

N00B
Social Services Administration
Department of Human Resources

Operating Budget Data

(\$ in Thousands)

	<u>FY 14</u>	<u>FY 15</u>	<u>FY 16</u>	<u>FY 15-16</u>	<u>% Change</u>
	<u>Actual</u>	<u>Working</u>	<u>Allowance</u>	<u>Change</u>	<u>Prior Year</u>
General Fund	\$402,778	\$383,739	\$382,320	-\$1,419	-0.4%
Contingent & Back of Bill Reductions	0	-215	-4,117	-3,902	
Adjusted General Fund	\$402,778	\$383,524	\$378,203	-\$5,321	-1.4%
Special Fund	6,070	8,280	8,091	-188	-2.3%
Contingent & Back of Bill Reductions	0	0	-41	-41	
Adjusted Special Fund	\$6,070	\$8,280	\$8,051	-\$229	-2.8%
Federal Fund	158,679	220,963	207,785	-13,178	-6.0%
Contingent & Back of Bill Reductions	0	0	-1,925	-1,925	
Adjusted Federal Fund	\$158,679	\$220,963	\$205,860	-\$15,103	-6.8%
Adjusted Grand Total	\$567,526	\$612,767	\$592,114	-\$20,653	-3.4%

Note: The fiscal 2015 working appropriation reflects deficiencies and the Board of Public Works reductions to the extent that they can be identified by program. The fiscal 2016 allowance reflects back of the bill and contingent reductions to the extent that they can be identified by program.

- A withdrawn appropriation in fiscal 2015 reflects a reduction in foster care group home rates included in the Governor's fiscal 2016 budget plan, saving \$215,000.
- General funds decline \$5.3 million after accounting for the withdrawn appropriation in fiscal 2015 and back of the bill reductions in fiscal 2016. Federal funds decrease \$15.1 million.

Note: Numbers may not sum to total due to rounding.

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Personnel Data

	<u>FY 14 Actual</u>	<u>FY 15 Working</u>	<u>FY 16 Allowance</u>	<u>FY 15-16 Change</u>
Regular Positions	2,861.11	2,828.91	2,807.91	-21.00
Contractual FTEs	<u>8.07</u>	<u>11.00</u>	<u>2.50</u>	<u>-8.50</u>
Total Personnel	2,869.18	2,839.91	2,810.41	-29.50

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	200.48	7.14%
Positions and Percentage Vacant as of 11/1/14	216.90	7.65%

- The allowance deletes 21.0 vacant regular positions from the Social Services Administration (SSA), of which 20.0 are from Child Welfare Services.
- The allowance also deletes 8.5 contractual full-time equivalents: 6.0 were converted to regular positions, 2.0 transferred out of SSA, and 0.5 was abolished when a contract ended.
- SSA is budgeted to have a turnover rate of 7.1%, or 200.48 positions vacant throughout the fiscal year. The agency currently has a vacancy rate of 7.7%.

Analysis in Brief

Major Trends

Children Reside in Permanent Homes: The percent of children who reunite with their families within 12 months of entry grew 0.3 percentage points, to 58.8%. However, this rate is still below the agency goal of 60.0%. **The Secretary should comment on the improvement in adoption outcomes.**

Children Are Safe from Abuse and Neglect: Performance related to safety was mixed with the recurrence of the maltreatment measure continuing to be close to, but below, the State's goal. The rate for children that are victims of abuse or neglect while in care grew 0.5 percentage points, also missing the State's goal. **The Secretary should comment on reducing the incidence of maltreatment while children are in the State's care.**

Children Aging Out Ready for Independence: The *Ready by 21* initiative aims to help individuals who will age out of foster care live independently when they reach age 21. The most recent annual survey results of recently aged-out individuals show that while all have their birth certificate, only 90% have stable housing. To help those close to aging out of the system, a new supportive housing program and life skills class are starting in early 2015. **The Secretary should comment on the services available to foster children who are close to aging out of the foster care system.**

Issues

Report on DHR Claiming Disability and Survivor Benefits: The 2014 *Joint Chairmen's Report* requested the Department of Human Resources (DHR) to report on the practice of applying for federal benefits on behalf of children in the State's care and using the funds received to cover the cost of care. DHR's response indicates that funds that are received are tracked by DHR and the local departments, and available funds are used for the cost of care unless what is received exceeds those costs at the end of each month, at which point they are retained for the child or used for specified purchases. **The Secretary should comment on how often a month's benefits exceeds the cost of care.**

Oversight of Group Home Providers: After the death of a medically fragile child living at a State-licensed foster care group home, it was revealed that the home was under financial stress. Concerns have been raised that the care offered to children living in foster care group homes under financial stress may be substandard. DHR has worked to improve its financial oversight and formed a task force with the Department of Health and Mental Hygiene to address each agency's role and recommend other improvements. **The Secretary should comment on implementing recommendations of that task force.**

Child Welfare Demonstration Waiver Granted: Maryland recently received a waiver on federal child welfare spending to allow for more flexible use of funds and more predictable federal revenues. Instead of spending being limited to out-of-home placements, federal funds may now be spent on preventing

out-of-home placements before they occur. **The Secretary should comment on implementation of the Title IV-E Waiver and related changes to Maryland’s child welfare system.**

Child Welfare Staff-to-caseload Ratios: Historically, DHR was unable to adequately maintain sufficient staffing levels for caseworkers and supervisors in many jurisdictions. For the past few years, the overall statewide staffing level has been above the recommended levels though it falls below it for supervisors in fiscal 2014. **The Secretary should comment on why vacant positions are not transferred from jurisdictions that exceed recommended staffing levels to those that are below the recommended staffing level.**

Recommended Actions

1. Add language to N00G00.01 restricting the general fund appropriation for Foster Care Maintenance Payments to that purpose or for transfer to Child Welfare Services.
2. Add language to N00G00.03 restricting the general fund appropriation for Child Welfare Services to that purpose only or for transfer to Foster Care Maintenance Payments.
3. Adopt committee narrative requesting actual cost per case figures for each foster care program.
4. Adopt committee narrative requesting a report on child welfare caseload data.

Updates

Interim Report on Unsuccessful Reunifications: The University of Maryland, Baltimore School of Social Work is currently conducting a research project on unsuccessful foster care reunifications, due on April 15, 2015. An interim report submitted in December 2014 describes what work had been completed so far and what remains to be done. Using data on the State’s foster care population, the researchers identified six major risk factors for unsuccessful reunifications.

Child Fatalities Involving Abuse or Neglect Reported: DHR reported the number of child fatalities in which child abuse or neglect was a factor for calendar 2009 through 2013. There were 24 such fatalities in 2013.

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Department of Human Resources

Operating Budget Analysis

The Social Services Administration (SSA) supervises child welfare social services programs provided through Maryland's local departments of social services that are intended to prevent or remedy neglect, abuse, or exploitation of children; preserve, rehabilitate, or reunite families; help children to begin or continue to improve their well-being; prevent children from having to enter out-of-home care when services can enable them to remain safely in their own homes; and for children who need out-of-home care, provide appropriate placement and permanency services. The administration is responsible for Child Welfare Policy development, training and staff development, monitoring and evaluation of local department programs, oversight of development and maintenance of the child welfare information system (Maryland Children's Electronic Social Services Information Exchange), and all other aspects of program management.

SSA supervises adult social services programs for vulnerable adults and individuals with disabilities. This service delivery system protects vulnerable adults, promotes self-sufficiency, and avoids unnecessary institutional care. These services are delivered in a manner that maximizes a person's ability to function independently.

