

**Sarasota YMCA Review Team
Draft Report
Introduction and Background**

Overview:

On August 3, 2007, Bob Butterworth, Secretary of the Department of Children and Families (the Department) announced that a team had been assembled to review the operations of the Sarasota Family Young Men's Christian Association, Inc. (SFYMCA), in Sarasota, Manatee, DeSoto, Pasco and Pinellas Counties. The press release showing the names of the team members and their resumes are included in Appendix 1. Collectively, the members possess more than 35 years in executive leadership related to child welfare, and more than 50 years of leadership and experience in other diverse areas such as human resources, public accounting, and clinical services. In addition to the appointed members, the Department of Financial Services provided staff to assist in reviewing the financial concerns raised.

Secretary Butterworth selected the team members based not only on their extensive child welfare experience, but also for their ability to objectively assess the culture, systems, and overall performance of the SFYMCA, which acts as the community-based care (CBC) lead agency for the five counties mentioned above.

Several factors precipitated the need for a high level departmental review. They are as follows:

- In comparing the performance of the SFYMCA with other community based care (CBC) lead agencies, there existed a troubling disparity between the level of service being provided by SFYMCA and that of other lead agencies. Whereas the SFYMCA had once set high standards in providing child welfare services, there were indications of persistent deterioration in several important areas. Illustrative of this decline are the findings contained in the several 2006 quality assurance reports which raised questions regarding the SFYMCA's management of foster homes. These issues also received media attention. Some of these reports are contained in Appendix 2.
- The Department has observed that in recent years SFYMCA's performance on contract measures has declined or is well below contract requirements. This was especially noteworthy as the poor performance levels occurred in counties receiving some of the highest rates of funding. A chart showing performance history related to funding is contained as Appendix 3.
- Throughout 2006 and 2007 the Department received comments and critiques of SFYMCA's performance from stakeholders and others who professed to have first hand knowledge of problems being experienced by

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the lead agency and its contract providers. Some of these criticisms were minor while others alleged a serious breach of the trust relationship between the SFYMCA and the community it was charged with serving. Additionally, of interest to the Department were some financial issues that would require discussions with the office of Chief Financial Officer Alex Sink. Appendix 4 contains an e-mail and a news article related to the two issues. Note that the Department of Financial Services has not yet completed their review of these issues and will request that the team update this report.

- The need for a high level departmental review became more urgent with the occurrence of two high profile cases. Both involved provider agencies under contract with SFYMCA. One concerned the death of an 18 month old Manatee County child who suffocated under a stove a month after being reunited with her mother. The other involved a two year old Pinellas County girl who vanished from foster care supervision for 9 months. Reports related to those cases have been widely circulated in the media and are available upon request.

These elements combined to cause the Department to question the capacity of the Sarasota based lead agency to appropriately manage its child welfare obligations, prompting Secretary Butterworth to initiate this review process.

Methodology:

The team conceived its mission as attempting to identify the causes of the SFYMCA's decline in overall performance, and making constructive recommendations for change or improvement. The team elected not to revisit the findings of the comprehensive case reviews involving the two children mentioned above, nor did the team devote significant time to the details relating to specific performance measures.

To do an effective appraisal of the lead agency's leadership, the team was required to evaluate its performance based on an examination of empirical, objective information collected by the Department, some of which was provided by the SFYMCA, and some of which was provided by others, past and present, who have done business with it.

In addition, the team elected to assess a more subjective element of SFYMCA operations: its culture and how that culture impacts the lead agency's ability to effectively perform its duties. Culture in this sense involves the management style of the organization, how it responds to feedback, positive or otherwise, and how it interacts with its provider agencies and the local foster care community.

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Whenever comments are made about culture, no single fact or datum will establish their validity. Rather it is an accumulation of data filtered through the lens of the team members' collective experiences that have led to the conclusions expressed.

In addition to reviewing critical documents and soliciting comments from SFYMCA officers and employees, the team decided to conduct interviews with persons having first hand dealings with the lead agency. Individuals having both positive and negative experiences were asked to share their thoughts and opinions with team members. This activity occupied most of the team's time in the field.

