N00B
Social Services Administration
Department of Human Resources

Operating Budget Data

($ in Thousands)

	FY 16 Actual	FY 17 Working	FY 18 Allowance	FY 17-18 Change	% Change Prior Year
General Fund	$362,742	$366,547	$379,950	$13,403	3.7%
Adjustments	0	15,700	-506	-16,206	
Adjusted General Fund	**$362,742**	**$382,247**	**$379,444**	**-$2,803**	**-0.7%**
Special Fund	7,145	5,359	7,134	1,774	33.1%
Adjustments	0	0	-4	-4	
Adjusted Special Fund	**$7,145**	**$5,359**	**$7,129**	**$1,770**	**33.0%**
Federal Fund	183,468	202,201	186,743	-15,457	-7.6%
Adjustments	0	-15,700	-262	15,438	
Adjusted Federal Fund	**$183,468**	**$186,501**	**$186,481**	**-$20**	**0.0%**
Adjusted Grand Total	**$553,355**	**$574,107**	**$573,054**	**-$1,053**	**-0.2%**

Note: Includes targeted reversions, deficiencies, and contingent reductions.

- The fiscal 2018 budget bill includes one proposed deficiency appropriation for the Department of Human Resources (DHR) Social Services Administration (SSA). The proposed deficiency appropriation would replace $15.7 million of federal funds from the Medical Assistance Program with the same amount of general funds. This proposed deficiency corrects the federal fund revenue assumptions in the fiscal 2017 budget to a level more in line with recent experience.

- The fiscal 2018 allowance of SSA decreases by $1.1 million (0.2%) compared to the fiscal 2017 working appropriation after accounting for the deficiency appropriation in fiscal 2017 and the contingent reduction in fiscal 2018.

- General funds decrease by $2.8 million (0.7%) in the fiscal 2018 allowance. Federal funds are essentially level funded (a decrease of $19,687).

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

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- Special funds increase by $1.8 million (33.0%) in the fiscal 2018 allowance of SSA, primarily due to the budgeting of the Cost of Care Reimbursement funds. These are Social Security payments received on behalf of children in foster care and are used for the cost of care. DHR began to show these funds as a special fund during fiscal 2016. However, the funds do not appear in the fiscal 2017 working appropriation.

- Major changes in the fiscal 2018 allowance reflect changes in the foster care and subsidized guardianships/adoptions caseload, a provider rate increase, a new program for transition-aged youth, and continued implementation of the Title IV-E Waiver.

Personnel Data

	FY 16 Actual	**FY 17 Working**	**FY 18 Allowance**	**FY 17-18 Change**
Regular Positions	2,738.86	2,686.25	2,686.25	0.00
Contractual FTEs	3.15	2.50	2.50	0.00
Total Personnel	**2,742.01**	**2,688.75**	**2,688.75**	**0.00**

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions		189.92	7.07%	
Positions and Percentage Vacant as of 1/1/17		219.50	8.17%	

- There is no change in the number of regular positions or contractual full-time equivalents in SSA in the fiscal 2018 allowance. However, during fiscal 2017 (effective January 1, 2017), 40.0 regular positions were abolished. The funds associated with the abolished regular positions are retained in SSA in fiscal 2017 to support child welfare caseworker salary increases.

- The turnover expectancy in SSA decreases slightly from 7.20% to 7.07% in the fiscal 2018 allowance. This change aligns the turnover expectancy in SSA with the departmentwide turnover expectancy.

- As of January 1, 2017, SSA has 219.5 vacant positions (a vacancy rate of 8.2%). To meet its fiscal 2018 turnover expectancy, SSA would need to maintain 189.9 vacant positions. SSA could fill 29.0 positions and still meet its turnover expectancy in fiscal 2018.

Analysis in Brief

Major Trends

Children in Out-of-home Care: SSA failed to meet the national standards in measures related to placement stability and exits from care. In fiscal 2016, children in care experienced 4.6 placement moves per 1,000 days of care (a move approximately every 217 days of care), while the national standard is 4.1 moves per 1,000 days of care (a move every 244 days in care). Also, in fiscal 2016, 38.0% of children exited care within 12 months of entry (compared to the national standard of 40.5%).

Re-entry into Care: SSA has a goal of no more than 12.0% of children re-entering care within 12 months of an exit to reunification. However, in fiscal 2016, 17.0% of children re-entered care within 12 months from reunification. Fiscal 2016 was the fifth consecutive year the department failed to meet the goal and the second time in three years that 17.0% of children re-entered care. However, fewer children re-entered care from an exit to guardianship in fiscal 2016 than in fiscal 2015 (7.7%, a decrease of 1.5 percentage points).

Safety: In two key measures of safety of children, SSA's performance worsened in fiscal 2016 and failed to meet the department's goals. In fiscal 2016, 87.6% of victims had no recurrence of maltreatment within 12 months compared to 90.1% in fiscal 2015. In addition, in fiscal 2016, SSA had a higher rate of victimization per 100,000 days of foster care in a 12-month period (12.3) than in fiscal 2015 (10.1).

Adult Services: Adult safety measures also show worsening trends in fiscal 2016. The number of indicated or confirmed adult abuse cases increased by 6.1% to 1,624 in fiscal 2016 compared to fiscal 2015, the first increase since fiscal 2012. In fiscal 2016, 96.0% of adult abuse cases had no recurrence within six months compared to 97.3% in fiscal 2015. SSA has failed to meet the goal (96.5%) for this measure of adult safety twice in the last three years.

Issues

Title IV-E Waiver: DHR received approval to operate a Title IV-E Waiver in September 2014. Implementation of the waiver began in July 2015 with a new assessment tool. Through December 2016, eight jurisdictions have begun implementing evidence-based practices as part of the waiver. During fiscal 2017, implementation activities will continue. The waiver is scheduled to end September 30, 2019. In the second half of fiscal 2016, DHR began implementing reinvestment strategies for savings from the waiver, which included providing family support funds to each jurisdiction to use as needed to promote safety, well-being, and permanency. These funds were used for a variety of support including housing assistance, the purchase of behavioral health services, post-reunification support, and purchase of a vehicle. Other reinvestment strategies included support for local Child Advocacy Centers and activities related to adoption support and education in Montgomery and Prince George's counties. In fiscal 2017, reinvestment strategies have been focused on the provision of family support funds.

Child Welfare Caseworkers: The 2016 *Joint Chairmen's Report* included committee narrative requesting a report on filled child welfare caseworker positions and child welfare caseload. On a departmentwide basis, the Child Welfare League of America (CWLA) caseworker-to-case ratios were met; however, three jurisdictions (Baltimore, Charles, and St. Mary's counties) did not meet these guidelines. Of those, two could meet the guidelines if vacant positions were filled (Baltimore and St. Mary's). Departmentwide, the CWLA supervisor-to-case ratio was met, but nine jurisdictions did not meet the guidelines, with a cumulative shortfall of 17.1 positions in those jurisdictions.

Recommended Actions

		Funds
1.	Add language restricting funds for the foster care maintenance payments program to that purpose.	
2.	Add language restricting funds to be used for an increase in the family foster care board rate.	
3.	Reduce funds for a provider rate increase to allow a 1% increase in provider rates and a 2% increase in the family foster care board rate.	$ 936,237
4.	Reduce funds for a new Foster Youth Savings Program to account for startup delays.	850,000
5.	Adopt committee narrative requesting a report on implementation of a new Foster Youth Savings Program.	
6.	Add language restricting funds for Child Welfare Services to that purpose.	
7.	Reduce funds for step increases in the Montgomery County grant.	401,979
8.	Delete funds for grants received from another State agency because the funds should be budgeted as reimbursable funds.	206,024
9.	Adopt committee narrative requesting information on child welfare caseloads and caseworkers.	
10.	Adopt committee narrative requesting a review of services available to parents with disabilities to allow children to be maintained in the home or reunified.	
	Total Reductions	**$ 2,394,240**

Updates

Child Fatalities Involving Abuse or Neglect: Annually, DHR reports the number of child fatalities in which child abuse or neglect was a factor. In calendar 2015, there were 33 such fatalities, 12 more than in calendar 2014.

Operating Budget Analysis

Program Description

The Department of Human Resources (DHR) Social Services Administration (SSA) supervises child welfare programs provided through the local departments of social services (LDSS) 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; and provide appropriate placement and permanency services. SSA is responsible for policy development, training and staff development, monitoring and evaluation of LDSS programs, and oversight and maintenance of the child welfare information system (Maryland Children's Electronic Social Services Information Exchange).

SSA also supervises social services programs for vulnerable adults and individuals with disabilities. These programs protect vulnerable adults, promote self-sufficiency, and assist in avoiding unnecessary or delaying institutional care.

DHR has an overall goal to be recognized as a national leader among human service agencies. DHR has two key goals related to SSA, which are that:

- Maryland residents are safe from abuse, neglect, and exploitation; and
- Maryland children live in permanent homes and vulnerable adults live in the least restrictive environments.

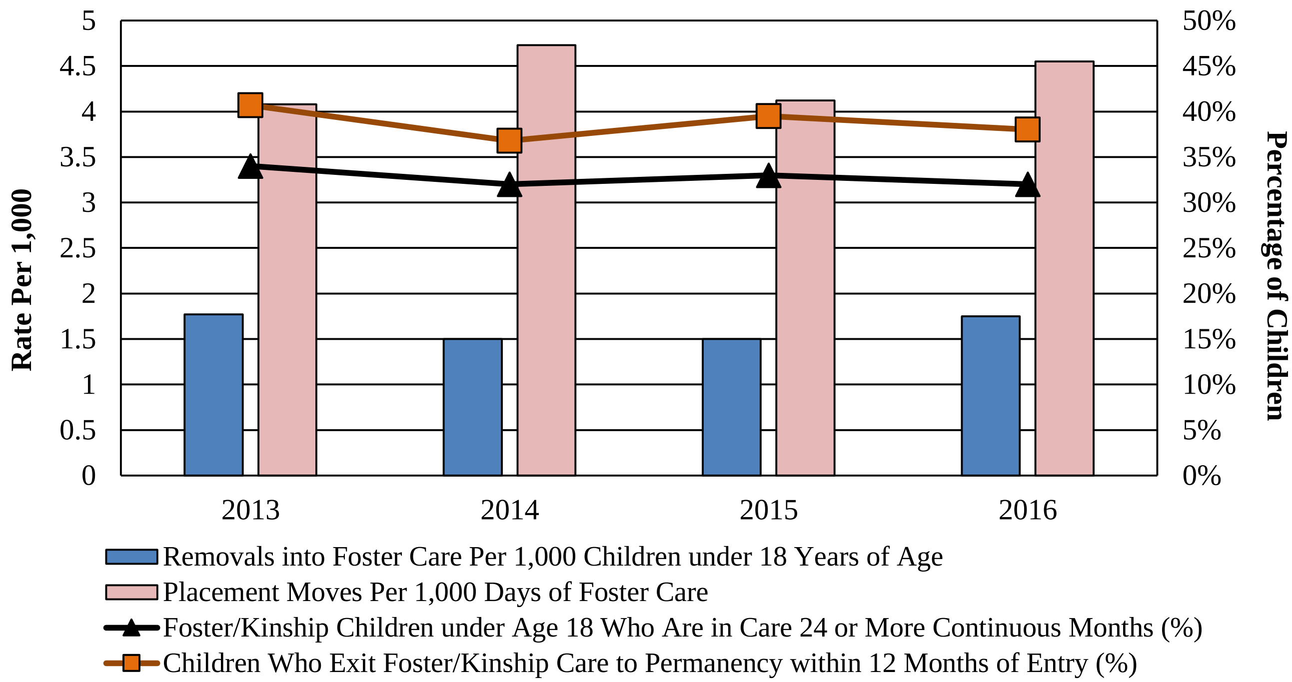
Performance Analysis: Managing for Results

In 2016, the performance measures throughout SSA showed trends indicating worsening performance compared to both the prior year and department goals. These worsening trends include measures of safety of children and adults as well as trends in out-of-home placements. **DHR should comment on its efforts to improve performance throughout SSA in fiscal 2017 and 2018.**

1. Children in Out-of-home Care

In fiscal 2016, SSA had 1.75 removals into foster care per 1,000 children under 18 years of age, a higher rate of removals than in fiscal 2015 and the goal (1.5), as shown in **Exhibit 1**. DHR explains that despite the increase in removals into care, the rate is still below the national average of 4.0 removals into care. DHR anticipates that Title IV-E Waiver activities in the coming years will allow that rate of removals to decline as the agency improves prevention efforts and activities related to family functioning.