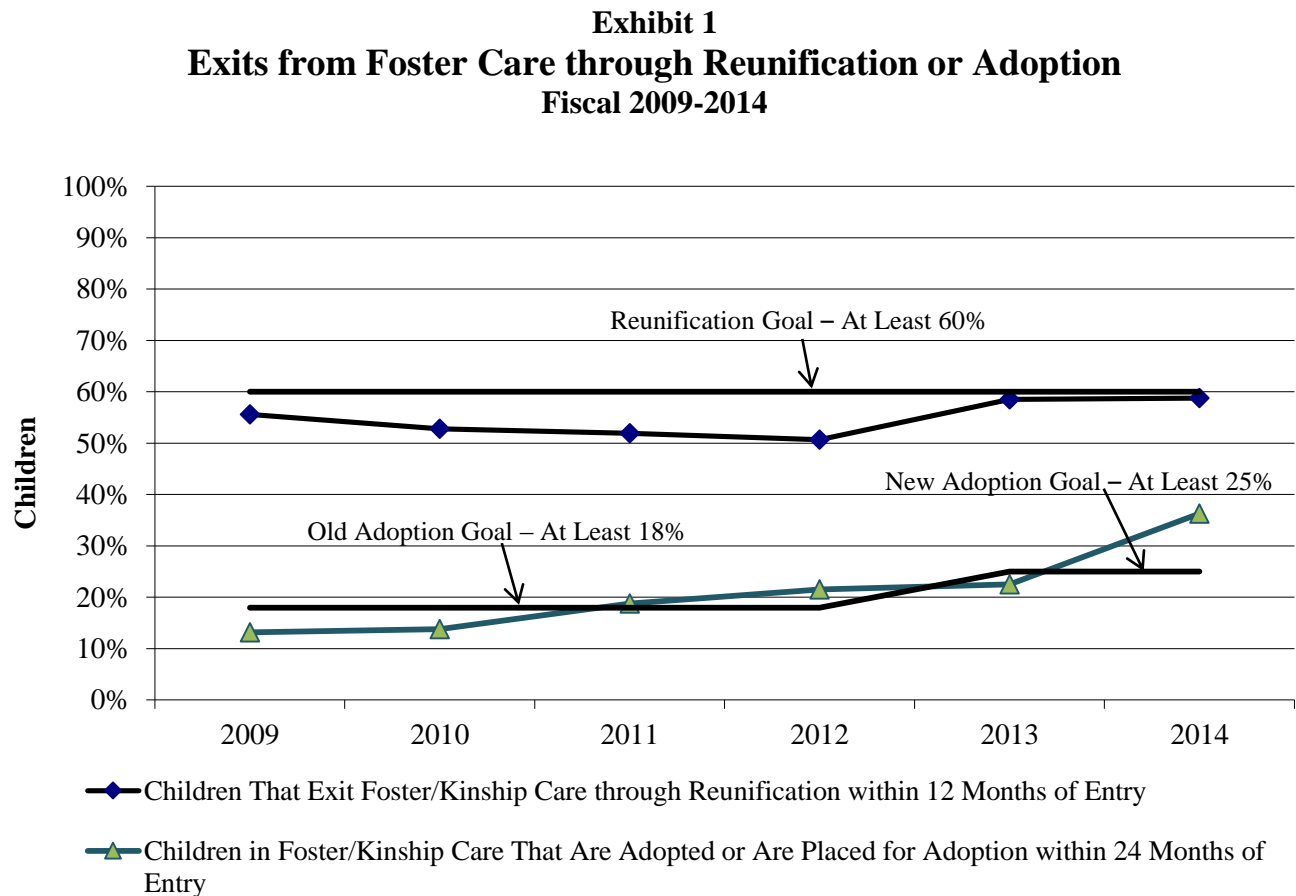
The key goals of SSA are that:

- children served by the Department of Human Resources (DHR) reside in permanent homes;
- children served by the department are safe from abuse and neglect;
- individuals served by Adult Services are safe from abuse (including neglect, self-neglect, and exploitation); and
- individuals served by Adult Services achieve their maximum level of independence.

Program Description: Managing for Results

1. Children Reside in Permanent Homes

Exhibit 1 shows the percent of children leaving foster/kinship care through reunification that do so within 12 months of entry and the percent of children in foster/kinship care that are adopted or placed for adoption within 24 months of entering the child welfare system.



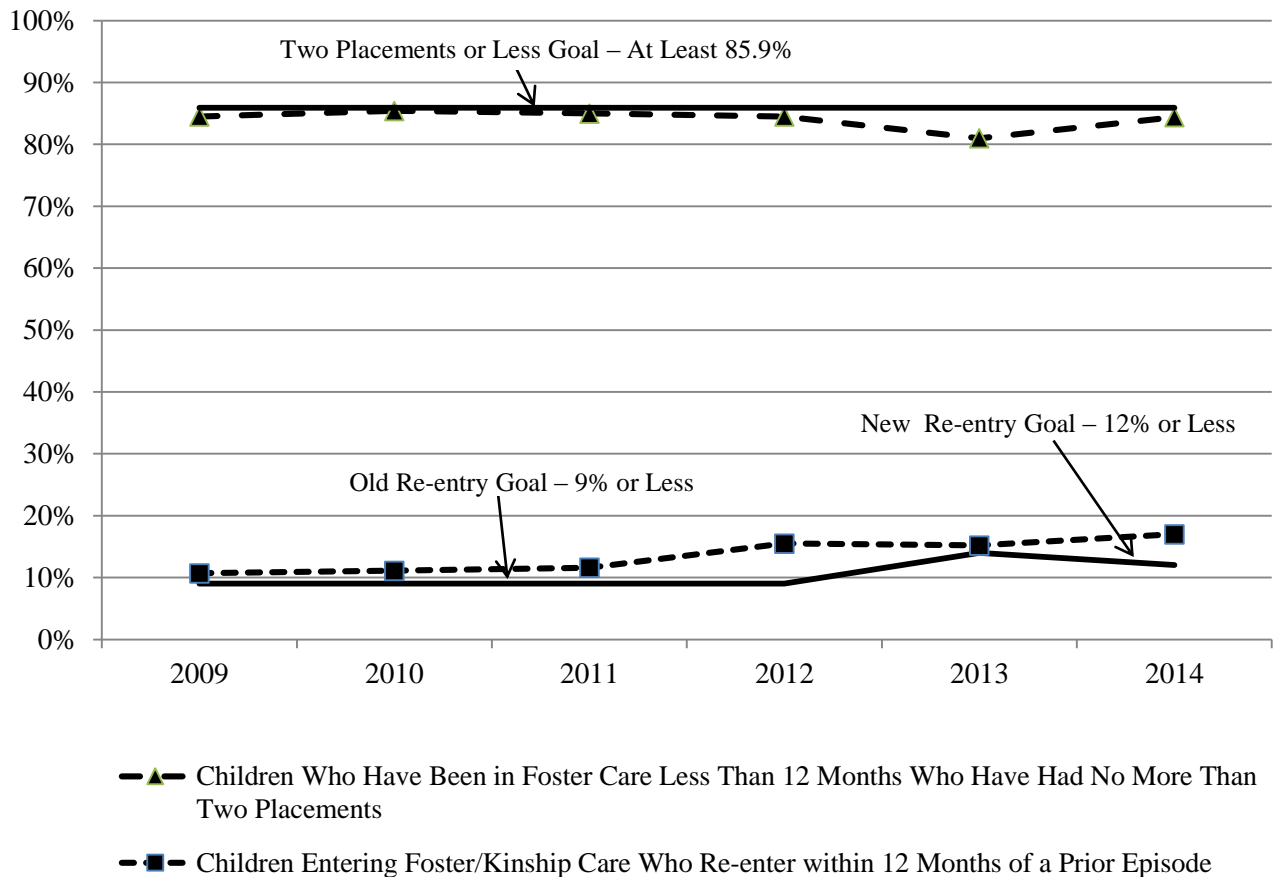
Source: Governor's Budget Books, Fiscal 2011-2016

The solid straight lines show the goals for each of these measures. In the case of adoption within 24 months of entry, the goal was revised upward in fiscal 2013 after two consecutive years of exceeding the mark. Although fiscal 2013 was below the new 25.0% of cases mark, the fiscal 2014 actual exceeded it, with 36.3% of cases exiting within two years. **The Secretary should comment on the improvement in adoption outcomes.** With respect to the goal of reunification within 12 months

of entry, performance improved slightly by 0.3 percentage points in fiscal 2014 after increasing 7.8 percentage points in fiscal 2013. This outcome remains below the goal of 60.0%.

Exhibit 2 shows the percent of children who have been in foster care less than 12 months who have had no more than two placement settings, and the percent of children re-entering care within 12 months of exiting to reunify with their family of origin. DHR was below its goals for these measures in fiscal 2014. The percent of children requiring two or fewer placements was 84.4%, an improvement of 3.4 percentage points over fiscal 2013, but still below the agency’s goal of 85.9%. The number of children who re-entered care after reunifying with their family of origin was 17.0%, above the agency’s goal of no more than 12.0%.

