.
230	5. Designated mental health wrap-around service funds.
231	6. Funds for special projects for a designated lead
232	agency.
233	7. Funds appropriated for the Guardianship Assistance
234	Program established under s. 39.6225.
235	(b) "Operational and fixed costs" means:
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236 <u>1. Administrative expenditures, including, but not limited</u>
237 to, information technology and human resources functions.
238 <u>2. Lease payments.</u>
239 <u>3. Asset depreciation.</u>
240 <u>4. Utilities.</u>
241 <u>5. Administrative components of case management.</u>
242 <u>6. Mandated activities such as training, quality</u>
243 improvement, or contract management.
(2) The department shall develop, in collaboration with
245 lead agencies and providers of child welfare services, a funding
246 methodology for allocating core services funding to lead
247 agencies which, at a minimum:
248 (a) Is actuarially sound.
(b) Is reimbursement based.
250 (c) Is designed to incentivize efficient and effective
251 lead agency operation, prevention, family preservation, and
252 permanency.
253 (d) Considers variable costs, including, but not limited
254 to, direct costs for in-home and out-of-home care for children
255 served by the lead agencies, prevention services, and
256 operational and fixed costs.
257 (e) Is scaled regionally for cost-of-living factors.
258 (3) The lead agencies and providers of child welfare
259 services shall submit any detailed cost and expenditure data
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260	that the department requests for the development of the funding
261	methodology.
262	(4) The department shall submit a report to the Governor,
263	the President of the Senate, and the Speaker of the House of
264	Representatives by December 1, 2024, which, at a minimum:
265	(a) Describes a proposed funding methodology and formula
266	that will provide for the annual budget of each lead agency,
267	including, but not limited to, how the proposed methodology will
268	meet the criteria in subsection (2).
269	(b) Describes the data used to develop the methodology,
270	and the data that will be used to annually calculate the
271	proposed lead agency budget.
272	(c) Specifies proposed rates and total allocations for
273	each lead agency. The allocations must ensure that the total of
274	all amounts allocated to lead agencies under the funding
275	methodology does not exceed the total amount appropriated to
276	lead agencies in the General Appropriations Act in the 2024-2025
277	fiscal year.
278	(d) Provides risk mitigation recommendations that ensure
279	that lead agencies do not experience a reduction in funding that
280	would be detrimental to operations or result in a reduction in
281	services to children.
282	(5) By October 31 of each year, beginning in 2025, the
283	department shall submit a report to the Governor, the President
284	of the Senate, and the Speaker of the House of Representatives
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285 which includes recommendations for adjustments to the funding 286 methodology for the next fiscal year, using the criteria in 287 subsection (2) and basing the recommendations on, at a minimum, 288 updated expenditure data, cost-of-living adjustments, market 289 dynamics, or other catchment area variations. The total of all 290 amounts proposed for allocation to lead agencies under the 291 funding methodology for the next fiscal year may not exceed the 292 total amount appropriated for core services funding in the 293 current fiscal year's General Appropriations Act. The funding 294 methodology must include risk mitigation strategies that ensure 295 that lead agencies do not experience a reduction in funding that 296 would be detrimental to operations or result in a reduction in 297 services to children. 298 (6) (a) The requirements of this section do not replace, 299 and must be in addition to, any requirements of chapter 216, including, but not limited to, submission of final legislative 300 301 budget requests by the department under s. 216.023. 302 (b) The data and reports required under subsections (4) 303 and (5) may also include proposed rates and total allocations for each lead agency which reflect any additional core services 304 305 funding for lead agencies which is requested by the department 306 under s. 216.023. 307 (7) (a) Beginning with the 2025-2026 fiscal year, the 308 Legislature shall allocate funding to lead agencies through the 126347