Appendix 5 contains a schedule of the team's field activities. More information on the types of stakeholders who participated is found in the "System Perceptions" section. Interviews occurred in person, over the phone, and some individuals provided written comments. Interviews were scheduled by team members as well as by SFYMCA staff. The team cast a wide net in an effort to bring into the interview process as diverse a group as possible.

Several persons contacted the team on their own initiative, requesting the opportunity to be interviewed. Others known to be key players in dealing with the lead agency or who were thought to have relevant information were contacted by email or phone and invited to attend interview session. Dates and schedules were widely circulated in the child welfare community, and once in the St. Pete Times.

Many of these interviews resulted in the appearance of themes, several of which repeated themselves to the point that they became cumulative. In the interest of time, it became necessary for the team to cease soliciting further comment along the same lines. These recurrent themes are discussed in the "System Perceptions" section of this report.

The remaining information provided in this report is organized as follows:

- The remainder of this section (Introduction and Background) presents facts and current situations. This is not meant to be a comprehensive discussion of the system of care, rather, it addresses the relevant facts necessary to understand the System Perceptions, System Strengths, and Concerns and Recommendations contained later in this report.
- System Perceptions
- System Strengths
- Concerns and Recommendations
- Appendix

System of Care Description / Agency Timeline:

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Sarasota Family Young Men's Christian Association (SFYMCA), Inc.'s, history with Community-Based Care began in Sarasota County in 1997 as part of the five original pilot privatization programs to manage foster care, adoption and protective services. The project was expanded, based on statutory authority, to include Manatee and DeSoto counties in 1999 and 2001 respectively (see s. 409.1671(6), Florida Statute). This geographic area is referred to as the "Y South."

The Sarasota Family YMCA, also known as Safe Children Coalition (SCC), later was asked by the Department to enter into a contract to manage services in Pinellas and Pasco Counties beginning July 1, 2004. The previous CBC and the Department mutually agreed to the contract termination. This geographic area is referred to as the "Y North." The initial contract in the North was awarded on an emergency basis under the authority of subsection 287.057(5)(a), Florida Statute. The Y North contract was later competitively procured and awarded to the Sarasota Y as they were the only entity who responded to the Invitation to Negotiate.

The Y North and Y South contracts together make the SFYMCA single largest community based care agency in terms of number of children being served for September 2007 and the second largest in terms of base funding (see Appendix 6).

Following is a description of core child welfare services and how they are provided in the SFYMCA system of care:

- Administration - managed out of the corporate office in Sarasota
- Case Management - contracted out. This is the backbone of the system of care and the vast majority of direct child welfare services in the system. A few lead agencies provide these services in-house, but the majority contracts this out. It should be noted that the SFYMCA also employs a large number of operational staff to support the case management function.
- Foster Care Recruitment and Licensing Coordination – performed by SFYMCA staff. These services are often contracted out by lead agencies.
- Independent Living - staff employed by the SFYMCA staff. These employees provide case management for 18-23 year olds. Some, if not most, lead agencies contract this function out.
- Placement – performed by SFYMCA staff (which is fairly common amongst lead agencies)
- Prevention – contracted out. These are services to prevent children from entering the child welfare system.
- Adoption Specialists – staff employed by the SFYMCA. These are program specialists who are available to assist case managers in the very

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complex adoption process. Some lead agencies have these in-house, some contract the function out.

- Adoption Subsidies – these are pass-through funds administered by the lead agency which is consistent with the rest of the state,
- Foster Parent payment (room and board) - these are paid directly to the foster parent by the lead agency which is consistent with the rest of the state,
- Other room and board payments – these are paid to a variety of providers which is consistent with the rest of the state. What is unusual is that the SFYMCA also provides these services, thus, it pays itself.

The above is illustrated by the 2007-2008 budget prepared by SFYMCA staff in Appendix 7.

The SFYMCA is unique in that it serves counties with different configurations for child protective investigations and children’s legal services. Specifically, the Sheriff’s Office performs the child protective investigation function in Pasco, Pinellas and Manatee counties; the Department of Children and Families performs the function in Sarasota and DeSoto counties.

Children’s Legal Services are provided by the Department in Sarasota and DeSoto counties only, while the State Attorney’s Office performs the function in Pasco and Pinellas, and the Office of the Attorney General in Manatee. This adds a layer of complexity into the system that does not exist in other parts of the state. There is a map to illustrate this arrangement in Appendix 8.

