

Department of Legislative Services
 Maryland General Assembly
 2005 Session

FISCAL AND POLICY NOTE

House Bill 223 (Delegate Benson)
 Ways and Means

Residential Child Care Programs - Qualifications of Staff and 24-Hour Supervision of Children

This bill raises the educational requirements for direct care staff in residential child care programs, including group homes, therapeutic group homes, shelter care programs, and residential facilities for children with developmental disabilities.

Fiscal Summary

State Effect: No impact is expected in FY 2006 because provider rates are already set for the year and the direct care staff would need some time to earn an associate of arts degree to comply with the bill. General fund and federal fund expenditures could increase by \$1.5 million in FY 2007, 25% of the full implementation costs. It is assumed the bill would be gradually implemented with an additional 25% of direct care staff earning higher wages each following year, resulting in higher wages for which the State must reimburse providers. Full implementation is expected in FY 2010. Future years also reflect inflation. No effect on general fund revenues.

(\$ in millions)	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
GF Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	0	1.5	3.0	4.5	6.1
FF Expenditure	0	0	0	0	0
Net Effect	\$0	(\$1.5)	(\$3.0)	(\$4.6)	(\$6.1)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: The Special Secretary for Children, Youth, and Families must adopt regulations that require at least one direct care staff member of a residential child care program to be on duty at the facility 24 hours a day, 7 days a week. The Special Secretary also must adopt regulations relating to licensing residential child care programs and establishing qualifications for direct care staff in residential child care programs. At a minimum, the regulations must require direct care staff to: (1) be at least 21; (2) have an associate of arts degree from an accredited college or university based on a curriculum approved by the Maryland Higher Education Commission or a bachelor's degree from an accredited college or university; and (3) have completed a training program approved by the agency that licensed the program.

Current Law: The Special Secretary for Children, Youth, and Families oversees the general policy for children, youth, and family services in Maryland.

Background: Current regulations require direct care staff to be either 21 years old and hold a high school diploma or 18 years old and hold an associate's degree. Most staff affected by this bill have only a high school diploma.

The Maryland Association of Resources for Families and Youth (MARFY) Workforce Development Task Force's report *Child and Youth Care Staff Qualifications* proposed updating the regulations requiring training requirements for child care workers. The report recommended requiring residential child care staff to earn an associate of arts degree by 2008 and encourages staff to earn a bachelor of arts or a bachelor of science degree by 2013. MARFY recommended that existing staff be exempted from the educational requirements when the new standards become effective.

State Fiscal Effect: No effect in fiscal 2006 because residential child care provider rates are already set for that year and direct care staff would need some time to earn an associate of arts degree to comply with this bill. General and federal fund expenditures could increase by \$1,489,217 in fiscal 2007 (\$1,486,036 general funds/\$3,181 federal funds) as provider rates increase to reflect higher salaries for direct care staff whose educational qualifications have increased. Of this amount, the expenditures by department are as follows: \$1,201,900 for the Department of Human Resources (DHR); \$279,742 for the Department of Juvenile Services (DJS); and \$7,575 (\$4,394 general funds/\$3,181 federal funds) for the Department of Health and Mental Hygiene (DHMH). It is assumed that 25% of direct care staff would meet the new requirements in fiscal 2007, 50% in fiscal 2008, 75% in fiscal 2009, and 100% in fiscal 2010. Future years also assume 1% inflation.

The estimate for DHR's expenditures is based on the following facts and assumptions:

- provider contracts for group care providers total approximately \$140 million;
- 34% of the \$140 million providers' institutional expenditures are for direct care staff (\$47.6 million);
- the average annual salary for full-time direct care staff is approximately \$20,000; and
- direct care staff salaries would increase by 10% (\$2,000) to reflect the additional educational credentials; accordingly, expenditures for salaries could increase by approximately \$4,760,000.

The estimate for DJS's expenditures is based on the following facts and assumptions:

- 595 direct care staff do not have an associate's or bachelor's degree;
- the average annual salary for full-time direct care staff is \$27,705 (\$16,484,475); and
- direct care staff salaries would increase by 6.72% (\$1,862) to reflect the current higher salary and educational credentials required; accordingly, expenditures for salaries could increase by \$1,107,890.

The estimate for DHMH expenditures is based on the following facts and assumptions:

- 15 developmentally disabled children receive services in residential placements and each of them could be in a distinct placement requiring at least 15 direct care workers;
- the average annual salary for full-time direct care staff is approximately \$20,000;
- direct care staff salaries would increase by 10% (\$2,000 annually) after earning an associate's degree; accordingly, total expenditures for salaries could increase by \$30,000; and
- federal funds comprise 42% of reimbursement for staff who work with community providers, or \$12,600 if there were full implementation of this bill in fiscal 2006.

Not many developmentally disabled children are served in Developmental Disabilities Administration (DDA) residential centers. As long as the number of children served in these centers remains low, DDA would be able to shift some existing staff so that staff with at least an associate's degree would serve the children and that staff with only a high school diploma would serve the adults.

Additional Information

Prior Introductions: A similar bill, HB 1013 of 2003, received an unfavorable report in the Ways and Means Committee.

Cross File: None.

Information Source(s): Department of Juvenile Services, Department of Human Resources, Governor's Office (Office for Children, Youth, and Families), Department of Health and Mental Hygiene, Department of Legislative Services

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mp/ljm

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