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309	General Appropriations Act with due consideration of the funding
310	methodology developed under this section.
311	(b) The department may not change the allocation of funds
312	to a lead agency as provided in the General Appropriations Act
313	without legislative approval. The department may approve
314	additional risk pool funding for a lead agency as provided under
315	<u>s. 409.990.</u>
316	(8) The department shall provide to the Governor, the
317	President of the Senate, and the Speaker of the House of
318	Representatives monthly reports from July through October 2024,
319	which provide updates on activities and progress in developing
320	the funding methodology.
321	Section 6. Subsections (1) and (3) of section 409.992,
322	Florida Statutes, are amended to read:
323	409.992 Lead agency expenditures
324	(1) The procurement of commodities or contractual services
325	by lead agencies <u>is</u> shall be governed by the financial
326	guidelines developed by the department and must comply with
327	applicable state and federal law and follow good business
328	practices. Pursuant to s. 11.45, the Auditor General may provide
329	technical advice in the development of the financial guidelines.
330	(a)1. Lead agencies shall competitively procure all
331	contracts, consistent with the federal simplified acquisition
332	threshold.
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333	2. Lead agencies shall competitively procure all contracts
334	in excess of \$35,000 with related parties.
335	3. Financial penalties or sanctions, as established by the
336	department and incorporated into the contract, shall be imposed
337	by the department for noncompliance with applicable local,
338	state, or federal law for the procurement of commodities or
339	contractual services.
340	(b) The contract between the department and the lead
341	agency for the provision of child protection and child welfare
342	services must delineate the rights and obligations of the
343	parties concerning the acquisition, transfer, or other
344	disposition of real property held by the lead agency during the
345	term of the contract. This paragraph applies prospectively to
346	new contracts entered into between the department and a lead
347	agency for the provision of child protection and child welfare
348	services on or after July 1, 2024.
349	(3) Notwithstanding any other provision of law, a
350	community-based care lead agency administrative employee may not
351	receive a salary, whether base pay or base pay combined with any
352	bonus or incentive payments, in excess of 150 percent of the
353	annual salary paid to the secretary of the Department of
354	Children and Families from state-appropriated funds, including
355	state-appropriated federal funds. This limitation applies
356	regardless of the number of community-based care contracts a
357	community-based care lead agency may execute with the
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358 <u>department.</u> This subsection does not prohibit any party from 359 providing cash that is not from appropriated state funds to a 360 community-based care lead agency administrative employee.

361 Section 7. Paragraph (d) of subsection (1) of section362 409.994, Florida Statutes, is amended to read:

363

409.994 Community-based care lead agencies; receivership.-(1) The Department of Children and Families may petition a court of competent jurisdiction for the appointment of a

366 receiver for a community-based care lead agency established 367 pursuant to s. 409.987 if any of the following conditions exist:

364

365

(d) The lead agency cannot meet, or is unlikely to meet,
its current financial obligations to its employees, contractors,
or foster parents. Issuance of bad checks or the existence of
delinquent obligations for payment of salaries, utilities, or
invoices for essential services or commodities <u>constitutes</u> shall
constitute prima facie evidence that the lead agency lacks the
financial ability to meet its financial obligations.

375 Section 8. Paragraph (d) of subsection (1) of section376 409.996, Florida Statutes, is amended to read:

377 409.996 Duties of the Department of Children and 378 Families.—The department shall contract for the delivery, 379 administration, or management of care for children in the child 380 protection and child welfare system. In doing so, the department 381 retains responsibility for the quality of contracted services 382 and programs and shall ensure that, at a minimum, services are 126347

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383 delivered in accordance with applicable federal and state 384 statutes and regulations and the performance standards and 385 metrics specified in the strategic plan created under s. 386 20.19(1).

(1) The department shall enter into contracts with lead agencies for the performance of the duties by the lead agencies established in s. 409.988. At a minimum, the contracts must do all of the following:

(d) Provide for <u>contractual actions</u> tiered interventions
 and graduated penalties for failure to comply with contract
 terms or in the event of performance deficiencies, as determined
 appropriate by the department.

395 <u>1.</u> Such <u>contractual actions must</u> interventions and 396 <u>penaltics shall</u> include, but are not limited to:

397 <u>a.1.</u> Enhanced monitoring and reporting.

398 <u>b.2.</u> Corrective action plans.

399 <u>c.3.</u> Requirements to accept technical assistance and 400 consultation from the department under subsection (6).

401 <u>d.4.</u> Financial penalties, <u>as a matter of contract. The</u> 402 <u>financial penalties assessed by the department on the lead</u> 403 <u>agency revert to the state</u> which shall require a lead agency to 404 reallocate funds from administrative costs to direct care for 405 children.

406 <u>e.5.</u> Early termination of contracts, as provided in <u>s.</u> 407 402.7305(3)(f) s. 402.1705(3)(f).