As noted above, case management is the only major child welfare service that is contracted out. Providers serve specific age groups, either 0-5 or 6-23. The Y South has seen change in case management providers over the past several years. A full detail is provided in Appendix 9. The current case management providers are below; with the indication of the number that provider is in relation to all previous providers in that area:

County	Age Group	Provider	Provider Number
Pasco	0-5	Youth and family Alternatives	Original
Pasco	6-23	The Harbor Behavioral Health Care	Original
Pinellas	0-5	Directions for Mental Health	Original
Pinellas	6-23	Gulf Coast Jewish Family Services	Original
Sarasota	0-5	Youth and Family Alternatives	3 rd since 1997
Sarasota	6-23	Family Preservation	5 th since 1997
Manatee	0-5	Youth and Family Alternatives	4 th since 2000
Manatee	6-23	Manatee Glens	2 nd since 2000
DeSoto	0-5	Youth and Family Alternatives	2 nd since 2002
DeSoto	6-23	Family Preservation	2 nd since 2002

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The Y North contract with the Department is for the period July 1, 2005, through June 30, 2008, for a total of \$144,629,092 (\$49,223,950 is the current year annual amount). The Y South contract is for the period July 1, 2003, through June 30, 2008, for a total of \$109,854,323 (\$22,988,321 is the current year annual amount). Current Schedules of Funds are contained in Appendix 10. Both contracts allow for a single renewal for up to three years.

Should the Department choose to renew the contracts, both will require a written report concerning contract performance to be submitted to the Governor, House, and Senate no later than April 1, 2008 regarding any intention to offer a renewal contract to comply with s. 287.057(14)(a), F.S.

Both the Y North and the Y South are currently under several corrective action plans as detailed in Appendix 11. Note that since September of 2006, there have been eight requests for corrective action or requests for clarification regarding SFYMCA's corrective action plans. This is unusually high compared to other lead agencies.

Department Oversight:

The primary role for Department oversight rests with the SunCoast region (SCR) staff. The SCR contracts are executed locally by the Regional Director who is the executive representative for contract enforcement decisions. Any formal corrective actions or any other actions taken to sanction a CBC are done at the direction and authority of the Regional Director.

The Department contract manager serves as the primary liaison between the CBC and the Department. The contract manager is statutorily responsible for conducting day-to-day oversight of provider contract compliance.

The Department Contract Oversight Unit (COU) conducts an annual monitoring of the CBC's compliance with administrative and programmatic contract requirements and develops compliance findings and associated recommendations to improve the effectiveness and efficiency of administrative and programmatic processes. The most recent COU report for the SFYMCA is contained as Appendix 12.

The Fiscal Monitor, which is currently an outsourced function under contract with the Department, delivers an ongoing independent professional analysis of administrative, accounting and internal controls of the CBC and provides recommendations to improve the effectiveness and efficiency of their accounting systems and financial processes. Reports are issued at least quarterly. Recent Fiscal Monitor reports are included as Appendix 13.

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Currently, SCR quality management (QM) staff conducts regular reviews to document compliance with quality management processes and recommends improvements in existing contract and other performance and outcome measures. In addition, QM staff may also perform special reviews related to specific concerns. An example is the recent review of reunifications that resulted from concerns arising after a child death (discussed earlier). This is contained as Appendix 14.

Follow-up on findings and corrective actions resulting from all reviews is the responsibility of the contract manager.

Community and Board of Directors Oversight:

A critical oversight role is played by the Community Alliance, which is established in 20.19(6)(a), Florida Statutes. It reads: “The department shall, in consultation with local communities, establish a community alliance of the stakeholders, community leaders, client representatives and funders of human services in each county to provide a focal point for community participation and governance of community-based services. An alliance may cover more than one county when such arrangement is determined to provide for more effective representation. The community alliance shall represent the diversity of the community.”

As also noted in the statute, duties include the following:

- joint planning for resource utilization in the community, including resources appropriated to the department and any funds that local funding sources choose to provide,
- needs assessment and establishment of community priorities for service delivery,
- determining community outcome goals to supplement state-required outcomes,
- serving as a catalyst for community resource development,
- providing for community education and advocacy on issues related to delivery of services, and
- promoting prevention and early intervention services.

