

NB.00
Child Welfare
Department of Human Resources

Operating Budget Data

(\$ in Thousands)

	FY 00	FY 01	FY 02		% Change
	<u>Actual</u>	<u>Working</u>	<u>Allowance</u>	<u>Change</u>	<u>Prior Year</u>
General Fund	\$169,692	\$166,542	\$197,210	\$30,667	18.4%
Special Fund	14,951	3,011	3,393	382	12.7%
Federal Fund	164,004	185,510	200,062	14,552	7.8%
Reimbursable Fund	<u>6,880</u>	<u>13,392</u>	<u>10,882</u>	<u>(2,510)</u>	<u>(18.7%)</u>
Total Funds	\$355,527	\$368,455	\$411,546	\$43,091	11.7%

- The budget includes a \$15.8 million deficiency to cover higher than anticipated foster care placement costs and a slightly higher caseload than that assumed in the budget. This includes \$6 million in general funds to replace Medical Assistance reimbursements that will not be collected. An additional \$10 million general fund deficiency substitutes for congressional reductions to the Social Services Block Grant.
- The fiscal 2002 allowance includes an increase of \$26.1 million to cover increased foster care and subsidized adoption payments.
- While the Department of Human Resources (DHR) administered the grants for the Family Support Centers and Family Tree, the funds were temporarily budgeted in the Subcabinet Fund. The dollars have returned to the DHR budget, and this represents an increase of \$6.6 million.
- The allowance includes \$1.1 million in non-personnel costs to support 109 new positions added as part of the caseload reduction initiative. Additional computer-related expenses are provided under the MD CHESSIE program.

Personnel Data

	FY 00	FY 01	FY 02	
	<u>Actual</u>	<u>Working</u>	<u>Allowance</u>	<u>Change</u>
Regular Positions	2,280.00	2,599.66	2,720.16	120.50
Contractual FTEs	<u>129.49</u>	<u>40.40</u>	<u>4.00</u>	<u>(36.40)</u>
Total Personnel	2,409.49	2,640.06	2,724.16	84.10

Vacancy Data: Regular

Budgeted Turnover: FY 02	242.91	8.93%
Positions Vacant as of 12/31/00	231.61	8.91%

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

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NB.00 - DHR - Child Welfare

- The allowance provides 109 positions to reduce caseload-to-staff ratios. This consists of 26 supervisors and 83 front-line workers.
- The allowance also includes 8 contractual conversions, 2 licensing coordinators, 1 grants management officer, and 1 help desk coordinator.
- The allowance shows a decrease of about 36 contractual positions. The reduction of 28.8 positions reflects a change in the method for budgeting for overtime. The local departments of social services (LDSS) used funds associated with these positions to pay for the provision of 24-hour emergency coverage for child welfare services. In the fiscal 2002 allowance, these funds are appropriately budgeted as overtime. A majority of the remaining change in the decrease in contractual positions results from contractual conversions.

Analysis in Brief

Issues

Caseload-to-staff Ratios Will Improve in Fiscal 2002: For the past three years, the General Assembly has directed DHR to reduce caseload-to-staff ratios statewide. The fiscal 2002 allowance provides half of the positions needed to meet the Child Welfare League of America (CWLA) standards. Not all types of positions or child welfare services, however, are covered by CWLA standards. **DHR will be asked to comment on its ability to quickly hire these new positions, its plans for distributing the positions among the jurisdictions, and how the exclusion of certain positions and services from CWLA standards impacts achievement of these standards.**

Integration of Child Welfare and Substance Abuse Services to Be Piloted: Although the General Assembly intended that Chapters 550 and 551, Acts of 2000 (SB 671/HB 7) be implemented statewide, DHR and the Department of Health and Mental Hygiene report that pilot sites will be established. The fiscal 2002 allowance does not provide new funding in DHR's budget for this initiative. As reported last year, DHR is also in the process of piloting substance abuse treatment initiatives under a federal waiver agreement. **DHR will be asked to provide updates on these activities.**

Recommended Actions

	<u>Funds</u>	<u>Positions</u>
1. Reduce deficiency to account for general funds that were improperly encumbered at the end of fiscal 2000.	\$ 760,000	
2. Delete funding and PIN for new Human Services Specialist as significant workload increases have not been identified.	49,548	1.0

NB.00 - DHR - Child Welfare

3.	Delete funding and PIN for help desk coordinator for MD CHESSIE project as pilot implementation phase does not begin until fiscal 2003.	35,089	1.0
4.	Reduce funding for computer equipment, software, and cabling anticipated to be needed for new staff added as part of the caseload-to-staff reduction initiative. The allowance contains fewer positions than originally anticipated.	605,632	
Total Reductions to Fiscal 2001 Deficiency Appropriation		\$ 760,000	
Total Reductions to Allowance		\$ 690,269	2.0

Updates

Foster Care Privatization Project Underway in Baltimore City: In January 2000, the department launched a pilot foster care privatization program in Baltimore City. The program is serving 500 children. At this time, DHR does not plan to expand its privatization efforts beyond the current managed care project. The University of Maryland's School of Social Work is evaluating the project.

