



**State of Florida
Department of Children and Families**

Charlie Crist
Governor

Robert A. Butterworth
Secretary

August 8, 2007

Jerry McDaniel, Director
Governor's Office of Policy and Budget
Office of the Governor
PL05 The Capitol
400 South Monroe Street
Tallahassee, Florida 32399-0001

Dear Director McDaniel:

Per your June 29 request, the Department of Children and Families has submitted our Schedule VIII-B identifying recurring reduction options totaling more than \$200 million for the 2008-2009 fiscal year. As you can imagine, this was a difficult task. I believe we have presented some good options as well as some very hard options.

I have frozen positions (except for critical class), pay increases and non-essential expense items. These actions, along with several others, will ensure that we are able to meet the current year reduction of 4%. We believe that during the current fiscal year, we can meet our target reduction without reducing services and without reducing administrative costs in contracts for outsourced functions. This is not to say that services will not be impacted. The Department has had significant administrative reductions over the last several years. Even small percentage reductions in administration will impact our ability to provide appropriate oversight of services and stewardship of public funds. Ultimately, direct services will be impacted by these reductions. It is my commitment to continue to look for efficiencies in our operations to minimize this impact as much as possible. Should the target increase or the current planned strategies change, we may need to look to our contracted partners for reductions in administration.

The Guidelines clearly state that reductions must be program specific and cannot be across the board percentages. In addition, on several occasions the Governor has articulated his desire that we take a hard look at the programs that agencies operate to see what functions may no longer be necessary or are not operating well and should be eliminated. In my time at the Department, I have come to realize that we serve the most vulnerable; those who simply have no place else to turn. As such, many of our reductions are, in fact, percentage reductions of our programs. We simply cannot discontinue any single service. In fact, in the past, when the economy has slowed and revenue projections have declined, we have seen the demand for services in behalf of vulnerable adults, children and families increase. We expect to see that same dynamic as we deal with the current economic situation.

1317 Winewood Boulevard, Tallahassee, Florida 32399-0700

Mission: Protect the Vulnerable, Promote Strong and Economically Self-Sufficient Families, and Advance Personal and Family Recovery and Resiliency

I know that you are aware of the complexity of funding at the Department. Almost every state dollar that we have is somehow tied up in Federal match, maintenance of effort, or cost allocation. I have provided a technical briefing of our process which provides details on many of these issues, but it is important to note that out of our \$2.9 billion budget, we have less than \$500 million of state funds that can be reduced without impacting Federal funding. Of that, \$300 million is used to fund our hospitals (including the Violent Sexual Predator Program, our adult forensic beds, and our civil beds). Our reductions minimize to the extent possible the impact on Federal funding. It is also important to note that the base utilized for calculation of our target included \$90 million in "double budget" and \$20 million in unfunded budget, neither of which would result in cash savings to the state. While we met the target requested, we do believe that it is \$11 million too high (10% of \$90 and \$20 million).

Our reductions are grouped into 5 different categories. The first represents reductions that we recommend as they represent efficiencies in the system. Many will be taken in the current year and will continue for 2008-2009 (though some do require legislative action to be implemented in the current year). The second group are administrative reductions planned for 2007-2008 that are difficult and will impair our ability to provide appropriate oversight, but are necessary to meet our 4% target. The third group are additional administrative reductions including all of our contracted providers which are not yet contemplated for 2007-2008, but may be necessary for 2008-2009. The fourth group includes items necessary to reach the target as we believe it should have been calculated but represent significant impact to programs and simply cannot be recommended. The final group is necessary to meet the target as communicated to us, but also cannot be recommended because of the loss in Federal dollars and the impact on these programs.

The Governor and the Legislature face a very difficult task in the coming months. Again, you have my commitment that this agency will continue to look for efficiencies while providing the best services possible.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert A. Butterworth", with a long, sweeping horizontal line extending to the right.

Robert A. Butterworth
Secretary