Typically, the support of Community Alliances is done by Department staff who have the responsibility to ensure that appropriate membership is achieved, that members are kept informed and educated of critical issues, that regular meetings are held and that minutes are taken and distributed.

Based on the experience of the team members, the alliances and other groups involved in community-based care for both the Y North and South are not typical when compared to other communities. In the Y South, the following groups exist (some membership rosters and recent meeting agendas minutes are attached as Appendix 15):

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- Tri-County Community Based Care Stakeholders Group – Per SFYMCA staff, this group has existed prior to the establishment of Alliances in Florida Statute, and acts in a similar capacity as Alliances do in other parts of the state. This group is supported by SFYMCA staff (e.g., they set up meetings and take minutes) rather than Department staff
- Sarasota Alliance – This group has a much broader focus than just community based care. There is a seat on the Alliance for a member from the Tri-County CBC Stakeholders Group.
- DeSoto Allianace – This group does spend most of its time focused on child welfare issues. Members reportedly also attend the Tri-County CBC Stakeholders Group.
- Pinellas CBC Stakeholders Group – This group was developed by a group of concerned citizens prior to the SFYMCA becoming lead agency. Because they were already established, they continued to function in a very strong Alliance-like role when SFYMCA assumed services. This group is supported by the SFYMCA.
- Pinellas Alliance – This group is meeting for the first time in more than two years on October 31st.
- Pasco Alliance – This group has been meeting actively for many years and is supported by the Department. They do focus primarily on child welfare issues.

As with any non-profit agency, the Board of Directors has a significant role in oversight. The SFYMCA has a robust Corporate Board of Directors structure including the following committees: Executive, Audit, Capital, Finance, Foster Care / Youth & Family Services, Governance & Nominating, and Wellness & Educational Outreach. The details of child welfare services are discussed primarily at the Foster Care / Youth & Family Services Committee meetings.

There is also a branch board for Pasco / Pinellas, two members of which sit on the SFYMCA Corporate Board (the Chair and Vice-Chair). Policies related to the branch board are attached as Appendix 16 (note that these were just revised in October 2007). The branch board is delegated the responsibility for the oversight of Pasco / Pinellas operations. Note that the branch board does not have the authority to vote in its own members, to hire or fire any SFYMCA staff, to approve policy or to approve the operating budget. On all of these issues, they are expected to make recommendations to the Corporate Board who makes final decisions.

Lead Agency Organizational Structure:

The SFYMCA is one of only a few CBC lead agencies that existed prior to privatization, thus, it provides services other than those provided under the current CBC contract with the Department. According to the current 2008 budget, child welfare services related to the CBC contracts (referred to as “foster

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care”) now account for more than 75% of the SFYMCA’s revenue (\$72 million of \$95 million). Note that foster care is also the major portion of the Social Services segment of the SFYMCA (\$72 million of \$79.5 million). The budget is contained in Appendix 17.

Organizationally, the Chief Executive Officer oversees four Senior or Executive Vice-Presidents (EVP): (1) Social Services, (2) Traditional YMCA Programs, (3) Human Resources / Risk Management and (4) Fiscal / Contracts / Information Technology. Reporting to the EVP of Social Services are the Training Center, Youth & Family Services, and Child Welfare. The Training Center provides orientation and training services for all SFYMCA operations. Detailed organizational charts are contained as Appendix 18.

Youth and Family Services include 5 residential programs (Kalish, Bowman, Youth Shelter, Character House, and Transitional Living Program) as well as other child welfare related services. Three of the residential programs existed prior to the CBC contracts (Youth Shelter, Character House and Transitional Living Program) and are not funded through the CBC contracts. Kalish and Bowman were opened more recently and are funded primarily by the CBC contracts. They are also used by other CBC agencies.

Child Welfare services are directed by the Senior Vice President (located at the Sarasota administrative offices) who oversees two Senior CBC Program Managers (one for Y South and one for Y North), Data Services, Quality Management Services, and Utilization Review.