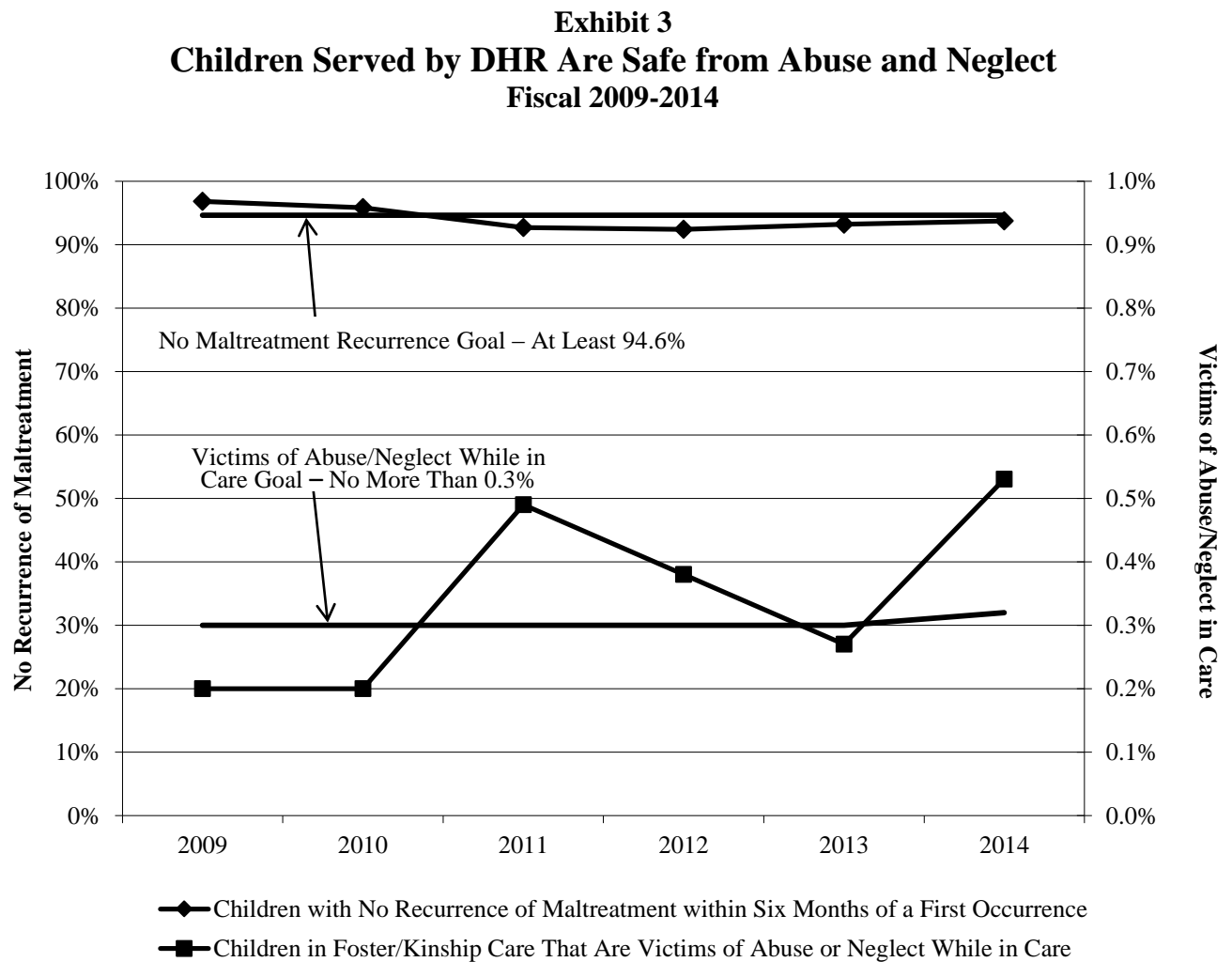
Exhibit 2
Placement Stability and Permanent Exit from Care
Fiscal 2009-2014



Source: Governor’s Budget Books, Fiscal 2011-2016

2. Children Are Safe from Abuse and Neglect

Exhibit 3 shows the percent of children with no recurrence of maltreatment within six months of a first occurrence and the percent of children in foster/kinship care who are victims of abuse or neglect while in care. With respect to the recurrence of maltreatment within six months of the first occurrence, the State's outcomes have been close to the agency's goal of 94.6% of cases but has not exceeded it. This continued in fiscal 2014, when the rate increased 0.5 percentage points to 93.7% of cases.



DHR: Department of Human Resources

Source: Governor's Budget Books, Fiscal 2011-2016

Regarding the measure for children in foster and kinship care that are victims of abuse or neglect while in care, the State's goal is no more than 0.32% of cases will be this kind of victim (the goal for fiscal 2013 and earlier was 0.30%). The result for fiscal 2014 was 0.53%, missing the State's goal by 0.2 percentage points. **The Secretary should comment on reducing the incidence of maltreatment while children are in the State's care.**

3. Children Aging Out Ready for Independence

For children who age out of the foster care system, DHR tries to prepare them for independence with *Ready by 21*, which tries to build life skills of foster children reaching the end of their time in the State's care. Program areas include education, stable housing, health care, financial stability, and mentors.

Each year, DHR surveys individuals who aged out of the foster care program to determine how prepared they are to live on their own. **Exhibit 4** shows the results of the most recent *Ready by 21 Survey* on how many were in possession of important documents such as their birth certificate, education records, and housing. All respondents had their birth certificate, 77% had earned a high school diploma or other certificate, only 90% had stable housing, and 92% had photo identification.

Exhibit 4 *Ready by 21 Survey Results* August 2013-2014

Percent of Youth Aging Out with:	
Housing	90%
Stable Adult/Network	90%
Photo Identification	92%
Birth Certificate	100%
Placement History	93%
Education Records	94%
Job, School, or Training	73%
High School Diploma, Training, or Degree	77%

Source: *Ready by 21 Survey*, Department of Human Resources

DHR is starting a pilot housing program for foster care children who are at risk of homelessness in Baltimore County, Baltimore City, Prince George's County, and Montgomery County where individuals will receive intensive case management services and practice living independently. Experience living independently is linked with more successful post-care outcomes. DHR is also designing a life skills class for youth in foster care transitioning to supportive housing and their

caseworkers that will focus on job readiness and education. Both programs are expected to start in early 2015. **The Secretary should comment on the services available to foster children who are close to aging out of the foster care system.**

Fiscal 2015 Actions

Cost Containment

In January 2015, the Board of Public Works (BPW) approved a series of budget reductions affecting nearly every State agency, including DHR. The main action was a statewide general fund reduction that removed \$6,578,440 from DHR's budget overall, equating to 1% of DHR's general fund budget. It is not yet known how DHR will apply the reduction, but in terms of the agency's overall general fund budget, SSA's share is \$4,022,718.

As shown in **Exhibit 5**, that reduction is in addition to fiscal 2015 budget reductions that BPW had previously approved for SSA in July 2014. Totaling \$10.4 million, the reduction was based on savings from lower foster care caseloads (\$9.5 million) and increasing the agency's turnover (\$0.5 million each from Child Welfare Services and Adult Services).

The Governor's allowance also includes a \$215,000 withdrawn appropriation from Foster Care Maintenance Payments in fiscal 2015 due to a reduction in foster care provider rates reducing them to the fiscal 2014 level.

Exhibit 5 Fiscal 2015 Reconsolidation (\$ in Thousands)

<u>Action</u>	<u>Description</u>	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Legislative Appropriation with Budget Amendments		\$394,139	\$8,280	\$220,963	\$0	\$623,382
July BPW	\$9.5 million from lower foster care caseloads, \$0.5 million each from turnover in Child Welfare and Adult Services.	-10,400	0	0	0	-10,400

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<u>Action</u>	<u>Description</u>	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Working Appropriation		\$383,739	\$8,280	\$220,963	\$0	\$612,982
January BPW Across the Board	This unit is part of the Department of Human Resources, which received a 1% across-the-board general fund reduction totaling \$6.6 million. If allocated proportionally, it would equal \$4.0 million in this program.	-4,023				-4,023
Deficiency Appropriation	Level fund group home provider rates at fiscal 2014 level	-215				-215
Total Actions Since January 2015		-\$4,238	\$0	\$0	\$0	-\$4,238
Adjusted Working Appropriation		\$379,501	\$8,280	\$220,963	\$0	\$608,744

BPW: Board of Public Works

Source: Department of Legislative Services

Proposed Budget

As shown in **Exhibit 6**, the Governor's allowance decreases \$20.7 million after accounting for the withdrawn appropriation in fiscal 2015 and back of the bill reductions to employee compensation in fiscal 2016 (across-the-board reductions to general fund spending in fiscal 2015 and 2016 are unknown by budget program in DHR and will likely impact spending changes past the levels shown in the exhibit).

Personnel costs increase by \$11.5 million, driven primarily by health insurance and salary spending prior to cost containment reductions, which grow \$5.9 million and \$3.7 million, respectively. Retirement costs also grow \$2.4 million. Offsetting that growth is salary savings from the 21 abolished positions, \$1.5 million, and two back of the bill cost containment provisions reducing employee compensation by \$6.1 million for SSA for a net increase of \$5.5 million.

The other significant increases in the SSA allowance are the implementation of new programs under the Title IV-E Waiver, with spending increasing \$9.5 million in the allowance. However, declining foster care caseloads more than offsets that increase, reducing costs by \$31.8 million in fiscal 2016. Changes in the foster care caseloads and spending are discussed later in this analysis.

Exhibit 6
Proposed Budget
DHR – Social Services Administration
(\$ in Thousands)

How Much It Grows:	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Total</u>
Fiscal 2014 Actual	\$402,778	\$6,070	\$158,679	\$567,526
Fiscal 2015 Working Appropriation	383,524	8,280	220,963	612,767
Fiscal 2016 Allowance	<u>378,203</u>	<u>8,051</u>	<u>205,860</u>	<u>592,114</u>
Fiscal 2015-2016 Amt. Change	-\$5,321	-\$229	-\$15,103	-\$20,653
Fiscal 2015-2016 Percent Change	-1.4%	-2.8%	-6.8%	-3.4%

Where It Goes:

Personnel Expenses

Employee and retiree health insurance	\$5,913
Regular salaries.....	3,715
Employee retirement.....	2,382
Turnover adjustments	839
Social Security contributions	292
Unemployment compensation premium.....	5
Accrued leave payout	-17
Reclassifications	-45
Workers' Compensation premium.....	-91
Abolished positions (21 FTEs)	-1,453
Section 20: abolition of prior years' 2% general salary increase.....	-3,020
Section 21: abolition of employee increments 2% employee compensation.....	-3,063

Social Services Administration

Implementing services under new Title IV-E Waiver	491
Office of Administrative Hearings	-143
Reduction in Independent Living funds.....	-307
Grants for Family Preservation and Kin Connection that had not been spent in prior years.....	-4,036

Foster Care Maintenance Payments

Implementing services under new Title IV-E Waiver	9,473
Daycare for foster parents.....	163
Reduction of fiscal 2015 group home rates reduced through deficiency.....	215
Contractual Services	-600
Foster Care Maintenance Payments.....	-31,816

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Where It Goes:

Adult Services

Emergency physician services	398
Additional services for seniors in with health needs	67

Other changes

Change in Montgomery County Block Grant	429
Adoption Together Services	297
Utilities	68
Communications	-107
Rent	-194
Contractual employee salaries	-374
Other	-136

Total	-\$20,653
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FTE: full-time equivalent

Note: Numbers may not sum to total due to rounding. The fiscal 2015 working appropriation reflects deficiencies and the Board of Public Works reductions to the extent that they can be identified by program. The fiscal 2016 allowance reflects back of the bill and contingent reductions to the extent that they can be identified by program.