Exhibit 1
Out-of-home Care and Placement Stability
Fiscal 2013-2016



Source: Department of Human Resources; Department of Budget and Management

SSA also moved children between placements at a higher rate in fiscal 2016 than in 2015, 4.6 moves per 1,000 days of foster care compared to 4.1. A rate of 4.6 placement moves per 1,000 days of foster care equates to a move approximately every 217 days (rather than 244 under the fiscal 2015 rate). Despite failing to achieve the goal in fiscal 2016, SSA met the goal (4.1) in two of the four years since fiscal 2013. SSA intends to work with the jurisdictions experiencing the greatest increase in the rate of placement moves in an effort to improve performance. DHR anticipates these efforts will include strengthening recruitment and retention of foster families.

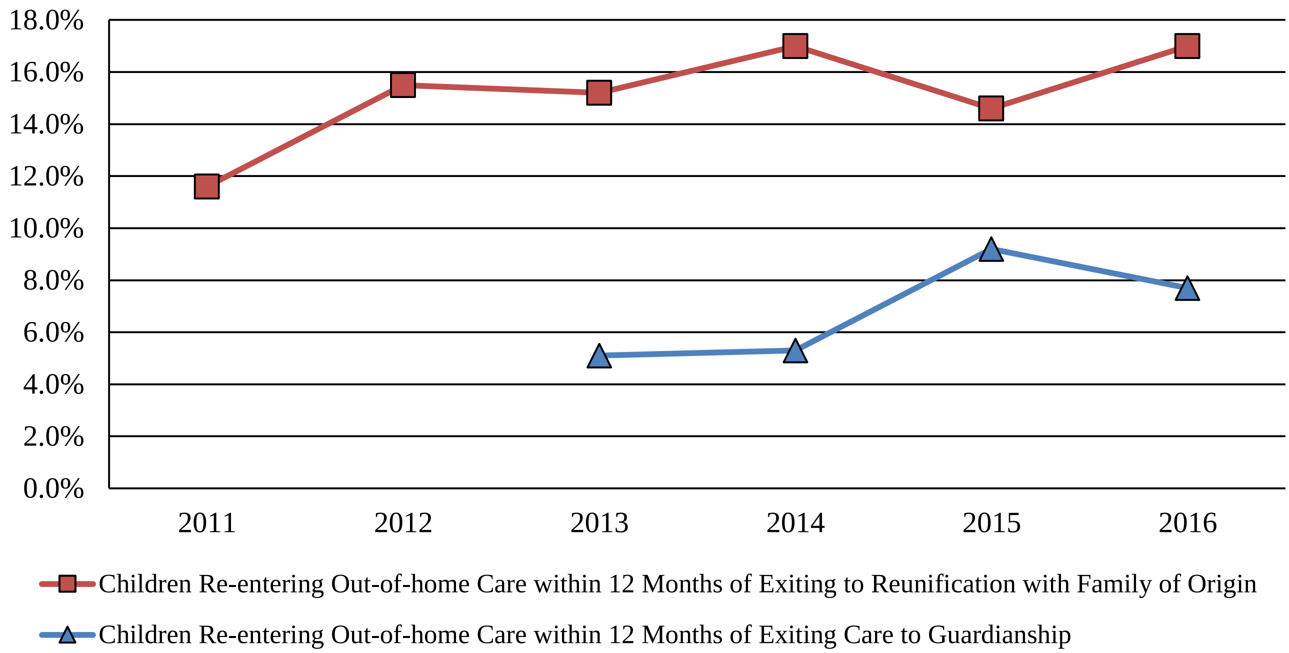
For the third year, SSA failed to meet its goal for either increasing the percentage of children who exit foster/kinship care within 12 months of entry (40.5%) or limiting the percentage of children under 18 who remain in care 24 or more continuous months (30.0%). In fiscal 2016, 38.0% of children exited foster/kinship care within 12 months of entry, 2.5 percentage points below the national standard and 1.5 percentage points lower than in fiscal 2015. While SSA did not meet the goal in fiscal 2016, a slightly lower percentage of children under 18 were in care 24 or more continuous months compared to fiscal 2015 (33.0% to 32.0%). DHR notes that it has made a concerted effort in recent years to reduce the number of children who have been in care for extended periods of time. However, two factors limit DHR's improvement in this measure: enabling youth to stay in care until the age of 21, which allows for the provision of more transitional services, may drive up the rate of children in care beyond 24 months, even for youth under the age of 18; and it is more difficult to achieve permanency for older children (16 to 18 years old) because children of that age may be reluctant to be adopted or placed into guardianship.

2. Re-entry into Care

DHR has a goal of no more than 12.0% of children re-entering care who exited out-of-home care to reunification within 12 months. For the fifth consecutive year, SSA failed to meet this goal. After achieving a re-entry-into-care rate of 14.6% in fiscal 2015, the lowest rate since fiscal 2011, the re-entry rate increased to 17.0% in fiscal 2016, as shown in **Exhibit 2**. Due to the high rates of children re-entering care from reunification, budget bill language in fiscal 2015 restricted funds in SSA to study issues related to unsuccessful reunifications. This study highlighted seven factors that lead to an increased risk of re-entry including (1) having siblings in out-of-home care during the same period; (2) short lengths of stay in foster care; (3) child behavioral problems being a factor in the removal; (4) experiencing a residential treatment center placement during out-of-home care; (5) prior experience in foster care; (6) removal from a mother-only household; and (7) court-order reunifications against the agency recommendation. SSA indicates it is working with the LDSS to identify and implement strategies that address these risk factors, particularly in jurisdictions with high re-entry rates. SSA also explained that activities under the Title IV-E waiver are expected to reduce re-entry into care.

Despite a lower percentage of children re-entering care within 12 months of exiting to guardianship in fiscal 2016 (7.7%) than in fiscal 2015 (9.2%), the percentage of children re-entering care remains higher than the approximately 5.0% levels experienced in fiscal 2013 and 2014. DHR is planning to review the reasons for re-entry into care from guardianship. **DHR should comment on the strategies it has identified to reduce re-entries into care from reunification and guardianship.**

Exhibit 2
Re-entry into Foster Care System within 12 Months of Exit
Fiscal 2011-2016



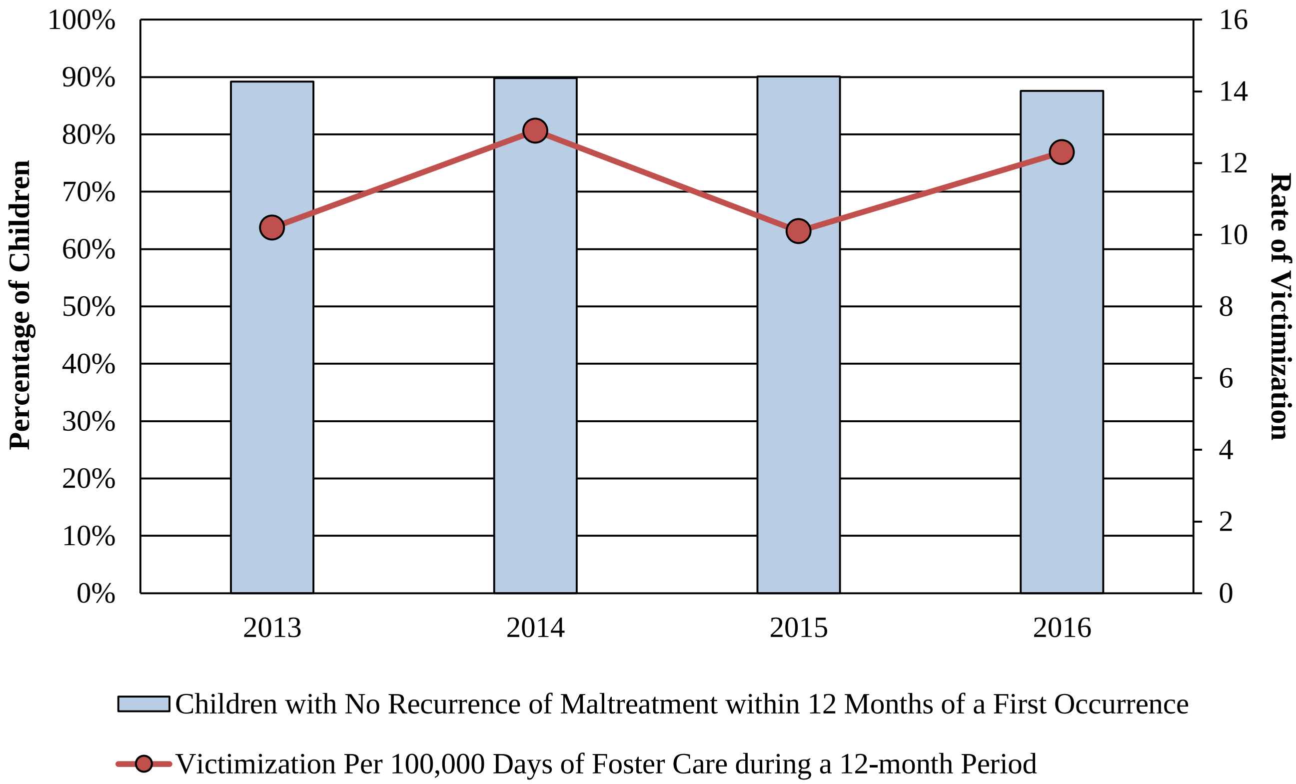
Source: Department of Human Resources; Department of Budget and Management

3. Safety

DHR reports two primary measures related to child safety: (1) the percentage of children with no recurrence of maltreatment within 12 months of a first occurrence; and (2) the rate of victimization per 100,000 days of foster care during a 12-month period. The rate of victimization includes all instances of maltreatment while in foster care and is not limited to foster parents or facility staff members. Because these are relatively new measures, limited historical data is available for each.