Each Senior CBC Program Manager (located on site at service centers) oversees several Directors of Operations (who in turn oversee several Assistant Directors of Operations) arranged by service area. Each Senior CBC Program Manager also oversees a Director of Recruitment, Licensing and Placement for their service area. There is a Director of Independent Living and a Director of Adoption that serve all five counties – one is supervised by the Y North Senior CBC Program Manager and one by the Y South CBC Program Manager.

Data Services serves all five counties and includes revenue maximization, data entry, records management and background screening. Quality Management and Utilization Review also serve all five counties.

Case Management staff are employees of the contracted providers and generally include at least a Program Director and several supervisors overseeing the case management staff.

As indicated previously, the only services besides case management that are contracted out are some residential services, training (less than \$600,000) some

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smaller prevention and other contracts (around \$2 million), and some direct client expenses (about \$1 million).

Lead Agency Contract Administration:

The SFYMCA is in the process of rewriting its procurement policy based on some recent training that they received. The current policy requires competitive procurement of services if the annual cost exceeds \$150,000. The policy contains detailed protest procedures and mirrors many of the requirements of section 287.057, Florida Statutes. These policies are contained in Appendix 19.

The history of procurement is significant. In 2005 and again in 2007, the SFYMCA put all case management services out for bid for Sarasota, Manatee and DeSoto counties. According to SFYMCA staff, the 2005 procurement was a result of the Department's contract requirement at the time that stated, "The provider shall conduct a detailed cost analysis for all subcontracts in excess of \$150,000 and conduct competitive procurement for subcontracted services in accordance with the lead agency's established procurement operating procedures." SFYMCA interpreted this to mean that all services in excess of \$150,000 had to be competitively procured.

Note that there is disagreement between the Department and the SFYMCA on the interpretation of the contract requirement. SFYMCA staff indicate that SCR staff advised that all services had to be competitively procured if the cost exceeded \$150,000. Department staff indicate that the requirement is only that a cost analysis be prepared if the amount exceeds \$150,000 and competitive procurement is required to be in accordance with the lead agency's policies and does not dictate a threshold. Regardless, the SFYMCA revised their policies and proceeded accordingly.

As a result of that procurement, the Florida Center (a case management agency) lost its contract for services to children in Sarasota ages 6-23 (awarded to Coastal Behavioral Health) as well as its contract for services to children in Manatee ages 0-5 (awarded to Manatee Glens). They retained contracts for services in Sarasota and DeSoto Counties for children ages 0-5. Appendix 9 contains the history of case management providers.

SFYMCA leadership indicates that the 2007 procurement was a result of the declining performance of the case management agencies and difficulties in relationships with several of the providers. As a result, three former case management providers were not awarded case management contracts for the 2007-2008 fiscal year (Florida Center, Coastal Behavioral Health and Manatee Children's Services). Two providers (Florida Center and Manatee Children's Services) filed formal protests resulting in one being granted an extension to their

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existing contract (Manatee Children's Services). One was determined not to have filed their protested timely (Florida Center).

In August 2007, the SFYMCA terminated the Manatee Children's Service (MCS) contract with 10 days notice due to their concerns regarding performance. MCS filed an injunction, but ultimately the judge determined that the contract allowed for termination without cause with 30 days notice, so the contract was ultimately terminated in September. Additionally, the court found no evidence to support bad faith or retaliation.

Even prior to these events, relationships between the SFYMCA and these two providers had been strained for several years, most significantly with the Florida Center who recently filed a complaint with the Department with a number of serious allegations. The estrangement of these agencies and the history of hostility have created a contentious environment in the SFYMCA organization and in the affected counties.

It should be noted that prior to both procurements, the SFYMCA did consult with Department staff to ask if they had any concerns about the decision to re-procure. In both cases, Department staff indicated that they had no concerns. In addition, the SYMCA also attempted to consult with Department staff regarding the termination of the MCS contract. The Department initially indicated that they were not "in privity of contract" with MCS and did not offer an opinion. However, after the termination letter was sent, SCR staff did send a letter to the SFYMCA requesting that they delay termination until the review team had completed their report. The SFYMCA declined to delay termination. These exchanges are contained as Appendix 20.