Funding that had been budgeted for grants in previous years has been deleted in the allowance, reducing spending by \$4.0 million. These grants, primarily from Preserving Safe and Stable Families and foster parent recruitment, have not been spent for that purpose and instead have been transferred to other parts of DHR's budget to address budget shortfalls. The Montgomery County Block Grant, which operates its own social services programs, grows \$0.4 million in the allowance.

Cost Containment

Section 19 contains an across-the-board reduction to agency operating budgets that represents about 1% of DHR's general funds. The total for DHR is \$6.9 million, though how it will be allocated among the different units is unknown. Based on total general fund spending throughout the agency's budget, SSA's share would be \$4.1 million.

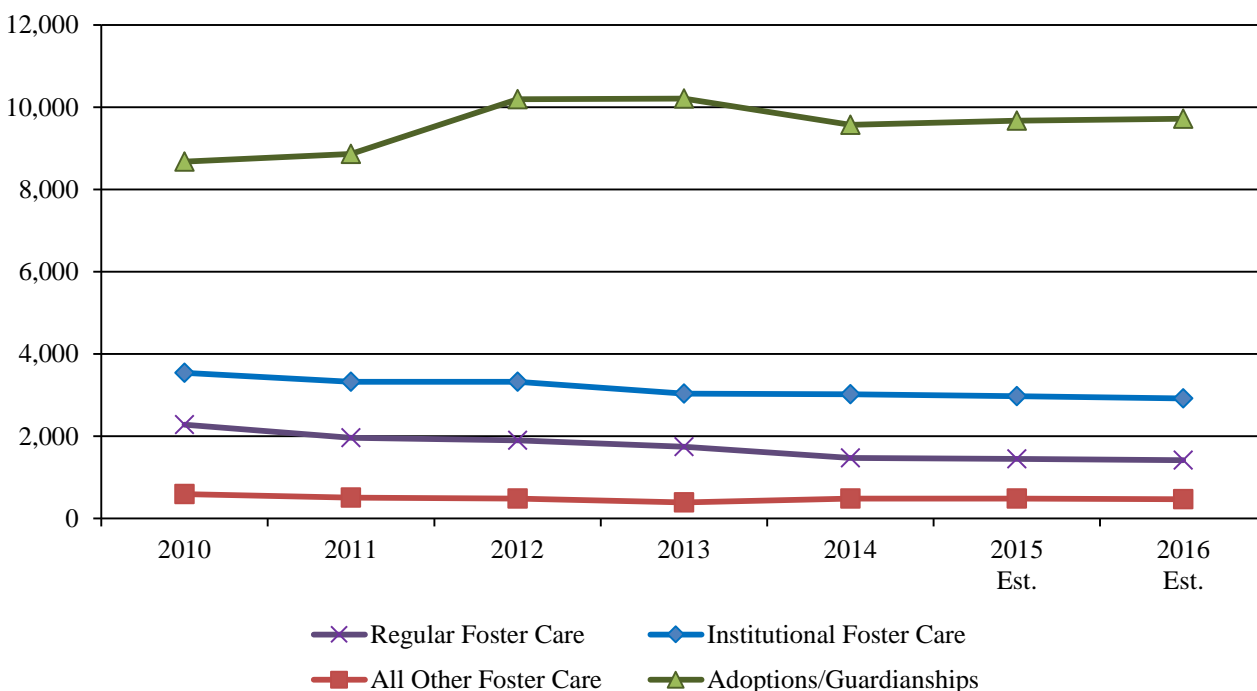
Section 20 of the Governor's allowance reduces employee compensation by 2%, and Section 21 withdraws funding for employee increment payments that were included in the allowance. Combined, funds for employee compensation are reduced by \$4.1 million in general funds, \$1.9 million in federal funds, and less than \$0.1 million in special funds.

Finally, Section 3 of HB 72 – The Budget Reconciliation and Financing Act of 2015 includes a provision to level fund at the fiscal 2014 level group home providers whose rates are set by the Interagency Rates Committee. Though budgeted at a level that assumes an increase, funds that are unspent as a result will be available to spend on other child welfare programs.

Foster Care and Subsidized Adoption/Guardianship Costs

Exhibit 7 shows the average monthly foster care and subsidized adoption/guardianship caseloads from fiscal 2010 through 2016. The fiscal 2015 and 2016 figures are estimates by the Department of Legislative Services (DLS). The caseloads for foster care have trended downward over the period, regardless of type. The number of subsidized adoption/guardianship cases also declined in fiscal 2014. After several years of increases, DHR attributes these results to the Place Matters Initiative. Adoptions and guardianships provide permanency for children who have entered the foster care system.

Exhibit 7
Foster Care and Subsidized Adoption/Guardianship
Average Monthly Caseloads
Fiscal 2010-2016



Source: Department of Human Resources; Department of Legislative Services

Exhibit 8 more closely compares caseloads between those assumed in the fiscal 2015 and 2016 budgets and DLS projections. The current working budget is equal to the legislative appropriation assumptions, though DHR did provide updated caseload figures that are shown in the exhibit as “2015 Updated.” DLS is projecting 95 fewer cases in fiscal 2015 than DHR’s updated figures (and 138 fewer cases than the legislative appropriation). In fiscal 2016, DLS is projecting 220 fewer cases than the allowance.

Exhibit 8
Foster Care Caseload Projection Comparison
Fiscal 2015-2016

	Fiscal 2015				Fiscal 2016		
	Legislative Approp.	2015 Updated	DLS	Difference	Allow.	DLS	Difference
Regular FC	1,490	1,474	1,452	-22	1,460	1,423	-37
Emergency FC	56	56	55	-1	56	54	-2
Treatment FC	36	30	28	-2	30	27	-3
Intermediate FC	288	235	231	-4	218	227	9
Subsidized Adoption	7,126	7,200	7,257	57	7,200	7,293	93
Purchased Home	1,990	1,980	1,950	-30	1,950	1,911	-39
Semi-independent Living	112	112	110	-2	112	108	-4
Purchased Institution	1,189	1,054	1,028	-26	1,040	1,008	-32
Voluntary Placements	0		0	0	0	0	0
Minor Mothers	44	58	57	-1	58	56	-2
Subsidized Guard	2,391	2,480	2,415	-65	2,630	2,427	-203
Total Combined	14,722	14,679	14,584	-95	14,754	14,534	-220

FC: foster care

Source: Governor's Budget Books, Fiscal 2011-2016

However, the cost calculation is less straight forward. DHR has projected costs in fiscal 2015 and 2016 based on spending in fiscal 2014 but not the actual expenditures. A \$19.3 million shortfall in fiscal 2013 was covered using the fiscal 2014 appropriation, which received enough in that year to provide funds for all programmatic spending in fiscal 2014 in addition to the fiscal 2013 shortfall.

Instead of calculating actual costs per case in fiscal 2014, apart from the \$19.3 million that covered fiscal 2013, DHR included it in the reported spending figures. As a result, estimating actual costs in both fiscal 2015 and 2016 is much more difficult, because the figures upon which a projection can be based are overstated by a total of \$19.3 million.

Fiscal 2015

Two different projections of fiscal 2015 costs can be seen in **Exhibit 9**, which shows estimates of full year expenditures based on prior year-to-date spending for fiscal 2014 and 2013. In fiscal 2014, total costs through December totaled \$143.2 million and were 47.2% of the whole year's expenditures. Those figures were \$150.0 million and 50.3% in fiscal 2013. Through December 2014, fiscal 2015 expenditures on foster care have totaled \$135.8 million.