DHR has a goal of 90.9% of victims having no recurrence of maltreatment within 12 months by fiscal 2017. As shown in **Exhibit 3**, SSA has failed to achieve this level. While SSA was near this level in fiscal 2015 (90.1%), performance declined in fiscal 2016 to 87.6%. In addition, in fiscal 2016, the rate of victimization per 100,000 days of foster care in a 12-month period increased to 12.3 (from 10.1 in fiscal 2015). The goal for this measure is no more than 8.5. For both measures, DHR indicates that it will work with the LDSS to identify strategies for improvement. **DHR should comment on any specific strategies that have been identified to improve the safety of children both in and out of foster care.**

Exhibit 3
Safety
Fiscal 2013-2016



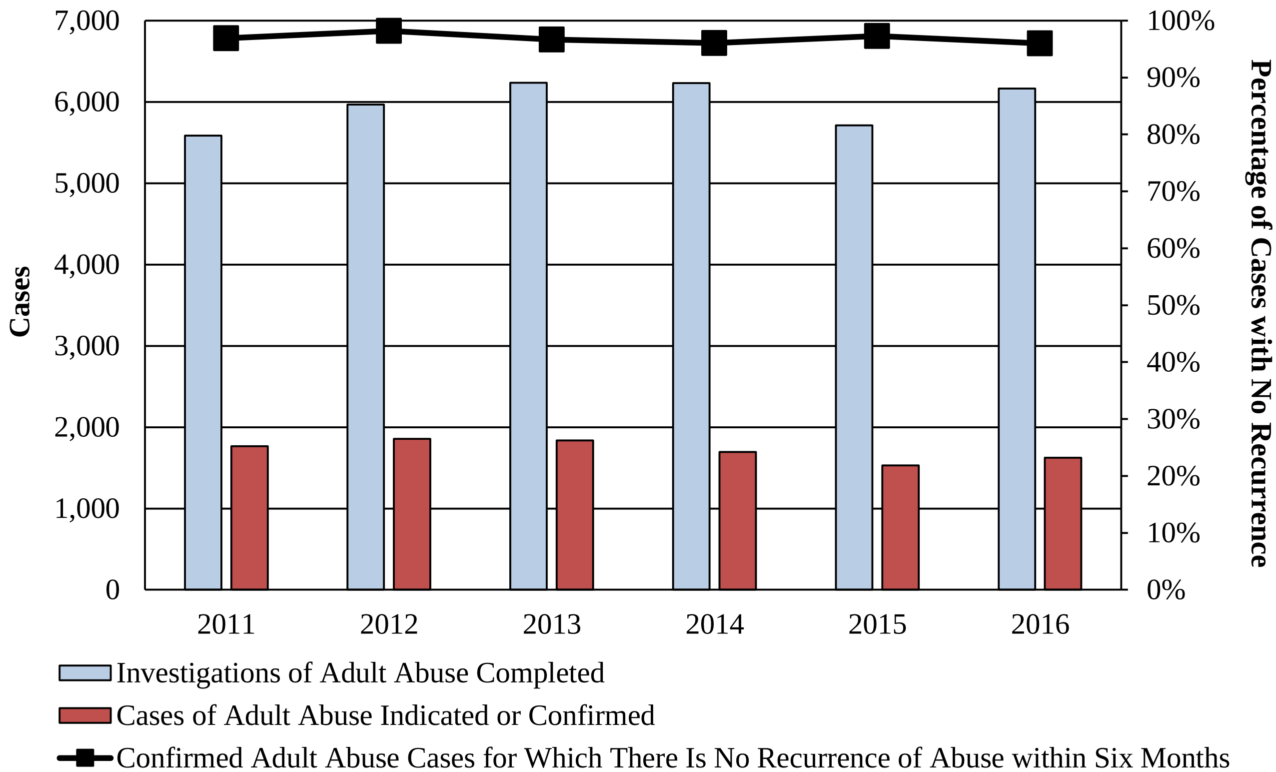
Source: Department of Human Resources; Department of Budget and Management

4. Adult Services

As shown in **Exhibit 4**, the number of cases of adult abuse indicated or confirmed increased in fiscal 2016 compared to fiscal 2015, an increase of 6.1%. The increase in indicated or confirmed adult abuse cases occurred after three years of declines.

DHR has a goal of 96.5% of adult abuse cases having no recurrence within six months. For the second time in three years, DHR failed to meet this goal. In fiscal 2016, 96.0% of adult abuse cases had no recurrence within six months, a decrease of 1.3 percentage points from fiscal 2015. DHR notes that a number of adult cases involve self-neglect and future reports may occur if the individual refuses to accept services. SSA notes that nationally, self-neglect is a difficult area for caseworkers to have a sustained impact. However, SSA explained that it is seeking additional training to strengthen the intervention skills of staff in the area of self-neglect.

Exhibit 4
Adult Protective Services
Fiscal 2011-2016



Source: Department of Human Resources; Department of Budget and Management

Fiscal 2017 Actions

Proposed Deficiency

The fiscal 2018 budget bill includes one proposed deficiency appropriation for SSA, replacing $15.7 million in federal funds with the same amount of general funds in Local Child Welfare Services. This proposed deficiency corrects the federal fund assumptions for the Medical Assistance Program to better reflect recent experience. After accounting for this change, the Medical Assistance Program federal funds included in the fiscal 2017 working appropriation are within $20,000 of the amount received in fiscal 2016. The fiscal 2018 allowance continues to include Medical Assistance Program funds at this lower rate. Absent this change, the Medical Assistance Program funds budgeted in fiscal 2017 are more than four times the amount actually received in Local Child Welfare Services in fiscal 2016.

Section 20 Position Reductions

Section 20 of the fiscal 2017 budget bill required 657 vacant positions to be abolished throughout State government and $20 million in general funds and $5 million in special funds to be cut. In total, 72 positions were abolished in DHR, of which 15 were in SSA. Of the 15 positions abolished in SSA, 5 were caseworker positions and 1 was a caseworker supervisor. The majority of the positions that were abolished (12) were in Baltimore City. Even with the position abolitions, as discussed further in Issue 2, on a departmentwide basis as well as in Baltimore City, the caseworker-to-case ratio standards were met. In DHR as a whole, $2.2 million in general funds were reduced as part of Section 20, slightly more than the general fund share of the salaries and fringe benefits for the positions that were abolished; however, the difference was less than $100,000 and should be able to be absorbed within the overall DHR budget.

Proposed Budget

As shown in **Exhibit 5**, the fiscal 2018 allowance of SSA decreases by $1.1 million (0.2%) compared to the fiscal 2017 working appropriation after accounting for deficiency appropriations in fiscal 2017 and the contingent reduction in fiscal 2018. The decrease occurs among general funds ($2.8 million) and federal funds ($19,687), which are partially offset by an increase in special funds of $1.8 million (33.0%). The largest change in special funds is the budgeting of Cost of Care Reimbursement funds ($1.6 million). These are Social Security payments received on behalf of children in foster care and used to support the cost of care. DHR began showing these funds as a special fund in fiscal 2016. These funds are not included in the fiscal 2017 working appropriation but are expected to be brought in during the closeout process. The fiscal 2018 allowance for the Cost of Care Reimbursement funds aligns with the fiscal 2016 experience.

Exhibit 5
Proposed Budget
DHR – Social Services
($ in Thousands)

How Much It Grows:	General Fund	Special Fund	Federal Fund	Total
Fiscal 2016 Actual	$362,742	$7,145	$183,468	$553,355
Fiscal 2017 Working Appropriation	382,247	5,359	186,501	574,107
Fiscal 2018 Allowance	379,444	7,129	186,481	573,054
Fiscal 2017-2018 Amount Change	-$2,803	$1,770	-$20	-$1,053
Fiscal 2017-2018 Percent Change	-0.7%	33.0%		-0.2%

Where It Goes:

Personnel Expenses

Annual cost of child welfare caseworker salary increases	$2,551
Turnover adjustments	413
Reclassifications	271
Workers' compensation premium assessment	160
Social Security contributions	-294
Employee retirement after accounting for contingent reduction	-1,206
Employee and retiree health insurance	-2,092
Regular earnings primarily due to fiscal 2017 position abolitions for which funding remains in the budget	-2,432
Other fringe benefit adjustments	-97

Foster Care Maintenance Payments

Subsidized guardianships partially offset by subsidized adoptions based on anticipated caseloads	4,232
2% provider rate increase	2,501
New Foster Youth Savings Program to promote asset development and financial literacy	1,700
Foster care placements due to caseload declines and changes in placements	-8,050

Title IV-E Waiver

New grant for technical support to develop sustainable best practices and data driven decision making	1,385
Technical support and evaluation contract with the University of Maryland School of Social Work	1,041

Other Program Changes

Increase in GOCCP grant to Queen Anne's County	51
Education Training Voucher to align with anticipated federal funds	-74
Child Welfare Training Academy to align with recent experience	-288
Locally funded services to adults in Prince George's County to align with recent experience	-348
Independent living services to assist in the transition to adulthood for foster youth to align with recent experience	-695

Where It Goes:

Administrative Changes	
Montgomery County grant primarily due to salary increases	758
Telephone and cell phone expenditures to better align with recent experience	216
Anne Arundel County communications charges to align with recent experience	84
Legal services expenses in Baltimore and Cecil counties	83
Supplies	59
Outcome-based reporting contract	58
Interpreter's fees in Frederick County and Baltimore City	52
Motor vehicle maintenance partially offset by gasoline expenses to better reflect recent experience	-44
Travel to better align with recent experience	-106
Administrative hearings	-184
Rent, including rent for garage space	-786
Other changes	28
Total	**-$1,053**

DHR: Department of Human Resources
GOCCP: Governor's Office of Crime Control and Prevention

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

Across-the-board Reduction

The fiscal 2018 budget bill includes a $54.5 million (all funds) across-the-board contingent reduction for a supplemental pension payment. Annual payments are mandated for fiscal 2017 through 2020 if the Unassigned General Fund balance exceeds a certain amount at the close of the fiscal year. The SSA share of these reductions is $506,279 in general funds, $4,482 in special funds, and $262,242 in federal funds. This action is tied to a provision in the Budget Reconciliation and Financing Act of 2017.

Personnel

After accounting for the contingent reduction, the fiscal 2018 allowance decreases personnel expenses by $2.7 million. The largest increase ($2.6 million) supports the fiscal 2018 cost of the child welfare caseworker salary increase that began in fiscal 2017. In fiscal 2017, these salary increases are supported by funding available from the abolition of 40 vacant positions, while in fiscal 2018 the salary increases are supported directly. DHR indicates that the caseworker salary increases address inequities in pay between individuals performing the same work and improve the ability to hire and retain staff. The salary increase ensures a consistent base pay level between all current workers and sets a new consistent base pay for future hires. The abolition of the 40 vacant positions is the primary cause of the decrease of $2.4 million in regular earnings since funding related to the positions is removed in the fiscal 2018 allowance.