Performance:

Attached as Appendix 3 is the performance report for the 2006-2007 fiscal year showing Y South ranked 20th (of 22) in the state and Y North ranked last in regard to six of the CBC contract measures. It also notes Y South as having the highest average per child funding and Y North having the fifteenth highest funding.

Volumes could be written debating the strengths and weaknesses of the presentation of the performance and budget data. A few things that need to be noted: (1) For 2006-2007, two of the measures are separated in performance between worst performer and best performer by less than 2%, (2) In 2006-2007, the SFYMCA exceeded their contracted adoption goals in both Y North and Y South but are ranked lower because other CBC's exceed their goals by higher percentages, (3) The average per child measure of funding is only a snapshot of a point in time and does not address the issue of how many children should be in care based on factors such as population, abuse reports and poverty levels. In

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fact, a methodology currently being discussed that would take some of these factors into account would put Y South as sixth highest funded and Y North as sixteenth among 22 contracted providers.

What is more useful than the charts mentioned above is a chart showing fiscal year 2006-2007 performance on all contract measures with no related rankings (Appendix 3). Of concern is that the Y North is the only lead agency with four performance indicators considered to be “in the red” (meaning below target) and Y South is one of only two lead agencies with three performance indicators considered to be “in the red”.

In any event, based on all available information there is no debate that the performance of the Y South has declined over the past several years and that the performance of Y North needs improvement. The team focused on how effectively the SFYMCA manages performance and its ability to work with its providers to improve performance. The team also looked at other indicators of performance to get a better feel for the performance status of the SFYMCA. These are discussed briefly below.

For September 2007, relevant data is available for three contract measures and shows Y North improving on two and declining on one. Y South shows improvement on all three (see Appendix 21). Note that while percentage of adoptions shows red for Y North, this is based on a straight line calculation of the annual goal, but adoptions typically happen later in the year. This makes this measure less relevant than it will be closer to the end of the fiscal year.

Two of the most significant indicators of the health of a CBC system of care is the caseload and turnover. Y South has historically enjoyed some of the lowest caseloads in the state and continues to do so. According to early September data in the Florida Safe Children’s Network (FSFN which is the statewide child welfare data system) showing primary and courtesy caseload, more than half of the case managers in the South have less than 20 children and slightly less than half have between 20 and 30 children.

Pinellas shows significantly higher caseloads. Only 32 of 103 staff carrying caseload have less than 20 children, 24 have between 20 and 30, 22 have between 30 and 40 and 25 have more than 40. In Pasco, 24 of 45 have less than 20 children, 15 have between 20 and 30 and 6 have more than 30. Appendix 22 contains the caseload data.

Reports for 2006 and 2007 show that while case manager turnover has improved for both Y North and Y South, both still exceed 70% which is quite high. According to SFYMCA staff, there are some indicators that this trend is improving for the current fiscal year. Appendix 23 contains turnover reports.

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In August 2007, the SCR quality management staff performed a review of recent reunifications as a result of concerns raised related to a child death case mentioned earlier. This included a validation review of Manatee Glens files that had been reviewed by SFYMCA quality management staff as well as an independent review of a sample of files for all counties. The review identified many areas of concern and some significant safety issues. Details of this review are contained as Appendix 14.

The most recent Contract Oversight Unit report from April 2007 (contained in Appendix 12) rates the SFYMCA as out of compliance in one or more significant areas of the terms and conditions of its contracts at the time of review. This report also contains a concise summary of other relevant reviews (on pages 2-4 of the report).

Recent Fiscal Monitor reports show no significant concerns (contained as Appendix 13).

Quality Assurance / Quality Improvement Functions:

SFYMCA states the primary purpose of their Quality Management (QM) System is to strengthen practice, improve the timeliness, accessibility, quality and effectiveness of services and increase natural and enduring community supports for children and families. The SFYMCA is and has been accredited by the Council on Accreditation continuously since 2001. The Quality Management plan as described is dependent on each level of their staffing pattern having an equally active role in Quality Assurance (QA) and Quality Improvement (QI) activities. The agency employs a Director of Quality Assurance, one and one-half (1.5) Quality Improvement Coordinators, and one (1) Administrative Assistant.