Exhibit 9 Costs through December in Fiscal 2013 and 2014 Compared to Fiscal 2015 (\$ in Millions)

<u>Fiscal 2014</u>		<u>Fiscal 2013</u>	
Total Costs through December	\$143.2	Total Costs through December	\$150.0
Total	303.4	Total	298.4
% of Spending	47.2%	% of Spending	50.3%
 <u>Fiscal 2015</u>			
Total Costs through December	\$135.8	Total Costs through December	\$135.8
Total assuming 47.2% through December	287.8	Total assuming 50.3% through December	270.1
Working Appropriation	\$319.2	Working Appropriation	\$319.2
Difference	\$31.4	Difference	\$49.1
July 2014 BPW Reduction	-\$9.5	July 2014 BPW Reduction	-\$9.5
Additional Caseload Reductions Assumed	-9.3	Additional Caseload Reductions Assumed	-9.3
Backing Out Fiscal 2013 Deficiency	-19.3	Backing Out Fiscal 2013 Deficiency	-19.3
Total Costs after BPW and DHR Assumptions	\$281.1	Total Costs after BPW and DHR Assumptions	\$281.1
Difference Compared with Cost Projection; Potential Deficit	-\$6.7	Difference Compared with Cost Projection; Potential Surplus	\$11.0

BPW: Board of Public Works
DHR: Department of Human Resources

Source: Department of Human Resources; Department of Legislative Services

As the working appropriation has not been updated since the legislative appropriation, Exhibit 9 shows two other post-July 1, 2014 changes that are assumed in DHR's updated spending figures. First, BPW reduced the foster care budget by \$9.5 million with a round of statewide budget reductions in July 2014. Next, further caseload reductions lower expected expenditures by an additional \$9.3 million. Finally, the fiscal 2013 deficiency included in the fiscal 2014 budget and DHR's cost projections is backed out.

Depending on the cost trend used in the calculation, there can be large swings between projected deficits and surpluses. If the cost trend in fiscal 2015 more closely aligns with fiscal 2014, DLS is projecting a \$6.7 million deficit in the current working budget. However, if spending through December is closer to the 50.3% of expenditures seen at the same time in fiscal 2013, DLS projects an \$11.0 million surplus in foster care spending.

Fiscal 2016

For fiscal 2016, in addition to 222 fewer cases per month, **Exhibit 10** shows that DLS is also projecting a lower average monthly cost per case and an overall program surplus of \$9.3 million. The projection assumes not only a lower average cost and caseload level but a different caseload mix than DHR. However, it is also based on DHR's inflated figures. As a result, DLS includes a noncaseload-specific reduction of \$19.3 million. It should be noted that the projected surplus is part of the State's required funding toward the Title IV-E waiver and cannot be reduced without putting federal funds at risk. As such, DLS is not recommending a reduction, and surplus funding will likely be transferred from foster care to Child Welfare Services.

Exhibit 10 also shows that DLS is projecting a general fund need \$20.0 million greater than the allowance, \$213.0 million compared to \$193.0 million. This is based upon different federal fund assumptions, primarily with the allowance budgeting greater Title IV-E funding. To the extent that federal fund revenue is closer to what the allowance projects, the projected surplus would be greater than what is shown in the exhibit. Conversely, if federal revenues are lower, the surplus would be smaller, or create a shortfall if actual receipts are more than \$9.3 million lower.

However, DHR should be able to remove funding of the prior year shortfall before calculating the cost per case. In prior years, it may not have impacted cost per case as much, because each year was both covering a prior year deficiency and also receiving funds from the next fiscal year to cover its own shortfall. Now that DHR has fully addressed the ongoing foster care shortfalls, the cost figures should reflect it. **To better estimate costs in future years, DHR should calculate current and future year costs based on actual spending, rather than to include deferred prior year payments in the calculation. In addition, DLS recommends adopting narrative requesting from DHR actual caseload and cost per case figures for fiscal 2012 through 2014, and modifying annual budget bill language in requesting DHR to report actual spending on foster care by type of foster care.** The modified language appears in the Department of Budget and Management analysis.

Exhibit 10
Foster Case Caseload and Expenditures
Fiscal 2016

	<u>Allowance</u> <u>Fiscal 2016</u>	<u>DLS Estimate</u> <u>2016</u>
Monthly Caseload		
Foster Care	4,924	4,814
Adoptions/Guardianships	9,830	9,720
Total	14,754	14,534
 Monthly Cost Per Case	 \$1,609	 \$1,580
 Flex Funds (in Millions)	 \$31.0	 \$31.0
Backing out Fiscal 2013 Deficiency (in Millions)	-\$19.3	-\$19.3
 Estimated Expenditures (in Millions)		
General Funds	\$193.0	\$213.0
Total Funds	\$296.5	\$287.2
 Surplus\Shortfall (Compared to Budget)		\$9.3

DLS: Department of Legislative Services

Note: Flex funds include spending on foster care children outside of foster care maintenance payments, including spending on day care, nonpublic education, and family reunifications.

Source: Department of Human Resources; Department of Legislative Services

Issues

1. Report on DHR Claiming Disability and Survivor Benefits

During the 2014 legislative session, the budget committees became concerned about DHR applying for and receiving federal disability and survivor benefits for children while in foster care and spending that money to pay for their cost of care rather than saving it for the child. Several states do the same to help cover the costs of care for children in foster care. The 2014 *Joint Chairmen's Report* (JCR) included an information request on this practice, and it was received in October 2014.

In addition to applying for benefits if a child is eligible, DHR will apply to become the representative payee if a child is already receiving benefits, transferring the designation to it (typically from the child's parent or guardian). The agency explains that when DHR applies to become the representative payee or transfer the designation from another person, its local department of social services (DSS) must notify the child's attorney (often a State-provided Child in Need of Assistance attorney).

Disability and survivor benefits that are received on behalf of a child are recorded into the Children's Electronic Social Services Information Exchange (MD CHESSIE) and deposited by the local DSS into an account that may be either individual or joint with other children whose cases are managed by the local department. DHR explains that though money may be comingled with other children, MD CHESSIE and the local office keep separate records, and it is known how much is in the child's name. DHR additionally reports that it is required to report all funds received for a child on his or her court record. The funds received by DHR on behalf of a child are tracked together with other funds received for the child including child support, marked as "available for cost of care," and used for eligible expenses.

DHR reports that each month, if there are funds in excess of what is needed for the cost of care, they are deposited into a separate account for specified purchases or saved for the child. **Exhibit 11** shows, for fiscal 2013 and 2014, the number of children for whom DHR receives disability and survivor benefits and how much was spent on their cost of care. Although reported as annual data, it shows that what is spent in each year on the cost of care exceeds what is received in benefits. Individual monthly receipts for an individual child may vary. **The Secretary should comment on how often a month's benefits exceeds the cost of care.**

Exhibit 11
Benefits Received and Expenses for Foster Care Children
Fiscal 2013-2014

	Number of Children	2013 Benefit Amount	2013 Cost of Care	2014 Benefit Amount	2014 Cost of Care
Disability Benefits	351	\$3,161,092	\$12,277,027	\$1,293,961	\$11,233,062
Survivor Benefits	303	964,968	7,125,632	901,912	5,381,763
Total	654	\$4,126,060	\$19,402,659	\$2,195,873	\$16,614,825

Source: Department of Human Resources

2. Oversight of Group Home Providers

Attention has recently been focused on the supervision of group home providers in Maryland and the State agencies that are responsible for their oversight. The death of a medically fragile child residing in a foster care group home (which was ultimately ruled a homicide from injuries incurred before the child was placed in State care) revealed that the home in which he was placed, and other group homes, were financially unstable. The concern is that if a home is under financial stress, the quality of care a child receives there may be impacted.

DHR licenses all foster care group homes in Maryland. For medically fragile and therapeutic group homes, the Department of Health and Mental Hygiene (DHMH) is the licensing body through the Developmental Disabilities Administration (DDA). DDA and the Office of Health Care Quality (OHCQ) oversee at the quality of health care offered by the group homes.

DHR, as the State entity that contracts with group homes, focuses not only on their foster care mission, but also the homes' financial stability. DHR still has an oversight role for homes that are licensed by DHMH, to ensure the quality of foster care services offered by the home, and the home's financial stability. Licensing coordinators visit group homes each quarter to review records to ensure compliance with State laws and regulations and can observe conditions within the home. A foster child's caseworker also visits his or her group home monthly and can observe deficiencies.

In terms of the financial stability of group homes, DHR reports that it recently strengthened its oversight with a new intermediate survey, completed every six months by group home providers in addition to an annual audit. The survey, first conducted in September 2014, asks providers about common financial problems faced by group homes. If issues are identified, the homes start a corrective action plan to address the problems.

Results of the September 2014 survey of 112 providers revealed that 6 had financial stress that required a corrective action plan. In January 2015, DHR reported to the General Assembly that five homes' issues were satisfactorily addressed, with the remaining group home in the process of having its State contract terminated.

DHR, DHMH, and DDA formed a task force to improve State oversight of the State's medically fragile foster care group homes, improve care, and better define each agency's responsibilities. **The Secretary should comment on implementing recommendations of that task force.** The operating budget analysis of OHCQ contains additional information concerning DHMH's role in overseeing group home providers.

3. Child Welfare Demonstration Waiver Granted

In September 2014, Maryland received approval for a five-year federal Title IV-E demonstration waiver to allow for more flexibility in State foster care spending and more predictable budgeting. Title IV-E is the federal government's Foster Care Program that supports out-of-home placements until a permanent placement can be found, usually through reunification or adoption and guardianship.