Overall, overtime in SSA is essentially level funded in the fiscal 2018 allowance compared to the fiscal 2017 working appropriation and the three-year average of expenditures. However, the general fund share of the overtime expenditures in the fiscal 2018 allowance is nearly $428,000 lower than the three-year average of expenditures. While federal funds are higher than the three-year average of expenditures, the fiscal 2017 working appropriation in both general and federal funds is more reflective of the three-year average. If overtime spending is more in line with the recent experience than is reflected in the fiscal 2018 allowance, SSA may be short of funds. However, the difference can likely be absorbed within the overall budget of SSA. **DHR should consider continuing to budget general funds for overtime at a level comparable to the recent experience.**

Foster Care Maintenance Payments

The fiscal 2018 allowance for the Foster Care Maintenance Payments program provides a slight increase of $377,723 (0.1%) compared to the fiscal 2017 working appropriation. This program includes both the funds for placement costs for children in out-of-home care, subsidized adoptions, and subsidized guardianships, as well as related costs for these children (for example, day care expenses to assist foster parents and educational expenses). Despite the limited overall change, the program has more substantial shifts among fund sources.

- General funds increase by $6.7 million, primarily due to funding for the 2% provider rate increase ($2.5 million) and a new foster youth savings program ($1.7 million), which is funded entirely with general funds.

- Special funds increase by $2.1 million to align with fiscal 2016 experience, which includes the budgeting of Cost of Care Reimbursement funds not included in the fiscal 2017 working appropriation, as discussed earlier.

- Federal funds decrease by $8.4 million, primarily to better align with fiscal 2016 experience, with two exceptions. The fiscal 2018 allowance maintains the federal Temporary Assistance for Needy Families spending at the lower fiscal 2017 level and adjusts funds for the Title IV-E Waiver based on the agency's expected receipts and planned uses of these funds.

Outside of the increases associated with the provider rate changes and the new Foster Youth Savings Program, the spending on out-of-home placements generally decreases in the fiscal 2018 allowance.

Foster Youth Savings Program

As noted, the fiscal 2018 allowance includes an increase of $1.7 million in general funds in the Foster Care Maintenance Payments Program to support a new program for transition aged foster youth. The program is designed to provide an opportunity to develop an individual savings account, known as a Child Development Account, for children in out-of-home care between the ages of 14 and 21 as part of the Ready by 21 program. The goal of the program is to promote savings and asset building, as well as to increase financial literacy. The program is also expected to assist in establishing a safety net for youth following the transition from foster care. DHR notes in Ready by 21 materials that only 47% of former foster youth have any savings or checking accounts, compared to 85% of all young adults.

These types of programs are generally matched savings accounts, meaning that for every certain amount of the individual's own funds that he/she puts into the account, the savings are matched to some degree. Overall, DHR's goal is that each youth would have at least $1,000 of their own funds in the account when the youth exits care and DHR plans to contribute up to $1,000 per youth participating in the program. However, DHR has not determined the terms of the match. DHR is still in the planning phase for the program and as a result, limited information is currently available about the specifics for the new program. For example, DHR is exploring the type of account that may be used in the program. In particular, DHR is examining types of accounts that would allow for third-party contributions (*e.g.*, philanthropy, relatives, *etc.*). DHR is also seeking to find an account option that would not interfere with eligibility for public benefits that have asset limits after leaving care.

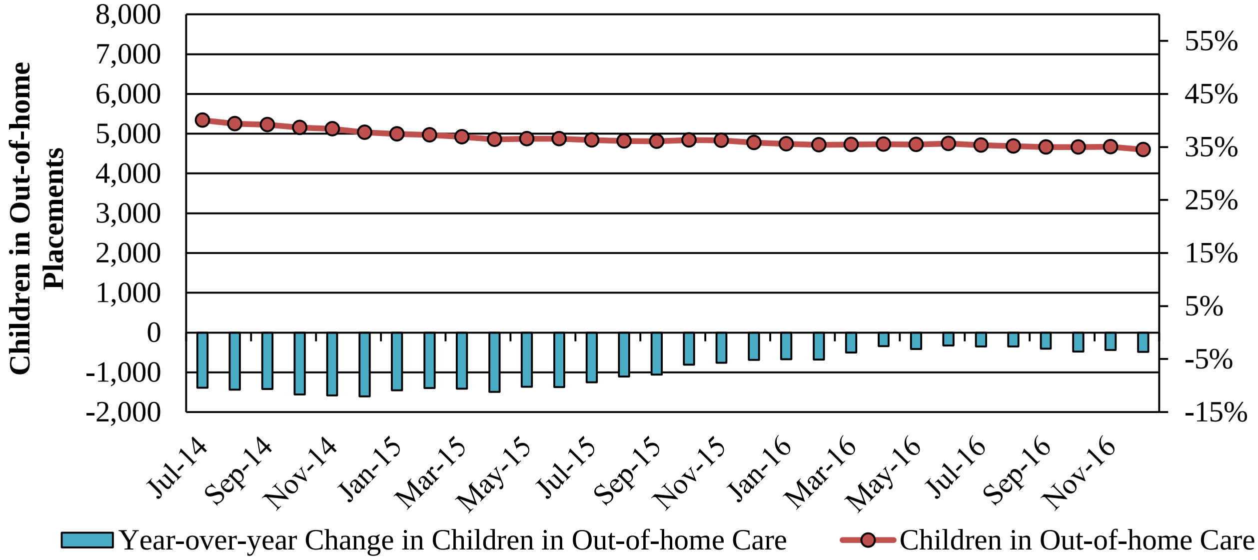
Similar to other types of development accounts, DHR anticipates establishing rules about the withdrawal of the funds in the account, particularly the matched funds. For example, DHR plans to limit withdrawals of the matched funds until after the age of 21. DHR also plans to incorporate financial literacy training and education into the program, which is expected to complement life skills already developed through the Ready by 21 program. **The Department of Legislative Services (DLS) recommends committee narrative requesting information on the implementation of the new program.**

The National Conference of State Legislatures (NCSL), in a March 2014 Legisbrief, summarized findings from an Individual Development Account for foster youth initiative developed by the Jim Casey Youth Opportunity Initiative. In the brief, NCSL stated that 35% of participants withdrew matched savings, with the most common purchases being vehicles, housing, or education. NCSL noted that almost half of participants remained in the program after making an initial purchase to save for an additional purchase.

Out-of-home Placements

As shown in **Exhibit 6**, from July 2014 through December 2016, the number of children in out-of-home care declined on a year-over-year basis in each month. During that period, the number of children in out-of-home care decreased from 5,339 to 4,600.

Exhibit 6
Children in Out-of-home Placements at the Beginning of the Month
July 2014 – December 2016



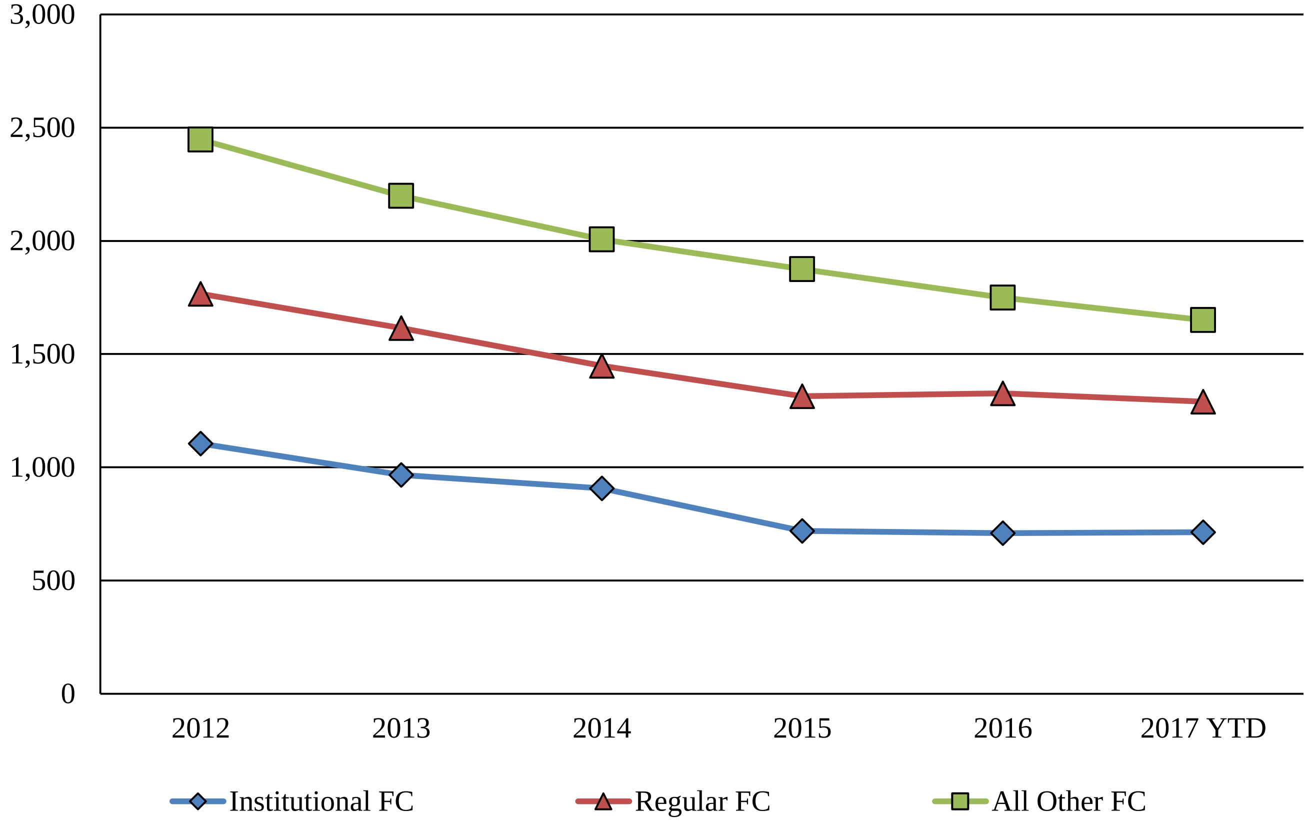
Source: Department of Human Resources

Caseload Estimates

While the previous information describes the number of children in care, the remainder of the discussion focuses on placement types. The average monthly number of children in various placement types may not equal the number of children in out-of-home care because children may be counted in multiple placements if the children change placements and children in certain placements (kinship care) are not counted as in a placement type. Generally, however, the trends in children in out-of-home care are consistent with the overall trends of out-of-home placements.

Exhibit 7 provides information on the trends in the average monthly caseloads in various foster care placements. Figures in Exhibit 7 for fiscal 2017 are the average through December 2016. In total, the average monthly number of children in foster care decreased by 3.1% between fiscal 2015 and 2016. However, the change was not consistent between placement types. The primary driver of the overall change in the number of foster care placements was in the all other foster care placements category (which includes emergency, treatment foster care, and purchased homes among others), which declined by 6.7% between fiscal 2015 and 2016. The number of children in regular foster care increased by 1.0%. The increase among children in regular foster care was the first increase in this type of placement in more than 10 years. The changes between fiscal 2015 and 2016 are consistent with the goals of Place Matters, with fewer children in care overall and a higher number of the children that are in out-of-home care placed in a family setting.