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408	2. No later than January 1, 2025, the department shall
409	ensure that each lead agency contract executed includes a list
410	of financial penalties for failure to comply with contractual
411	requirements.
412	Section 9. The Department of Children and Families shall
413	submit a report to the Governor, the President of the Senate,
414	and the Speaker of the House of Representatives on rules and
415	policies adopted and other actions taken to implement the
416	requirements of this act. The first such report must be due
417	September 30, 2024, and the second such report must be due
418	February 1, 2025.
419	Section 10. There is established the Future of Child
420	Protection Contracting and Funding Working Group. The Department
421	of Children and Families shall convene the working group and
422	shall be responsible for producing and submitting a report to
423	the Governor, the President of the Senate, and the Speaker of
424	the House of Representatives by October 15, 2025.
425	(1) The report must, at a minimum:
426	(a) Examine the current contracting methods for the
427	provision of all foster care and related services.
428	(b) Identify any barriers or deficiencies in creating
429	local ownership and governance of such services.
430	(c) Assess the implications of a 10 percent cap on
431	administrative costs.
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432	(d) Evaluate barriers to entry in the procurement of
433	managed care networks.
434	(e) Consider the unique regional needs of children and
435	families at risk of abuse and neglect.
436	(f) Recommend changes to existing laws, rules, and
437	policies necessary to implement the working group's
438	recommendations.
439	(2) The secretary of the Department of Children and
440	Families, or his or her designee, shall chair the working group
441	and shall invite the following persons to participate as a
442	member of the working group:
443	(a) The Secretary of the Agency for Health Care
444	Administration, or his or her designee.
445	(b) The secretary of the Department of Management
446	Services, or his or her designee.
447	(c) A member of the Florida Coalition for Children, Inc.,
448	or his or her designee.
449	(d) A current contractor for lead agency child protection
450	services.
451	(e) Two representatives of a direct provider of child
452	protection or child welfare services.
453	(f) A member of the Family Law Section of The Florida Bar
454	or a member of the court exercising jurisdiction over family law
455	matters.
456	(g) A representative of a for-profit managed care entity.
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457	(h) A representative from a State University System school
458	of business.
459	(i) A representative from the Florida Institute for Child
460	Welfare.
461	(j) Any additional members as the department deems
462	appropriate.
463	(3) The working group shall terminate immediately after
464	the secretary of the Department of Children and Families submits
465	the report to the Governor, the President of the Senate, and the
466	Speaker of the House of Representatives.
467	
468	
469	TITLE AMENDMENT
470	Remove lines 5-83 and insert:
471	authorizing the Department of Children and Families to
472	extend contracts with community-based care lead
473	agencies under certain circumstances; revising
474	requirements for an entity to serve as a lead agency;
475	providing duties for board members and board of
476	directors of lead agencies; requiring that lead
477	agencies ensure that board members participate in
478	certain annual training; revising the definition of
479	the term "conflict of interest"; defining the term
480	"related party"; requiring the lead agency's board of
481	directors to disclose any known or potential conflicts
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482 of interest; prohibiting a lead agency from entering 483 into a contract or being a party to any transaction 484 with related parties if a conflict of interest is not 485 properly disclosed; prohibiting a lead agency from 486 entering into a contract or being a party to any 487 transaction with related parties for officer or 488 director level staffing to perform management 489 functions; removing obsolete language; authorizing a 490 lead agency to enter into certain contracts or be a 491 party to certain transactions under certain 492 circumstances; requiring department contracts with 493 lead agencies to include certain contractual penalty 494 provisions; specifying the contractual penalties; 495 providing applicability; requiring certain contracts 496 to be reprocured; requiring the department to recoup 497 lead agency expenses for the execution of certain 498 contracts; amending s. 409.988, F.S.; revising lead 499 agency duties and authority; repealing s. 409.991, 500 F.S., relating to allocation of funds for community-501 based care lead agencies; creating s. 409.9913, F.S.; 502 providing definitions; requiring the department, in 503 collaboration with the lead agencies and providers of 504 child welfare services, to develop a specific funding 505 methodology for the allocation of core services which meets certain criteria; requiring the lead agencies 506 126347

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507 and providers of child welfare services to submit to 508 the department certain financial information for the 509 development of the funding methodology; requiring the department to submit to the Governor and the 510 511 Legislature certain reports by the established 512 deadlines; subjecting the allocation of core services 513 to the requirements of ch. 216, F.S.; authorizing the 514 department to include certain rates and total 515 allocations in certain reports; requiring the 516 Legislature to allocate funding to the lead agencies 517 with due consideration of the funding methodology, 518 beginning with the 2025-2026 fiscal year; prohibiting 519 the department from changing a lead agency's 520 allocation of funds provided in the General 521 Appropriations Act without legislative approval; 522 authorizing the department to approve certain risk 523 pool funding for a lead agency; requiring the 524 department to submit to the Governor and the 525 Legislature certain reports by the established deadlines; amending s. 409.992, F.S.; revising 526 527 requirements for lead agency practices in the 528 procurement of commodities and contractual services; 529 requiring the department to impose certain penalties 530 for a lead agency's noncompliance with applicable procurement law; requiring a contract between the 531 126347

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532	department and a lead agency to specify the rights and
533	obligations to real property held by the lead agency
534	during the term of the contract; providing
535	applicability; providing applicability of certain
536	limitations on the salaries of community-based care
537	lead agency administrative employees; amending s.
538	409.994, F.S.; revising the conditions under which the
539	department may petition a court for the appointment of
540	a receiver for a community-based care lead agency;
541	amending s. 409.996, F.S.; revising requirements for
542	contracts between the department and lead agencies;
543	making a technical change; providing duties of the
544	department; providing reporting requirements;
545	requiring the department to convene a working group to
546	submit a certain report to the Governor and the
547	Legislature by a certain date; providing membership
548	and termination of the working group; providing an
549	effective

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