Federal foster care funding is awarded by formula, and Maryland's amount has varied between \$76 million and \$109 million over the past several years. These funds have occasionally been budgeted much higher than actual receipts, creating shortfalls in DHR's budget. For example, the fiscal 2013 legislative appropriation budgeted \$139 million in Title IV-E funding, \$49 million more than the actual amount received.

The waiver will stabilize the State's federal foster care funding at roughly \$65 million a year over the five-year demonstration period, fiscal 2015 to 2019, while requiring the State to maintain its spending on child welfare services over the period of the waiver.

Flexibility in Spending

Maryland's Title IV-E waiver was designed by DHR with help from the Maryland Children's Cabinet and member agencies like the Maryland State Department of Education, DHMH, and the Department of Juvenile Services, to allow for more flexible spending than is normally permitted. Federal IV-E spending is traditionally spent only on out-of-home placements and related spending. Instead, Maryland's waiver allows the State to focus spending on keeping children from entering the foster care system to reduce out-of-home placements before they occur.

The services funded under the demonstration project are focused on children at the ages most likely to enter the foster care system, ages 0 to 8 and 14 to 17, though many of the services will be available to all children. DHR plans for broader expansions of existing programs like Place Matters and Alternative Response, in addition to a new trauma-informed social services system.

The trauma-informed social services system will focus on both children and their parents by training caseworkers to better take into account the psychological and emotional impact that contact with the social services system can have for children and their parents. DHR believes that better accounting for this will reduce out-of-home placements up front and increase successful family reunifications after the fact.

According to DHR, all the new programs are evidence-based or have shown promise in other settings and include:

- Parent Child Interaction Therapy to build better social skills for children;
- SafeCare, direct life and parenting skills training for families; and
- Functional Family Therapy, designed to increase communication and problem solving among family members.

The demonstration project lasts five years, after which DHR expects the waiver to be extended. Success of the waiver will be measured based on a number of criteria outlined in the State's approval letter from the U.S. Department of Health and Human Services' Children's Bureau. They include:

- the impact the waiver has had on placement rates for foster care, reunifications, re-entry, length of placement, and adoption and guardianship;
- the impact the waiver has had on child safety, well-being, maltreatment, and the use of Alternative Response compared to the investigated response; and
- the effectiveness of the evidence-based programs the State has implemented.

The Secretary should comment on implementation of the Title IV-E Waiver and related changes to Maryland's child welfare system.

4. Child Welfare Staff-to-caseload Ratios

For many years, DHR had trouble maintaining an adequate number of filled child welfare caseworker and supervisor positions to address the caseload. In 1998, the General Assembly passed the Child Welfare Workforce Initiative requiring DHR and the Department of Budget and Management to ensure that staffing levels were sufficient to meet the staff-to-caseload ratio recommendations developed by the Child Welfare League of America (CWLA). High caseload levels and high turnover in child welfare positions resulted in chronic understaffing, and many jurisdictions were unable to have a sufficient number of filled positions to meet CWLA guidelines.

Beginning in 2007, DHR made changes to the way it managed the child welfare caseload. The Place Matters Initiative began, putting an emphasis on keeping children with their families whenever safely possible, reducing reliance on out-of-home group care, and minimizing the length of time when removal from the home is necessary. DHR also adopted the Family Centered Practice model, which involves working with families, both formally and informally, to enhance their capacity to care for and protect their children. It focuses on the needs and welfare of children within the context of their families and communities. These two initiatives have helped to reduce the caseload to a point where, on a statewide aggregate level, the number of filled caseworker and supervisor positions both exceeded the CWLA recommended minimum levels for several years. After accounting for the 20.0 vacant position reductions in the Governor’s allowance, Maryland falls below the statewide standard for supervisors by 1.6 positions.

Contributing to that are 11 jurisdictions that did not meet the standard for supervisors in December 2014, in addition to 5 that have not yet reached it for caseworkers. **Exhibit 12** shows, by jurisdiction, the number of filled positions as of December 1, 2014, the number required to meet the CWLA standards based on the average caseload reported for October 2013 to September 2014, and the surplus or shortage in filled positions based on the standards. The “Hold Harmless” shortfall, at the bottom of the exhibit, reflects the fact that filled positions will not be transferred between jurisdictions, and 30.3 additional caseworker positions and 28.6 additional supervisor positions would need to be filled in jurisdictions not meeting the standards in order for all jurisdictions to be in compliance.

In response to questions regarding jurisdictions exceeding the minimum staffing recommendations, DHR notes that the CWLA standards do not take into account long-term absences due to illness or other unforeseen circumstance. In order to rebalance positions between jurisdictions that exceed the minimum recommended and those not yet meeting them, DHR has instituted an internal review process that allows vacant positions to be filled only if failing to do so would result in the jurisdiction falling below the minimum recommended staffing level. DHR also explains that as a position becomes vacant in jurisdictions above the minimum staffing level, the position is transferred to ones that are below the standard.

However, when considering vacant positions by jurisdiction, several that are below the minimum recommended staffing level, have the vacant positions available that would bring them up to standard. Anne Arundel County, for example, is 2.7 positions below the CWLA standard and has 5.0 vacant caseworker positions.

In addition, throughout the State, there are several vacant caseworker and supervisor positions, the majority of which are in Baltimore City for both categories. As a result, 130.0 vacant caseworker positions and 27.0 vacant supervisor positions are available to be transferred to jurisdictions that are below the CWLA standards and lack vacant positions to fill. In fact, after accounting for the “Hold Harmless” shortfall, there are still 113.7 vacant caseworker positions throughout the State, providing enough to address the caseworker shortfall and to reclassify for supervisor positions. **The Secretary should comment on why vacant positions are not transferred from jurisdictions that exceed recommended staffing levels to those that do are below the recommended staffing level.**

Exhibit 12
Child Welfare Position Status by Local Department
As of December 1, 2014

<u>County</u>	<u>CWLA Caseworker Standard</u>	<u>Filled Caseworker Positions</u>	<u>Over/ (Under)</u>	<u>Vacant Caseworker Positions</u>	<u>CWLA Supervisor Standard</u>	<u>Filled Supervisor Positions</u>	<u>Over/ (Under)</u>	<u>Vacant Supervisor Positions</u>
Allegany	25.05	41.00	15.95	0.00	5.01	5.00	-0.01	0.00
Anne Arundel	87.98	85.30	-2.68	5.00	17.60	15.00	-2.60	1.00
Baltimore City	441.38	505.00	63.62	72.00	88.28	98.50	10.22	18.00
Baltimore	133.75	117.50	-16.25	10.00	26.75	17.00	-9.75	3.00
Calvert	16.67	21.50	4.83	0.00	3.33	2.00	-1.33	0.00
Caroline	13.25	16.00	2.75	1.00	2.65	3.00	0.35	1.00
Carroll	22.39	26.00	3.61	3.00	4.48	4.00	-0.48	1.00
Cecil	40.80	35.00	-5.80	0.00	8.16	6.00	-2.16	0.00
Charles	30.61	30.00	-0.61	4.00	6.12	4.00	-2.12	2.00
Dorchester	14.39	14.50	0.11	3.00	2.88	3.00	0.12	0.00
Frederick	38.37	39.50	1.13	2.00	7.67	8.00	0.33	0.00
Garrett	10.44	17.00	6.56	0.00	2.09	2.00	-0.09	0.00
Harford	56.92	52.00	-4.92	3.00	11.38	8.00	-3.38	0.00
Howard	25.41	30.00	4.59	4.00	5.08	3.00	-2.08	0.00
Kent	4.13	7.00	2.87	0.00	0.83	1.00	0.17	0.00
Prince George's	122.22	127.50	5.28	12.00	24.44	21.00	-3.44	1.00
Queen Anne's	6.93	9.00	2.07	1.00	1.39	2.00	0.61	0.00
St. Mary's	19.47	25.60	6.13	3.00	3.89	3.00	-0.89	0.00
Somerset	9.47	14.50	5.03	2.00	1.89	2.00	0.11	0.00
Talbot	7.51	12.00	4.49	0.00	1.50	4.00	2.50	0.00

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<u>County</u>	<u>CWLA Caseworker Standard</u>	<u>Filled Caseworker Positions</u>	<u>Over/ (Under)</u>	<u>Vacant Caseworker Positions</u>	<u>CWLA Supervisor Standard</u>	<u>Filled Supervisor Positions</u>	<u>Over/ (Under)</u>	<u>Vacant Supervisor Positions</u>
Washington	46.20	65.50	19.30	1.00	9.24	9.00	-0.24	1.00
Wicomico	20.54	33.00	12.46	3.00	4.11	7.00	2.89	0.00
Worcester	16.99	19.00	2.01	1.00	3.40	5.00	1.60	0.00
Total	1,210.88	1,343.40	132.52	130.00	242.18	232.50	-9.68	27.00
“Hold Harmless” Shortfall and Surplus Positions			-30.27	99.73			-28.58	-1.58

CWLA: Child Welfare League of America

Note: The “Hold Harmless” shortfall reflects the fact that filled positions will not be transferred from jurisdictions exceeding the CWLA standards to jurisdictions experiencing a shortfall. Therefore, additional caseworker and supervisor positions would need to be filled in jurisdictions not meeting the standards in order for all jurisdictions to have an adequate number of filled positions.