Exhibit 7
Foster Care
Average Monthly Caseloads
Fiscal 2012-2017 Year-to-date



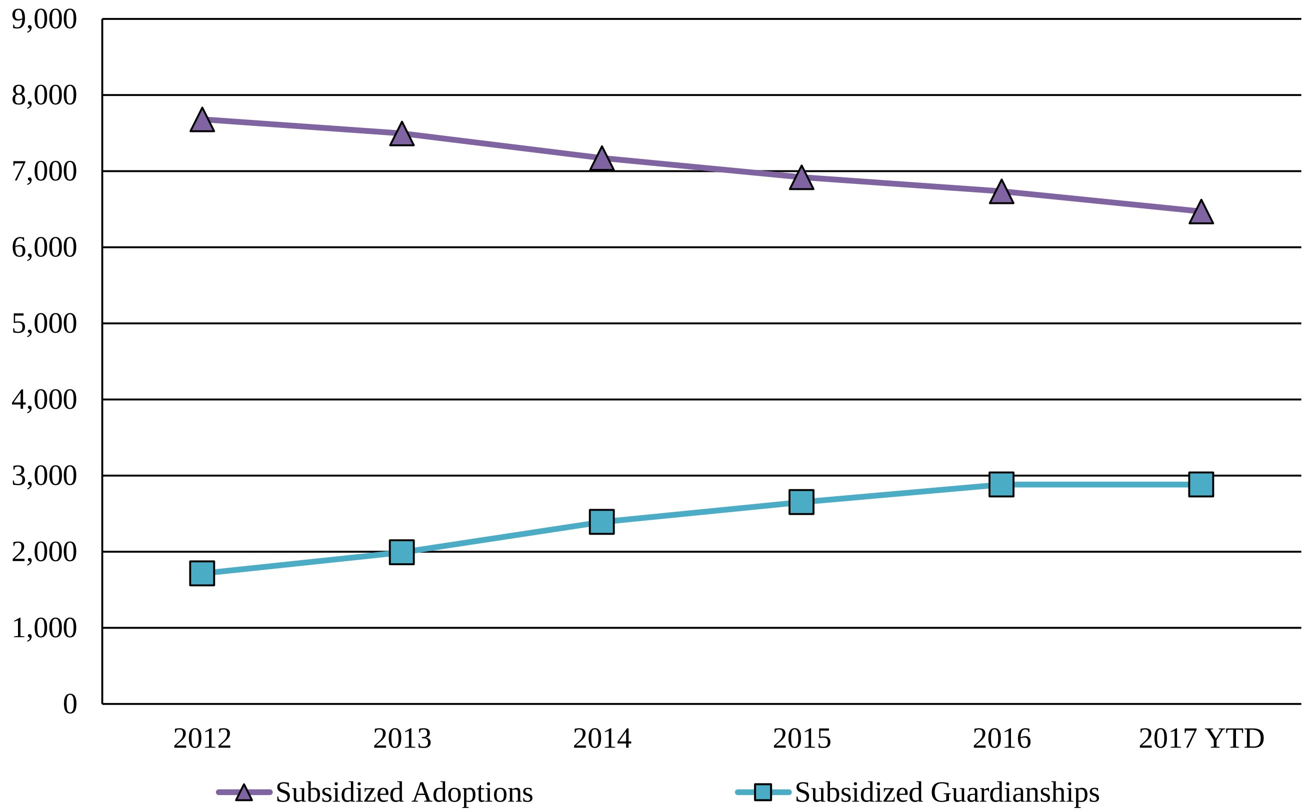
FC: Foster Care
YTD: year-to-date

Note: Fiscal 2017 data is year-to-date through December 2016.

Source: Department of Human Resources; Department of Budget and Management

The average monthly number of children in subsidized adoption and guardianships has increased in recent years, though the rate of growth has been less than 1.0% in each of the last three years. This slow overall growth masks the very different trends among the two placement types, as shown in **Exhibit 8**. The average monthly number of children in subsidized adoptions has decreased in each year, with a decrease of 2.6% between fiscal 2015 and 2016. The average monthly number of children in subsidized guardianships has increased substantially since fiscal 2012. Between fiscal 2015 and 2016, subsidized guardianships increased 8.8%. However, year to date in fiscal 2017 the average monthly number of subsidized guardianships has leveled off.

Exhibit 8
Subsidized Adoptions/Guardianships
Average Monthly Caseloads
Fiscal 2012-2017 Year-to-date



YTD: year-to-date

Note: Fiscal 2017 data is year-to-date through December 2016.

Source: Department of Human Resources; Department of Budget and Management

Exhibit 9 compares DLS caseload estimates with the current fiscal 2017 projections by DHR and the fiscal 2018 estimates on which the budget was based. DLS expects a similar decline in the average monthly number of children in foster care in fiscal 2017 as occurred in fiscal 2016 (a decrease of 3.5%). This decrease also aligns with the year-to-date experience. However, DLS expects a slightly smaller decrease in the caseload in fiscal 2018 (2.5%), consistent with the general slowing of the rate of decrease in children in out-of-home care. While there are some variations in individual placement types, in total the DLS and DHR estimates are relatively similar for foster care placements in both fiscal 2017 (a difference of 40) and 2018 (a difference of 42).

Exhibit 9
Foster Care and Subsidized Adoption/Guardianship Caseload Projection
Average Monthly Caseloads
Fiscal 2016-2018

	2016		2017			2018	
	Actual	DHR Projection	DLS	Difference	DHR Allowance	DLS	Difference
Regular FC	1,327	1,342	1,281	-61	1,355	1,249	-106
Emergency FC	48	50	46	-4	52	45	-7
Treatment FC	21	22	20	-2	22	20	-2
Intermediate FC	153	149	148	-1	143	144	1
Purchased Home	1,460	1,356	1,409	53	1,259	1,374	115
Semi-independent Living	3	3	3	0	0	0	0
Purchased Institution	709	699	684	-15	690	667	-23
Minor Mothers	64	72	62	-10	79	60	-19
Subsidized Guardianships	2,882	3,135	2,810	-325	3,411	2,782	-629
Subsidized Adoption	6,737	6,560	6,569	9	6,388	6,503	115
Total FC	**3,785**	**3,693**	**3,653**	**-40**	**3,600**	**3,558**	**-42**
Total Subsidized Adoptions/Guardianships	**9,619**	**9,695**	**9,379**	**-316**	**9,799**	**9,285**	**-514**
Total Combined	**13,404**	**13,388**	**13,031**	**-357**	**13,399**	**12,843**	**-556**

DLS: Department of Legislative Services

FC: foster care

Note: Numbers may not sum due to rounding.

Source: Department of Human Resources; Department of Budget and Management; Department of Legislative Services

DLS anticipates that the combined number of children in subsidized adoption and guardianships will begin to decrease in fiscal 2017 (a decrease of 2.5%), with a slower decline in fiscal 2018 (1.0%). The decrease in fiscal 2017 provides an average monthly caseload near the year-to-date experience. The DLS and DHR estimates for subsidized adoptions in fiscal 2017 are very similar, although DLS projects a slightly slower decline in fiscal 2018 than DHR (a 1% decline compared to 2.6%). However, the DLS estimate of subsidized guardianships is very different than DHR, which results in a difference of 325 cases in fiscal 2017 and 629 cases in fiscal 2018. DHR is projecting an approximately 8.8% increase in subsidized guardianships in each year consistent with the change between fiscal 2015 and 2016. The DHR projection does not account for the leveling off of this growth in fiscal 2017 shown in Exhibit 8.

Rate Estimates

As noted earlier, the fiscal 2018 allowance includes $2.5 million in general funds to support a 2% provider rate increase for providers who have rates set by the Interagency Rates Committee (all providers except regular foster care, subsidized adoptions, and subsidized guardianships). Consistent with this funding, DLS has also included a 2% provider rate increase in its fiscal 2018 estimates. DLS's estimates of the average monthly cost of foster care placements are higher than DHR projections in both fiscal 2017 (a difference of $158) and 2018 (a difference of $195). The differences primarily occur in two areas (emergency foster care and purchased institutions). In both areas, DLS estimates are based on the most recent actual, which leads to higher projected costs for purchased institutions and lower estimated costs for emergency foster care.

While providers with rates set by the Interagency Rates Committee are set to receive a 2% provider rate increase, the monthly board rate for family foster homes is not scheduled to increase. These rates (which are slightly different for children 0 to 11 and 12 and older) have not been increased since fiscal 2011. While the overall rates are unchanged, DHR periodically reviews and updates the differential rate for these providers in Charles and Prince George's counties. The differential rates are designed to keep the foster care board rates competitive with Washington, DC in those jurisdictions. These differential rates were updated in November 2016. **DHR should comment on the regularity with which it reviews family foster care provider rates to determine the adequacy of those rates.**

Forecast

Exhibit 10 presents a comparison of the DLS estimate of expenditures for foster care and subsidized adoption/guardianship compared to the budgeted funds in fiscal 2017 and 2018. Primarily due to higher estimates of cost of care, DLS projects relatively modest shortfalls in overall funding in each year ($2.4 million in fiscal 2017 and $1.8 million in 2018). However, DLS projects a slightly larger general fund shortfall in fiscal 2017, $3.4 million, than the overall shortfall due to differences in the assumptions of the availability of federal funds. In fiscal 2018, DLS projects no shortfall in general funds. However, for both years, whether the overall shortfall translates to a general fund shortfall is dependent on the availability of federal funds. In each year, the DLS estimated total shortfall is less than 1% of the budget for the program.

Exhibit 10
Foster Care and Subsidized Adoption/Guardianship Caseload and Expenditures
Fiscal 2016-2018 Est.
($ in Millions)

	2016	DLS Estimate 2017	DLS Estimate 2018	% Change 2017-18
Monthly Caseload				
Foster Care	3,785	3,653	3,558	-2.6%
Adoptions/Guardianships	9,619	9,379	9,285	-1.0%
Total	**13,404**	**13,031**	**12,843**	**-1.4%**
Foster Care Monthly Cost Per Case ($ Per Month)	$3,424	$3,445	$3,508	1.8%
Subsidized Guardianship/Adoption Monthly Cost Per Case ($ Per Month)	$791	$791	$791	0.0%
Flex Funds	$25.6	$25.6	$29.3	14.3%
Budgeted Expenditures				
General Funds	$183.7	$177.8	$184.5	3.8%
Total Funds	**$267.6**	**$262.3**	**$262.7**	**0.2%**
Forecasted Expenditures				
General Funds	$183.7	$181.2	$184.4	1.8%
Total Funds	**$267.6**	**$264.7**	**$264.5**	**-0.1%**
General Fund Surplus/Shortfall (Compared to Budget)		-$3.4	$0.1	
Total Surplus\Shortfall (Compared to Budget)		**-$2.4**	**-$1.8**	

DLS: Department of Legislative Services

Note: Flex funds represents spending that is not based on caseloads such as day care and educational expenses.