The SFYMCA has implemented and participated in the Three Tier Quality Assurance Structure which includes participation in Child and Family Services Review (CFSR) activities within Tier 3, participation in annual validation activities within Tier 2 and direct monitoring of case files in Tier 1. The SFYMCA's Quality Management Department interacts directly with the Data Services department.

The SFYMCA has structured its Quality Management Plan to encompass and focus on four (4) principle outcome categories which include:

1. Contract Performance Measures
2. Internal Strategic Quality Goals
3. Case Practice Review Findings
4. Fiscal Management/Revenue Maximization

Data may be derived within this structure from numerous sources including but not limited to routine and ad hoc data reports, case file reviews, contract

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management, client complaints, etc. Upon identification of undesired performance, the agency assumes a lead role in seeking the appropriate method for addressing system performance. The methods include in-depth reviews of the data to ensure accuracy, development of quality improvement teams, specific studies to determine root cause, training needs and general process evaluation. These methods are employed with the participation of operational and contracted staffs. Upon development of the plan, the Quality Improvement Coordinators monitor the plan to improve practice.

This process could be best illustrated by the “QM Correction Loop” which appears as follows:

- Step 1: QM staff request for issues to be addressed (Informal and Maximum 1 Week Response)
- Step 2: QM staff to revisit and verify correction (Informal and 2 Weeks Later)
- Step 3: QM connection to Contract for Corrective Action Plan (CAP) (Formal and 30 Days or less response required depending on acuity)
- Step 4: Contracts approval of Corrective Action Plan (CAP) (Formal and 30 Day resolution of CAP Issues)

Inherent in the QM process is how the organization manages their providers. Specifically, how is good and bad performance communicated, and how is deficient performance corrected. In addition to the steps above, the SFYMCA discussed that monthly CEO meetings are held and are opportunities to communicate with executives of provider agencies. In addition, specific meetings to discuss performance are held with individual providers as needed. Finally, the structure of the SFYMCA where several of its employees are on-site at the service centers is another vehicle for such communication. An example of information regarding performance provided to contracted agencies is contained as Appendix 24.

Financial Management / Information:

The budget for Y North and Y South with a calculation of their indirect rate is contained in Appendix 7. SFYMCA has a low indirect rate, ranging from 4.2% to 5.7% depending on interpretation of Federal guidance on the definition of indirect costs. Specifically, OMB Circular A-122, states: "Indirect Costs are those that have been incurred for common or joint objectives and cannot be readily identified with a particular final cost objective. Direct cost of minor amounts may be treated as indirect costs.... After direct costs have been determined and

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assigned directly to awards or other work as appropriate, indirect costs are those remaining to be allocated to benefiting cost objectives. A cost may not be allocated to an award as an indirect cost if any other cost incurred for the same purpose, in like circumstances, has been assigned to an award as a direct cost." Costs such as management and general, information technology, human resources and accounting are almost always considered purely indirect. However, costs such as contract management and quality management are sometimes seen as direct if they can be directly attributed to certain programs. Regardless, even with those items considered as indirect costs, the SFYMCA's indirect rate is less than 6% which is quite low.

Around the state, most lead agencies have an outsourced model where the lead agency provides limited (or no) direct services and relies on sub-contracts for direct services. There are a few lead agencies who provide the majority of services in-house (i.e. employ all case managers directly). Either model can be successful. The SFYMCA is unusual in that while they do contract out case management, they also provide a large number of direct services within the lead agency, and thus, retain a higher percentage of revenue within the organization. A quick comparison to two other lead agencies (in Appendix 25) shows that while the SFYMCA retains more than 35% of funds within the agency, those lead agencies retain less than 20%. Based on information obtained from other lead agencies, less than 20% is reasonable and consistent for an outsourced model. This is not a substitute for a more thorough analysis, but the percentage of funds retained in the lead agency was a conspicuous item that the review team noted immediately upon reviewing the organizational chart.

The SFYMCA fiscal staff have taken a lead role in the state to advocate for training of all lead agency fiscal staff and to ensure monthly dialogue amongst lead agency Chief Financial Officers (CFO). In the recent year, SFYMCA staff were instrumental in coordinating a statewide CFO conference that was quite successful. They are often turned to for advice and assistance by other lead agencies. They continually strive to improve their practice and are well respected by peers and SCR staff.