Source: Department of Human Resources; State Personnel Database

Recommended Actions

1. Add the following language to the general fund appropriation:

, provided that these funds are to be used only for the purposes herein appropriated, and there shall be no budgetary transfer to any other program or purpose except that funds may be transferred to program N00G00.01 Foster Care Maintenance Payments. Funds not expended or transferred shall revert to the General Fund.

Explanation: This language restricts general funds appropriated for child welfare services to that use only or for transfer to N00G00.01 Foster Care Maintenance Payments.

2. Add the following language to the general fund appropriation:

Further provided that these funds are to be used only for the purposes herein appropriated, and there shall be no budgetary transfer to any other program or purpose except that funds may be transferred to program N00G00.03 Child Welfare Services. Funds not expended or transferred shall revert to the General Fund.

Explanation: This language restricts general funds appropriated for foster care payments to that use only or for transfer to N00G00.03 Child Welfare Services, where child welfare caseworker positions are funded.

3. Adopt the following narrative:

Actual Cost Per Case Data for Foster Care Programs: In order to better project future costs for foster care programs, DHR should report to the budget committees for each year for fiscal 2012 to 2014, actual spending on foster care maintenance payments. The report should show, for each foster care program, actual average caseload levels, actual average monthly costs, and actual total expenditures, excluding any funding not spent in the individual fiscal year (funds to address prior year shortfalls and anything else not spent toward foster care in the individual fiscal year). Reported figures should also include the various nonmaintenance payments programs included under budget code N00G00.01 Foster Care Maintenance Payments.

Information Request	Author	Due Date
Actual average monthly caseload, average monthly costs, and total expenditures, for each type of foster care program, fiscal 2012 to 2014	DHR	September 1, 2015

4. Adopt the following narrative:

Child Welfare Caseload Data: The committees believe that maintaining an adequate child welfare workforce is essential to improving outcomes for children entering the State’s care. Therefore, in order to maintain oversight of this important issue, the committees request that the Department of Human Resources (DHR), on November 20, 2015, report to the committees on the actual and annual average number of cases and filled positions assigned, by jurisdiction, for the following caseload types using data current within 70 days:

- Intake Screening;
- Child Protective Investigation;
- Consolidated Home Services;
- Interagency Family Preservation Services;
- Services to Families with Children – Intake;
- Foster Care;
- Kinship Care;
- Family Foster Homes – Recruitment/New Applications;
- Family Foster Home – Ongoing and Licensing
- Adoption;
- Interstate Compact for the Placement of Children; and
- Caseworker Supervisors.

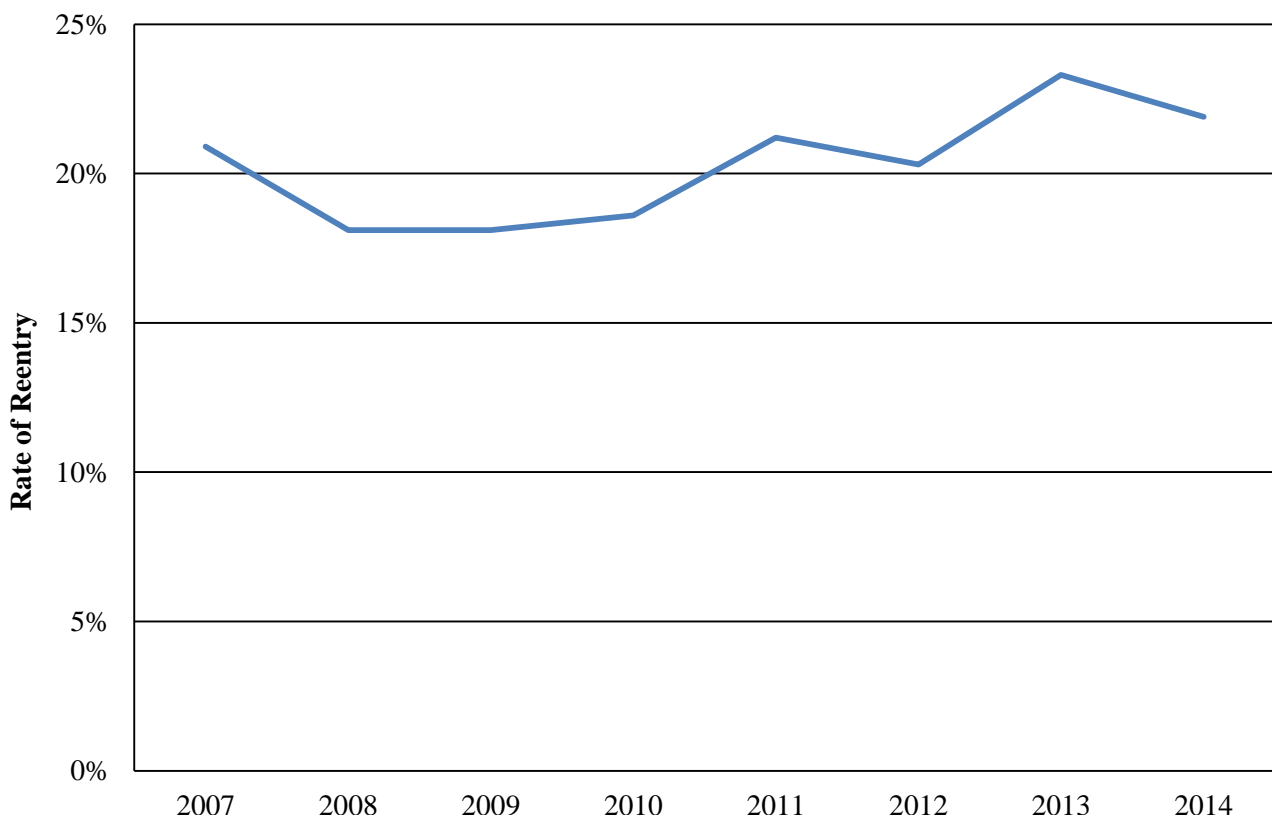
Information Request	Author	Due Date
Report on caseload data and filled positions assigned by jurisdiction for specified caseload types	DHR	November 20, 2015

Updates

1. Interim Report on Unsuccessful Reunifications

Reunifications are when children in the care of the State are returned to their families. Ideally, the child will not come back into the care of the State, but in recent years the rate of reentries has been growing. **Exhibit 13** shows that the reentry rate had fallen to below 18.1% before climbing to 23.3% in fiscal 2013. DHR was asked to work with the University of Maryland, Baltimore School of Social Work to study the issue, with a report due on April 15, 2015. An interim report was submitted on December 1, 2014.

Exhibit 13
Rate of Re-entry into Foster Care System After Reunification with Family
Fiscal 2007-2014



Source: Department of Human Resources

The interim report provides an update on what has been done so far to study unsuccessful reunifications. A literature review of relevant research is included in the report, indicating what other researchers have found to be important factors for successful reunifications. The researchers have also contacted better performing states and hope to discuss with them the aspects of their program that differ from Maryland's and what makes them successful.

The researchers also used MD CHESSIE data to perform regression analysis to determine what factors are statistically significant with Maryland's successful and unsuccessful reunifications. In addition, the researchers performed a comparative analysis, where a sample of successful reunifications were compared directly with unsuccessful ones.

The two analysis techniques yielded similar results and found six risk factors were most linked with reentries:

- when child behavior was a factor in his or her removal;
- when the length of a child's stay in State care was short (under two months);
- when the child was removed from a mother-only household;
- when the child has siblings who are also in State care;
- when the child has prior experience with the child welfare system; and
- when the child experienced a residential placement during his or her removal episode.

The data reviewed by the researchers showed that 19.3% of children who experienced unsuccessful reunifications exhibited four or more of the above risk factors. Conversely, only 7.9% of successful reunifications had four or more.

The authors advise using these risk factors to guide policy changes designed to increase successful reunifications, and that continued work may result in better information. As requested, the researchers will compare Maryland's reunification process with other states, conduct a caseworker survey, and further evaluate MD CHESSIE data. A final report is due to the General Assembly on April 15, 2015.

2. Child Fatalities Involving Abuse or Neglect Reported

Committee narrative included in the 2005 JCR requested DHR to provide a report listing, by jurisdiction, the number of child fatalities that involved child abuse and/or neglect. The narrative requested the report to be updated annually. **Exhibit 14** displays the data provided by the department for calendar 2009 through 2013.