Source: Department of Human Resources; Department of Budget and Management; Department of Legislative Services; Governor's Budget Books

Issues

1. Title IV-E Waiver

Waiver Proposal

In February 2014, DHR applied for a Title IV-E Waiver. As stated in the waiver application, DHR intended to expand family preservation and post-permanency services, essentially allowing the agency to spend federal funds for more than out-of-home placements. DHR planned to focus on children transitioning from foster care. DHR identified two priority populations to focus services on: (1) children 0 to 8 years old; and (2) children 14 to 17 years old. DHR expected to reduce entries and re-entries into out-of-home care and reduce the length of stay in out-of-home care. DHR anticipated that the waiver would begin an expansion of evidence-based practices for in-home services and post-permanency support and that the services would ultimately be part of the Medicaid State Plan.

The specific waivers DHR sought for the project were related to (1) expanded eligibility (allowing the State to use Title IV-E funds for children and families not otherwise eligible); (2) expanded claiming; and (3) expanded services (to allow the State to use funds for services not normally covered by Title IV-E funds).

DHR planned to roll out the waiver in phases across the State and work with the jurisdictions to identify the specific evidence-based practices that should be implemented or expanded in that jurisdiction. DHR planned to partner with the University of Maryland School of Social Work to assess the effectiveness of the demonstration project.

Waiver Approval

On September 30, 2014, DHR received approval of the proposed demonstration project and waivers to implement the project. Under the terms and conditions provided to the State, the project was to begin no earlier than July 1, 2015, but no later than October 1, 2015, and to end the twentieth quarter after the project start date or September 30, 2019 (whichever is earlier). DHR began implementation of the waiver on July 1, 2015, and as a result, the project will end September 30, 2019.

DHR is required under the terms and conditions to, among other items, continue processing Title IV-E eligibility for children (to ensure that the funding for eligible children will continue after the project ends), ensure a program is maintained consistent with the services provided before implementation of the project for children and families that are not part of the demonstration, and ensure that savings from the project (federal, State, or local) remain in use for child welfare services. Savings are considered to be the funds that would have been expended under the regular Title IV-E program without the demonstration or could have been expended under Title IV-B.

Waiver Implementation and Status

Activities

DHR began implementation of the project with a new assessment tool for all in-home service cases statewide (Child and Adolescent Needs and Assessment – Family or CANS-F), which is a trauma informed assessment tool. Compliance for use of CANS-F improved in the fourth quarter of fiscal 2016 and in the first quarter of fiscal 2017. In the first quarter of fiscal 2017, 78% of cases received at least one of these assessments. DHR continues to hold technical assistance meetings related to the implementation of the assessment. DHR explains that these meetings are designed to review jurisdiction level data on the tool and to support the effective utilization of the tool.

Between January 2016 and June 2016, eight jurisdictions began planning, training, and identifying the evidence-based practices to be implemented in those jurisdictions. The eight jurisdictions were:

- Allegany County;
- Anne Arundel County;
- Baltimore City;
- Baltimore County
- Harford County;
- Howard County;
- Prince George's County; and
- Washington County.

The LDSS involved in implementing evidence-based practices developed implementation teams and eligibility and referral criteria and conducted initial training. These 8 jurisdictions were providing services by fall 2016. DHR made site visits to 7 of the 8 implementing jurisdictions in December 2016. DHR explains that the site visits are an opportunity to receive updates on the implementation of practices and discuss the technical assistance that is needed. In early calendar 2017 (January and February), DHR will be making site visits to the 16 jurisdictions that have not yet implemented evidence-based practices. DHR will continue making site visits to support and monitor the implementation of the evidence-based practices and develop technical assistance plans. Other fiscal 2017 activities include implementing activities related to substance abuse, developing a new integrated practice model, and increasing family/youth engagement.

By fiscal 2018, DHR plans to be largely in the implementation and technical assistance phase of all areas of the waiver. In that year, DHR also plans to identify core evidence-based practices that can be expanded throughout the State. DHR also plans to begin working with the Department of Health and Mental Hygiene to incorporate the chosen evidence-based practices into the Medicaid State Plan. In fiscal 2019, DHR will continue to prepare for the end of the waiver.

Reinvestment

To ensure savings remain within the program as required, DHR began three reinvestment strategies during the first half of calendar 2016. Family support funds were provided to LDSS to promote safety, permanency, and well-being among clients and to prevent out-of-home placements (including re-entry). The funds were used in a variety of ways by the LDSS including summer camps, child care, housing assistance (such as purchasing furniture, food, clothing, household goods, and exterminator services), behavioral health services, post-reunification support to families, one-on-one support for a medically fragile child, and transportation assistance (such as the purchasing of a vehicle for a family that recently adopted a sibling group).

A distribution of funds was also made to each LDSS that operates an active primary or satellite Child Advocacy Center (a center where child victims of maltreatment may be interviewed, undergo examinations, and receive therapy). DHR explained that preference was given to helping these centers reach or maintain accreditation. The LDSS used these funds in a variety of ways, including modernizing technology (purchasing recording and interviewing equipment to limit the number of times that interviews must be conducted and installing video cameras in waiting rooms to increase safety), creating trauma-informed and family-friendly spaces, conducting professional development, providing direct services (contracting with a board certified pediatrician and expanding mental health services), and engaging a consultant to assist in achieving accreditation.

Funds were also provided to the Center for Adoption Support and Education (CASE) for services in two jurisdictions (Montgomery and Prince George's counties) to address issues related to adoptions, guardianship, and transitioning youth. Specifically, in Prince George's County, CASE provided group and educational sessions to pre- and post-adoptive families and families for whom adoption is a possibility. In Montgomery County, CASE enhanced a program that provides support services for transitioning youth.

In fiscal 2017 and 2018, DHR intends to continue to provide reinvestment funds to the LDSS to be used for family support activities. However, DHR does not plan to provide funding for either the Child Advocacy Centers or CASE in either year. DHR notes that if additional Child Advocacy Centers decide to seek accreditation, it may direct funds to that effort in fiscal 2018.

Title IV-E Waiver Spending

Under the waiver, funds are received based on a capped allocation, with caps identified for maintenance payments and administration separately. DHR proposed to exclude certain costs from the capped allocation: (1) information technology (IT) costs; (2) training; (3) subsidized adoption payments; and (4) subsidized guardianship payments. The base allocation for each federal fiscal year for foster care maintenance costs (which include expanded services under the project) is $77.64 million, and the base allocation for administrative costs is $48.99 million. These costs include both the federal and State share, the latter of which is based on the federal Medical Assistance match rate (in Maryland 50%). The federal share of the base allocations includes $38.82 million for maintenance payments and $24.5 million for administrative expenses. These allocations are adjusted annually. The capped allocation acts essentially as a block grant requiring the department to make choices about how to best utilize the available funds between programs and activities.

Originally, it appeared that between federal fiscal 2015 and 2019, DHR would have $325.2 million of federal Title IV-E Waiver funds available for programs (approximately $65.0 million per year). However, DHR has subsequently presented several scenarios about whether $63.6 million from federal fiscal 2015 is available to the agency (including that none of it is available, a quarter of it is available, or three-quarters of it is available). The underlying issue is that DHR has not confirmed with the U.S. Department of Health and Human Services (HHS) which, if any, portion of the federal fiscal 2015 funds are available. **DHR should explain when it intends to find out from HHS whether any of the $63.6 million of funds from federal fiscal 2015 is available to the agency.**

Exhibit 11 compares the actual fiscal 2016 spending with the planned spending in fiscal 2017 and 2018 by program of the federal share of Title IV-E Waiver funds. The fiscal 2018 allowance of Title IV-E Waiver funds decreases by $9.6 million compared to the fiscal 2017 working appropriation and nearer the level of fiscal 2016 spending. The fiscal 2016 spending and fiscal 2018 allowance are both near the amounts of the annual capped allocations in that year. The fiscal 2017 working appropriation exceeds the annual capped allocation by $9.7 million ($5.7 million for foster care maintenance payments and $4.0 million for all other chargeable costs). DHR initially explained that the additional funds in fiscal 2017 were available as carryover. However, if the federal fiscal 2015 funds are not available to the agency, only $3.7 million of carryover is available for foster care maintenance payments. Alternatively, DHR now states that it has access to the total pot of the Title IV-E Waiver funds, so it is accessing funds that could be used in a future year. If the department is accessing the federal fiscal 2019 funds in fiscal 2017 and none of the federal fiscal 2015 funds are available, then less than $60 million will remain for the final 15 months of the waiver, as shown in **Exhibit 12**. **DHR should explain what services currently funded will need to be reduced in the final 15 months of implementation to accommodate the use of the funds in fiscal 2017, if DHR does in fact not have access to the $63.6 million from federal fiscal 2015.**

As would be anticipated, in each of these years, the largest share of Title IV-E funds (approximately 60%) is spent on Foster Care Maintenance Payments. The second highest share of expenditures occurs in Local Child Welfare Services, which includes both support for caseworkers and the waiver intervention services provided in the LDSS. However, the decrease in funding for Local Child Welfare Services in fiscal 2018 does not impact the funding of waiver intervention services. The fiscal 2018 allowance includes $8.0 million ($4.0 million each of general funds and Title IV-E Waiver funds) for waiver intervention services, which is level funded compared to fiscal 2017. DHR plans to continue using these funds in largely the same manner as in prior years (support for evidence-based practices, the implementation of the trauma-informed assessment and practices, and the reinvestment strategies such as family support funds). However, DHR plans some additional activities with these funds in fiscal 2018, including additional substance abuse programs for interventions not covered by Medicaid and other interventions designed to support parents, caregivers, and youth with a substance use disorder. DHR will also provide behavioral and mental health prevention for early intervention and treatment of children, youth, and families designed to improve family function and prevent entries into care. DHR also plans parenting training supports for the prevention of maltreatment through the waiver interventions services.

Exhibit 11
Federal Title IV-E Waiver Spending
Fiscal 2016-2018 Est.

	2016	Working Appropriation 2017	Allowance 2018	Difference
Foster Care Maintenance Payments	$36,891,698	$45,641,144	$40,114,923	-$5,526,221
Local Child Welfare Services	16,163,486	16,357,909	12,787,056	-3,570,853
Social Services Administration – State Offices	3,149,015	6,776,322	7,903,071	1,126,749
Local Adult Services	1,949,042	1,645,798	1,665,369	19,571
Maryland Legal Services Program	108,846	1,922,765	0	-1,922,765
Family Investment Administration	355,284	0	0	$0
General Administration	3,571,835	2,322,816	2,565,341	242,525
Total	**$62,189,206**	**$74,666,754**	**$65,035,760**	**-$9,630,994**

Source: Governor's Budget Books

Exhibit 12
Title IV-E Waiver Spending versus Revenue
Fiscal 2016-2020 Est.

	2016	2017 Working	2018 Allowance	2019 and 2020 Est.
Maintenance				
Spending	$36,891,698	$45,641,144	$40,114,923	
Available	$40,641,144	$39,919,005	$40,114,923	$38,367,415
Difference	**-$3,749,446**	**$5,722,139**	**$0**	
Administration				
Spending	25,297,508	29,025,610	24,920,837	
Available	$25,163,196	$25,066,885	$25,008,242	$21,274,576
Difference	134,313	3,958,725	-87,405	
Total				
Spending	$62,189,206	$74,666,754	$65,035,760	
Available	$65,804,340	$64,985,890	$65,123,165	$59,641,990
Difference	-$3,615,134	$9,680,864	-$87,405	

Source: Department of Human Resources; Department of Legislative Services; Maryland Terms and Conditions Final

The increase in the Title IV-E Waiver funds in the State offices of SSA in fiscal 2018 occurs primarily due to additional technical support and assistance for the project as well as evaluation costs. DHR has added a second organization to provide technical support in the fiscal 2018 allowance, Chapin Hall at the University of Chicago. This organization is expected to provide additional expertise to assist in using the Title IV-E Waiver to support the broader vision of the child welfare system, effectively using data and evidence to drive decision making and enhancing quality improvement processes. DHR also explains that these funds will assist the department is accessing resources to assist Maryland in developing sustainable best practices.