Exhibit 14
Child Deaths Reported to DHR Where Child Abuse or Neglect Are Determined
By DHR Staff to Be a Contributing Factor
Calendar 2009-2013

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>Total</u>
Allegany	1		1			2
Anne Arundel	2	1	3	4	1	11
Baltimore City	4	2	3	2	4	15
Baltimore	1	3	5	8	2	19
Calvert				1		1
Caroline			1	4		5
Carroll	1			1	1	3
Cecil	1	1	3		1	6
Charles	1			1	1	3
Dorchester	2			1		3
Frederick	3	3	2	1	2	11
Garrett						0
Harford	1	2			4	7
Howard			1	1	2	4
Kent						0
Montgomery	2		5	1	3	11
Prince George's	1		1	2	1	5
Queen Anne's		1			1	2
St. Mary's		1	1			2
Somerset						0
Talbot						0
Washington	3	1			1	5
Wicomico	1		1	2		4
Worcester		1				1
Total	24	16	27	29	24	120

DHR: Department of Human Resources

Source: Department of Human Resources

Current and Prior Year Budgets

Current and Prior Year Budgets DHR – Social Services Administration (\$ in Thousands)

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2014					
Legislative Appropriation	\$399,940	\$7,953	\$208,320	\$0	\$616,214
Deficiency Appropriation	18,132	1,556	-6,042	0	13,645
Budget Amendments	-12,995	801	7,279	0	-4,915
Reversions and Cancellations	-2,300	-4,240	-50,878	0	-57,418
Actual Expenditures	\$402,778	\$6,070	\$158,679	\$0	\$567,526
Fiscal 2015					
Legislative Appropriation	\$393,210	\$8,269	\$220,229	\$0	\$621,708
Cost Containment	-10,400	0	0	0	-10,400
Budget Amendments	929	10	734	0	1,673
Working Appropriation	\$383,739	\$8,280	\$220,963	\$0	\$612,982

Note: Numbers may not sum to total due to rounding. The fiscal 2015 working appropriation does not include January 2015 Board of Public Works reductions and deficiencies.

Fiscal 2014

Similar to other State agencies, SSA's legislative appropriation was reduced through negative deficiencies reducing general, special, and federal funds for employee and retiree health insurance, retirement reinvestment, and creation of a State employee information system by \$3,010,658; \$29,992; and \$2,642,237, respectively. Other deficiency and negative deficiencies included:

- erasing ongoing deficiencies in foster care maintenance payments (\$18,942,667 in general funds and \$385,599 in available special funds);
- replacing lower than expected federal local adult services funds with general and special funds (\$1,000,000 in general funds and \$1,200,000 in special funds replacing \$2,200,000 in withdrawn federal funds); and
- having a fund swap for lower than expected Home Visiting Program funds (\$1,200,000 in general funds replacing an equal amount of withdrawn federal funds).

There were also numerous budget amendments passed throughout the year. An employee cost-of-living adjustment (COLA) and increments added \$2,248,450 in general funds, \$28,384 in special funds, and \$1,141,865 in federal funds.

Two closeout amendments realigned and added funds throughout the DHR budget affecting all agency fund types. Actions in the budget amendments included:

- a fund swap of \$23,987,199 in general funds between Foster Care Maintenance Payments and child welfare services, where the salaries of local employees are budgeted;
- a reduction of \$5,467,389 in general funds from Adult Services salaries and In Home Aide Services, and Adult Protective Services, largely replaced with \$5,427,596 in federal Temporary Assistance for Needy Families (TANF) funds;
- a reduction of \$4,718,422 in general funds from Adult Services due to lower than budgeted salary spending (\$3,691,306) and less Respite Care spending than expected (\$1,027,116);
- a reduction of \$3,307,311 in general funds from SSA for lower than budgeted salary spending and shifting the costs for family support services and recruitment and retention to local child welfare services;
- a fund swap of \$2,967,574 in federal Social Services Block Grant funding from lower than expected salary spending in Child Welfare Services, transferred to Adult Services;

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- general funds in SSA for family preservation services (\$1,749,851) became available for spending elsewhere when these expenses began to be charged to local child welfare services;
- an increase of \$4,725 in special funds to account for adoption registry search fees;
- a surplus of salary spending in special funds of \$344,894 and \$422,646 in Child Welfare Services and Adult Services, respectively; and
- an increase of \$709,544 in federal funds for the Chaffee Education and Training Voucher Program and medical assistance payments.

At the end of the fiscal year, SSA reverted \$2,300,000 in general funds and cancelled \$4,239,707 in special funds and \$50,878,111 in federal funds. The general funds were reverted to the State and were the result of a declining foster care caseload. The special funds were cancelled due to lower than expected Child Support Foster Care Offset revenue in addition to an effort to eliminate a prior-year deficit in the fund source.

The federal fund cancellation had a number of contributing factors. The largest cancellation came from Local Child Welfare Services, where \$37,279,791 was cancelled due to lower than budgeted attainment of medical assistance and social services block grant funding, in addition of a shift in TANF spending to other parts of the DHR budget. An additional \$12,407,817 cancellation from Foster Care Maintenance Payments was due to the declining foster care population, and lower than expected Title IV-E attainment and medical assistance revenue. The final cancellation of \$1,190,503 was also due, in part, to lower than expected medical assistance revenue, as well as underattainment in the Chafee Foster Care Independence Program.

Fiscal 2015

Shortly after the beginning of fiscal 2015, BPW approved a round of general fund spending reductions for cost containment. The largest for SSA was \$9,500,000 from foster care maintenance payments, available due to the declining foster care population. An additional reduction of \$450,000 each from Child Welfare Services and Adult Services was achieved by increasing turnover within the two units.

Like all State agencies, SSA saw budget amendments increase for an employee COLA totaling \$929,148 in general funds, \$10,149 in special funds, and \$734,039 in federal funds.

**Object/Fund Difference Report
DHR – Social Services Administration**

<u>Object/Fund</u>	<u>FY 14 Actual</u>	<u>FY 15 Working Appropriation</u>	<u>FY 16 Allowance</u>	<u>FY 15 - FY 16 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	2,861.11	2,828.91	2,807.91	-21.00	-0.7%
02 Contractual	8.07	11.00	2.50	-8.50	-77.3%
Total Positions	2,869.18	2,839.91	2,810.41	-29.50	-1.0%
Objects					
01 Salaries and Wages	\$ 209,153,516	\$ 208,523,643	\$ 220,063,578	\$ 11,539,935	5.5%
02 Technical and Spec. Fees	1,659,975	2,152,234	1,820,200	-332,034	-15.4%
03 Communication	2,050,012	1,708,308	1,601,749	-106,559	-6.2%
04 Travel	1,695,134	1,213,218	1,211,865	-1,353	-0.1%
06 Fuel and Utilities	669,875	651,320	721,973	70,653	10.8%
07 Motor Vehicles	1,689,480	2,104,234	2,088,611	-15,623	-0.7%
08 Contractual Services	44,667,554	43,537,476	52,941,392	9,403,916	21.6%
09 Supplies and Materials	1,274,248	764,989	780,790	15,801	2.1%
10 Equipment – Replacement	82,330	350,000	351,389	1,389	0.4%
11 Equipment – Additional	58,741	0	907	907	N/A
12 Grants, Subsidies, and Contributions	293,378,910	338,785,976	303,571,820	-35,214,156	-10.4%
13 Fixed Charges	11,146,605	13,190,396	13,041,778	-148,618	-1.1%
Total Objects	\$ 567,526,380	\$ 612,981,794	\$ 598,196,052	-\$ 14,785,742	-2.4%
Funds					
01 General Fund	\$ 402,777,817	\$ 383,739,078	\$ 382,320,218	-\$ 1,418,860	-0.4%
03 Special Fund	6,069,554	8,279,609	8,091,157	-188,452	-2.3%
05 Federal Fund	158,679,009	220,963,107	207,784,677	-13,178,430	-6.0%
Total Funds	\$ 567,526,380	\$ 612,981,794	\$ 598,196,052	-\$ 14,785,742	-2.4%

Note: The fiscal 2015 working appropriation does not include January 2015 Board of Public Works reductions and deficiencies. The fiscal 2016 allowance does not reflect contingent or across-the-board reductions.

Fiscal Summary
DHR – Social Services Administration

<u>Program/Unit</u>	<u>FY 14 Actual</u>	<u>FY 15 Wrk Approp</u>	<u>FY 16 Allowance</u>	<u>Change</u>	<u>FY 15 - FY 16 % Change</u>
04 General Administration – State	\$ 21,670,300	\$ 29,774,844	\$ 26,505,929	-\$ 3,268,915	-11.0%
01 Foster Care Maintenance Payments	303,400,963	319,196,669	296,456,558	-22,740,111	-7.1%
03 Child Welfare Services	200,420,185	219,407,851	227,659,069	8,251,218	3.8%
04 Adult Services	42,034,932	44,602,430	47,574,496	2,972,066	6.7%
Total Expenditures	\$ 567,526,380	\$ 612,981,794	\$ 598,196,052	-\$ 14,785,742	-2.4%
General Fund	\$ 402,777,817	\$ 383,739,078	\$ 382,320,218	-\$ 1,418,860	-0.4%
Special Fund	6,069,554	8,279,609	8,091,157	-188,452	-2.3%
Federal Fund	158,679,009	220,963,107	207,784,677	-13,178,430	-6.0%
Total Appropriations	\$ 567,526,380	\$ 612,981,794	\$ 598,196,052	-\$ 14,785,742	-2.4%

Note: The fiscal 2015 working appropriation does not include January 2015 Board of Public Works reductions and deficiencies. The fiscal 2016 allowance does not reflect contingent or across-the-board reductions.