Challenges

DHR notes that it has experienced some challenges in implementing the waiver. DHR had not established all the necessary codes for some services in the IT system prior to implementation of activities, which created difficulty in data collection. DHR also experienced delays in contracting due to lengthy State and local procurement processes. Finally, DHR explains that implementing new interventions took longer than expected because of the need to develop infrastructure for the services (for example, developing referral forms, revising policy and procedures, and orienting staff on the intervention).

2. Child Welfare Caseworkers

Child welfare caseload ratios have been of concern to the General Assembly for many years. In 1998, the General Assembly passed the Child Welfare Workforce Initiative requiring that DHR and the Department of Budget and Management ensure that the Child Welfare League of America (CWLA) recommended caseload to staffing levels are met. The Child Welfare Accountability Act of 2006 reiterated this requirement. For the past decade, the budget committees have either withheld funds until a certain number of caseworker positions were filled or asked DHR to report on caseload ratios for supervisor and caseworker positions.

CWLA recommended caseload to staffing ratios are a series of ratios separated by the type of case or work being undertaken. For example, intake, preservation services, out-of-home placement foster care, and out-of-home placement kinship care each have individual ratios. The number of workers needed are then combined and compared to the number of filled positions. A separate ratio determines the number of supervisors needed.

Most LDSS Meet Caseworker Standards

Exhibit 13 shows the number of positions needed for the caseload by jurisdiction based on the average caseload from September 2015 through August 2016 and the number of filled and vacant positions as of December 1, 2016. The number of caseworker positions needed to meet the standard varies based on the number and mix of cases. This means that, at times, the caseload-to-staffing ratio could improve or decline, even without changes in the number of filled positions. The number of caseworker positions needed departmentwide to meet the CWLA caseworker standards for the September 2015 through August 2016 period is 1,147.4, 25.5 caseworker positions (or 2.2%) lower than the same period in the prior year. The number of filled positions, however, also decreased between December 1, 2015, and December 1, 2016, from 1,321.9 to 1,257.1 (a decrease of 4.9%). However, departmentwide, the caseworker-to-case ratio continues to be met, although the total surplus in filled positions above the minimum required to meet CWLA standards decreased over the same period, from 149.0 to 109.7.

Three jurisdictions (Baltimore, Charles, and St. Mary's counties) did not meet the guidelines, with a cumulative shortfall of 14.1 positions. This is an increase in jurisdictions failing to meet the standard compared to the prior year (one). Baltimore and St. Mary's counties would be able to meet the guidelines if vacant positions were filled. However, Charles County would not be able to fully address its shortfall without a surplus vacant position being transferred to the county. There are sufficient surplus vacant positions departmentwide to allow the guidelines to be met in Charles County.

LDSS Are Less Successful Meeting Supervisor Standards

Nine jurisdictions failed to meet the CWLA supervisor to case ratio standards, an improvement over the prior year when 11 jurisdictions failed to meet the guidelines. However, of the 9 jurisdictions, 4 jurisdictions had a shortfall of less than 1 position. Although fewer jurisdictions had shortfalls compared to the prior year, the cumulative shortfall was larger (17.1 positions versus 13.4 positions). The cumulative shortfall in these jurisdictions was 7.1% of the total number of positions needed to meet the guidelines. In only 1 of the 9 jurisdictions (Harford County) could the guidelines be met through the filling of existing vacant positions in the jurisdiction. However, in total, the guidelines in all jurisdictions could be met by transferring and filling existing vacant positions. It would require all existing vacant supervisor positions to be filled for this to be accomplished. **DHR should comment on any plans to transfer vacant supervisor positions to ensure that all LDSS can meet the CWLA guidelines. DHR should also comment on whether it anticipates the need to reclassify any positions to supervisory positions in the event that the caseload dictates that a higher level of supervisory staff is needed.**

Exhibit 13
Child Welfare Position Status by Local Department
September 2015 to August 2016 Caseload Information and December 1, 2016 Position Status

	Filled Worker Positions Needed to Meet CWLA	Filled Worker Positions	Surplus/ Shortfall	Vacant Caseworker Positions	Filled Supervisor Positions Needed to Meet CWLA	Filled Supervisor Positions	Surplus/ Shortfall	Vacant Supervisors
Allegany	24.8	39.5	14.7	0.0	5.0	5.0	0.0	0.0
Anne Arundel	82.3	86.3	4.0	2.5	16.5	16.0	-0.5	0.0
Baltimore	133.1	124.0	-9.1	11.0	26.6	21.0	-5.6	0.0
Baltimore City	405.2	418.0	12.8	66.5	81.0	88.0	7.0	11.0
Calvert	15.3	17.5	2.2	2.0	3.1	3.0	-0.1	0.0
Caroline	11.0	17.0	6.0	1.0	2.2	4.0	1.8	0.0
Carroll	25.1	26.0	0.9	1.0	5.0	4.0	-1.0	0.0
Cecil	33.9	39.0	5.1	3.0	6.8	9.0	2.2	0.0
Charles	32.0	29.0	-3.0	2.0	6.4	7.0	0.6	1.0
Dorchester	14.7	17.0	2.3	0.0	2.9	3.0	0.1	0.0
Frederick	28.3	40.0	11.7	2.0	5.7	8.0	2.3	0.0
Garrett	12.4	16.0	3.6	1.0	2.5	2.0	-0.5	0.0
Harford	51.9	54.0	2.1	2.0	10.4	9.0	-1.4	2.0
Howard	25.8	32.0	6.2	0.5	5.2	4.0	-1.2	0.0
Kent	4.0	7.0	3.0	0.0	0.8	1.0	0.2	0.0

	Filled Worker Positions Needed to Meet CWLA	Filled Worker Positions	Surplus/ Shortfall	Vacant Caseworker Positions	Filled Supervisor Positions Needed to Meet CWLA	Filled Supervisor Positions	Surplus/ Shortfall	Vacant Supervisors
Prince George's	126.9	127.5	0.6	7.5	25.4	19.0	-6.4	3.0
Queen Anne's	6.9	8.0	1.1	1.0	1.4	3.0	1.6	0.0
Somerset	8.7	14.0	5.3	1.0	1.7	2.0	0.3	0.0
St. Mary's	22.8	20.8	-2.0	5.8	4.6	4.0	-0.6	1.0
Talbot	6.7	12.0	5.3	0.0	1.3	4.0	2.7	0.0
Washington	35.4	60.5	25.1	2.5	7.1	12.0	4.9	0.0
Wicomico	23.0	33.0	10.0	2.0	4.6	7.0	2.4	0.0
Worcester	17.3	19.0	1.7	0.0	3.5	5.0	1.5	0.0
Statewide	**1,147.4**	**1,257.1**	**109.7**	**115.3**	**229.5**	**240.0**	**10.5**	**18.0**

CWLA: Child Welfare League of America

Note: Vacant positions include those in frozen status. The exhibit reflects the impact of the positions abolished January 1, 2017.

Source: Department of Budget and Management; Department of Human Resources; Department of Legislative Services

Recommended Actions

1. 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. Funds not expended shall revert to the General Fund.

   Explanation: This language restricts general funds appropriated for foster care payments to that use only. This restriction prevents a transfer of general funds to other programs that might create or increase a deficit in spending in the Foster Care Maintenance Payments Program (N00G00.01).

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

   Further provided that $235,524 of this appropriation made for the purpose of provider rate increases may not be expended for that purpose but instead may be used only to provide a 2% increase in the family foster care board rate. Funds not expended for this restricted purpose may not be transferred by budget amendment or otherwise to any other purpose and shall revert to the General Fund.

   Explanation: The fiscal 2018 allowance includes funds for provider rate increases for providers whose rates are set by Interagency Rates Committee (IRC). There was no established cap on provider rate increases set for fiscal 2017 so the regular IRC rate setting process would have led to some rate increases. There has been no increase in the family foster care board rate since at least fiscal 2011. This action restricts funds to support a 2% increase in the family foster care board rate to begin to account for the years in which there was no increase. The Department of Human Resources should establish a process to annually review the family foster care board rate for adequacy and determine whether increases are necessary.

	Amount Reduction	
3. Reduce funds budgeted for a provider rate increase. The fiscal 2018 allowance includes funding for a 2% provider rate increase for providers who have rates set by the Interagency Rates Committee. However, inflation is low and the fiscal 2018 budget does not include increases for State employees and level funded many mandated grants to local governments. This reduction retains $1.33 million to support a 1% provider rate increase. This action also	$ 936,237	GF

retains $235,524 to support a 2% increase in the family foster care board rate.

4. Reduce funds for a new Foster Youth Savings Program to account for startup delays. The Department of Human Resources is still in the process of determining a number of aspects of the program including the match rate, withdrawal restrictions, and account type. Given the stage of development of the program, this reduction would account for the startup delays associated with a new program. If the department can demonstrate the need for additional funds in fiscal 2018 a deficiency appropriation could provide additional support. With this action $850,000 remains to begin implementation of the new program. 850,000 GF

5. Adopt the following narrative:

Implementation of New Foster Youth Savings Program: The fiscal 2018 allowance of the Department of Human Resources (DHR) Social Services Administration includes $1.7 million of general funds for a new Foster Youth Savings Program. The program will provide matching funds for savings accounts for transition-aged youth in foster care. DHR plans to contribute a match of up to $1,000 per youth. However, many of the details of the program are still being developed, including the terms of the match and the options for withdrawal. The committees request that DHR report on additional details for the program including (1) the match terms; (2) limitations on withdrawals of matched funds; (3) the number of youth participating or expected to participate; (4) the types of education and financial literacy courses required as part of the program; and (5) implementation challenges.

Information Request	**Author**	**Due Date**
Implementation of the new Foster Youth Savings Program	DHR	December 15, 2017

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

<u>, 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.</u>

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

		Amount Reduction	
7.	Reduce funds for step increases provided as part of the Montgomery County block grant. The reduction should be allocated among the programs in which the block grant is budgeted. The Department of Human Resources indicates that although it annually budgets for step increases as part of its calculation of the Montgomery County block grant, these funds are not provided if State employees do not receive a step increase. The fiscal 2018 budget does not include funds for State employee step increases. As a result, the funds budgeted for this purpose will not be required.	194,005 207,974	GF FF
8.	Delete funds for grants received by various Local Departments of Social Services (LDSS) from the Governor's Office of Crime Control and Prevention (GOCCP). These grant funds are applied for, and received directly, by the LDSS from GOCCP, but are budgeted as special funds in the Department of Human Resources (DHR). However, to avoid double counting the spending of the grant dollars in the State budget, these special funds should be deleted. DHR should process a reimbursable fund budget amendment to authorize the spending of these funds.	206,024	SF

9. 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 15, 2017, report to the committees on the annual average number of cases and filled positions assigned, by jurisdiction, for the following caseload types using 12 months of data through August 2017:

- 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 15, 2017

10. Adopt the following narrative:

Review of services available to parents with disabilities: The Department of Human Resources (DHR) does not remove children from their home solely due to a parent's disability. Caseworkers work with parents to assess the services needed for a child to remain in the home or to be reunified with their parents if the child has been placed in out-of-home care. DHR has funding for some types of services, such as in-home aide services. The Title IV-E Waiver presents an opportunity to support additional family preservation and post-reunification services including services specific to parents with disabilities. However, the committee is concerned about whether adequate resources exist in communities to address the needs of parents with disabilities, including both physical and developmental disabilities, such as alternate styles of parenting courses that address different learning styles or needs. Therefore, the committees request DHR submit a report (1) identifying services available in the community to address family preservation or post-reunification needs for parents with disabilities; (2) identifying gaps in services and options for addressing the gaps; and (3) reviewing best practices in providing family preservation and post-reunification services to parents with disabilities.

Information Request	Author	Due Date
Report on services available to parents with disabilities	DHR	November 15, 2017

Total Reductions	**$ 2,394,240**
Total General Fund Reductions	**$ 1,980,242**
Total Special Fund Reductions	**$ 206,024**
Total Federal Fund Reductions	**$ 207,974**

Updates

1. Child Fatalities Involving Abuse or Neglect

Committee narrative included in the 2005 *Joint Chairmen's Report* requested that DHR provide a listing by jurisdiction of the number of child fatalities that involved child abuse and/or neglect. The narrative requested that the report be updated annually. **Exhibit 14** displays the data provided by the department for calendar 2011 through 2015. In calendar 2015, there were 33 such fatalities, 12 more than in 2014. In calendar 2014, the highest number of these fatalities occurred in Baltimore County (6). From calendar 2011 through 2015, Baltimore County was the jurisdiction with the highest number of these fatalities with 25, while Montgomery County had the second highest number of fatalities with 17.

Exhibit 14
Child Death Reports to DHR Where Child Abuse or Neglect Are Determined by DHR Staff to be a Contributing Factor
Calendar 2011-2015

Jurisdiction	2011	2012	2013	2014	2015	Total
Allegany	1	0	0	0	1	**2**
Anne Arundel	3	4	1	1	1	**10**
Baltimore City	3	2	4	1	2	**12**
Baltimore	5	8	2	4	6	**25**
Calvert	0	1	0	1	0	**2**
Caroline	1	4	0	0	1	**6**
Carroll	0	1	1	0	1	**3**
Cecil	3	0	1	0	0	**4**
Charles	0	1	1	0	1	**3**
Dorchester	0	1	0	0	0	**1**
Frederick	2	1	2	2	0	**7**
Garrett	0	0	0	0	0	**0**
Harford	0	0	4	1	3	**8**
Howard	1	1	2	0	0	**4**
Kent	0	0	0	0	0	**0**
Montgomery	5	1	3	3	5	**17**
Prince George’s	1	2	1	3	5	**12**
Queen Anne’s	0	0	1	0	0	**1**
St. Mary’s	1	0	0	3	0	**4**
Somerset	0	0	0	0	0	**0**
Talbot	0	0	0	0	0	**0**
Washington	0	0	1	1	5	**7**
Wicomico	1	2	0	1	2	**6**
Worcester	0	0	0	0	0	**0**
Total	**27**	**29**	**24**	**21**	**33**	**134**

DHR: Department of Human Resources

Source: Department of Human Resources

Appendix 1
Current and Prior Year Budgets
DHR – Social Services Administration
($ in Thousands)

	General Fund	Special Fund	Federal Fund	Reimb. Fund	Total
Fiscal 2016					
Legislative Appropriation	$372,483	$8,027	$204,566	$0	$585,077
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	-9,741	56	5,945	0	-3,740
Reversions and Cancellations	0	-938	-27,043	0	-27,981
Actual Expenditures	**$362,742**	**$7,145**	**$183,468**	**$0**	**$553,355**
Fiscal 2017					
Legislative Appropriation	$364,576	$5,317	$200,743	$0	$570,636
Cost Containment	0	0	0	0	0
Budget Amendments	1,970	43	1,458	0	3,471
Working Appropriation	**$366,547**	**$5,359**	**$202,201**	**$0**	**$574,107**

DHR: Department of Human Resources

Note: Does not include targeted reversions, deficiencies, and contingent reductions. Numbers may not sum to total due to rounding.

Fiscal 2016

The fiscal 2016 actual expenditures of the Social Services Administration (SSA) were $31.7 million lower than the legislative appropriation. SSA's general fund expenditures were $9.7 million lower than the legislative appropriation. General funds increased by $4.6 million by budget amendment primarily for salary and wage adjustments ($4.6 million), including the restoration of the 2% pay reduction for State employees. The remaining increase ($54,096) resulted from a technical adjustment to implement across-the-board reductions included in the fiscal 2016 budget. These increases were more than offset by decreases occurring by budget amendments totaling $14.4 million. The largest decrease ($8.0 million) occurred in foster care maintenance payments due to caseload declines and the availability of federal fund sources. The remaining decrease ($6.4 million) occurs due to the use of federal funds in lieu of general funds for respite care, in-home aide services and adult protective services, and stipends and tuitions using budgeted general funds in local child welfare services for family support services rather than the State offices of SSA.

SSA's fiscal 2016 special fund expenditures were $881,990 lower than the special fund appropriation. Increases totaling $55,967 occurred by budget amendments for salaries and wages including the restoration of the 2% pay reduction ($54,467) and contractual services related to the adoption search registry ($1,500). These increases were more than offset by cancellations totaling $937,957 due to lower than expected attainment of Foster Care Education funds, local government payments, and the Child Support Foster Care Offset fund.

The fiscal 2016 federal fund expenditures of SSA were $21.1 million lower than the legislative appropriation. Budget amendments increased the appropriation by a net of $6.0 million. The largest increases occurred in the areas of salaries and wages, including the restoration of the 2% pay reduction ($3.9 million) and in-home aide services and adult protective services ($3.1 million). The remaining increase occurred for stipends and tuition in the Local Adult Services Program ($407,105). A decrease of $1.4 million occurred by budget amendment due to federal fund impacts of the across-the-board reduction. Federal fund cancellations totaled $27.0 million, primarily due to the inability to claim Medical Assistance funds for the rehabilitation option services in the Foster Care Maintenance Payments program ($16.3 million). Other cancellations resulted from lower than expected attainment of a variety of federal funds including Medical Assistance funds for other SSA activities, the Title IV-E Waiver, Foster Care Independence Funds, Child Welfare Services State grants, Education and Training Voucher funds, Promoting Safe and Stable Families funds, Child Support funds, and Child Care Mandatory and Matching funds. SSA also cancelled Social Services Block Grant funds due to the use of general funds in lieu of these funds for certain activities.

Fiscal 2017

To date, SSA's fiscal 2017 appropriation has increased by $3.5 million. Increases totaling $3.5 million in total funds ($2.0 million in general funds, $42,780 in special funds, and $1.5 million in federal funds) are the result of the distribution of funds for employee increments. These increases are partially offset by a decrease of $50,000 in general funds transferred from the State offices of SSA to the Behavioral Health Administration in the Department of Health and Mental Hygiene as a result of funds restricted in Section 44 of the fiscal 2017 budget bill.

Appendix 2
Object/Fund Difference Report
DHR – Social Services Administration

Object/Fund	FY 16 Actual	FY 17 Working Appropriation	FY 18 Allowance	FY 17-FY 18 Amount Change	Percent Change
Positions					
01 Regular	2,738.86	2,686.25	2,686.25	0.00	0%
02 Contractual	3.15	2.50	2.50	0.00	0%
Total Positions	**2,742.01**	**2,688.75**	**2,688.75**	**0.00**	**0%**
Objects					
01 Salaries and Wages	$ 226,319,174	$ 222,400,894	$ 220,448,633	-$ 1,952,261	-0.9%
02 Technical and Spec. Fees	1,259,102	1,795,464	1,918,842	123,378	6.9%
03 Communication	2,128,490	1,471,052	1,768,319	297,267	20.2%
04 Travel	1,574,954	1,302,441	1,196,930	-105,511	-8.1%
06 Fuel and Utilities	779,890	788,467	750,529	-37,938	-4.8%
07 Motor Vehicles	2,037,330	1,900,068	1,883,014	-17,054	-0.9%
08 Contractual Services	45,255,722	51,930,157	44,727,858	-7,202,299	-13.9%
09 Supplies and Materials	1,439,331	904,888	963,861	58,973	6.5%
10 Equipment – Replacement	49,604	350,000	350,000	0	0%
11 Equipment – Additional	52,488	0	0	0	0.0%
12 Grants, Subsidies, and Contributions	260,351,719	277,741,421	287,097,843	9,356,422	3.4%
13 Fixed Charges	12,107,615	13,521,898	12,720,721	-801,177	-5.9%
Total Objects	**$ 553,355,419**	**$ 574,106,750**	**$ 573,826,550**	**-$ 280,200**	**0%**
Funds					
01 General Fund	$ 362,741,667	$ 366,546,687	$ 379,949,887	$ 13,403,200	3.7%
03 Special Fund	7,145,489	5,359,459	7,133,504	1,774,045	33.1%
05 Federal Fund	183,468,263	202,200,604	186,743,159	-15,457,445	-7.6%
Total Funds	**$ 553,355,419**	**$ 574,106,750**	**$ 573,826,550**	**-$ 280,200**	**0%**

DHR: Department of Human Resources

Note: Does not include targeted reversions, deficiencies, and contingent reductions.

Appendix 3
Fiscal Summary
DHR – Social Services Administration

Program/Unit	FY 16 Actual	FY 17 Working Appropriation	FY 18 Allowance	Change	FY 17 - FY 18 % Change
04 General Administration – State	$ 22,367,602	$ 25,772,824	$ 27,867,777	$ 2,094,953	8.1%
01 Foster Care Maintenance Payments	267,583,678	262,320,150	262,697,873	377,723	0.1%
03 Child Welfare Services	219,424,606	238,123,364	236,357,420	-1,765,944	-0.7%
04 Adult Services	43,979,533	47,890,412	46,903,480	-986,932	-2.1%
Total Expenditures	**$ 553,355,419**	**$ 574,106,750**	**$ 573,826,550**	**-$ 280,200**	**0%**
General Fund	$ 362,741,667	$ 366,546,687	$ 379,949,887	$ 13,403,200	3.7%
Special Fund	7,145,489	5,359,459	7,133,504	1,774,045	33.1%
Federal Fund	183,468,263	202,200,604	186,743,159	-15,457,445	-7.6%
Total Appropriations	**$ 553,355,419**	**$ 574,106,750**	**$ 573,826,550**	**-$ 280,200**	**0%**

DHR: Department of Human Resources

Note: Does not include targeted reversions, deficiencies, and contingent reductions.