Implementation of Automated Information System Continues: The allowance provides \$7.4 million for the continued development of MD CHESSIE. DHR has secured the monitoring contractor for the project and has solicited bids for the development and implementation of MD CHESSIE. It anticipates that the selected contract will begin its work in early June.

Educational Placements Must Be Made Quickly: There have been concerns about the advance notification provided to school systems about the enrollment of foster children. Given the nature of child welfare services, however, local departments must quickly enroll children in new schools as necessary, and they cannot always predict the number of children who will need to transfer to a new school.

NB.00 - DHR - Child Welfare

NB.00
Child Welfare
Department of Human Resources

Operating Budget Analysis

Program Description

The mission of the department's child welfare programs is to support the healthy development of families, assist families and children in need, and protect abused and neglected children. The department conducts programs that facilitate family preservation and family reunification by providing early intervention and prevention services and intensive case management to families. Specific services for families and children include adoptive services, intensive family services, protective services, and placement of abused or neglected children in foster care homes. Staff in local departments of social services (LDSS) typically provide or coordinate the delivery of these services.

Proposed Deficiency

The budget includes two deficiency appropriations for the Department of Human Resources (DHR). An additional \$15.8 million (\$6.2 million in general funds) is needed to cover higher than anticipated costs for foster care placements and a slightly higher caseload than that included in the budget. General funds are required as the fiscal 2001 budget assumed that the federal Medical Assistance Program would cover certain foster care costs (\$6 million). DHR, however, has not identified eligible expenses to claim against Medical Assistance. As with the fiscal 2001 budget, the fiscal 2002 allowance contains \$6.0 million in federal funds for foster care payments to be collected from the Medical Assistance Program. **Given its inability to collect these funds for fiscal 2001 and the Department of Health and Mental Hygiene's reluctance to submit the necessary State plan amendment to the federal government, DHR should discuss its plans for ensuring that these federal funds will be available during fiscal 2002.**

The second deficiency provides \$10 million to offset congressional reductions to the Social Services Block Grant. These funds support the delivery of child welfare services in the local departments. The congressional reductions also impacted the fiscal 2000 budget. For that year, DHR accessed the State's dedicated purpose fund to ensure continued service delivery.

The Department of Legislative Services (DLS) recommends reducing the deficiency by \$760,000 to reflect the availability of general funds that were inappropriately accrued at the end of fiscal 2000. The Office of Legislative Audits determined that the DHR accrued \$760,00 in general funds in fiscal 2000 to cover expenses associated with two service contracts. Because the funds were not needed to cover services received prior to the end of fiscal 2000, the dollars should have reverted to the general fund. Because the funds were accrued, they are available in fiscal 2001 and can be used to offset the need for the full deficiency appropriation.

Governor's Proposed Budget

Exhibit 1 shows that the fiscal 2002 allowance provides an increase of \$43.1 million dollars over the fiscal 2001 working appropriation. Details about these changes are provided below.

Exhibit 1

Governor's Proposed Budget Child Welfare (\$ in Thousands)					
How Much It Grows:	General Fund	Special Fund	Federal Fund	Reimbursable Fund	Total
2001 Working Appropriation	\$166,542	\$3,011	\$185,510	\$13,392	\$368,455
2002 Governor's Allowance	<u>197,210</u>	<u>3,393</u>	<u>200,062</u>	<u>10,882</u>	<u>411,546</u>
Amount Change	\$30,667	\$382	\$14,552	(\$2,510)	\$43,091
Percent Change	18.4%	12.7%	7.8%	(18.7%)	11.7%
Where It Goes:					
Personnel Expenses					
Increments, fiscal 2001 increase phase-in, and other					\$8,148
New positions					4,117
Fiscal 2002 general salary increase					2,028
Employee and retiree health insurance rate change					1,858
Other fringe benefit adjustments					945
Workers' compensation premium assessment					(15)
Retirement contribution rate change					(893)
Turnover adjustments					(1,611)
Other Operating Costs					
Increase in foster care maintenance and subsidized adoption payments (\$9.8 million deficit projected for fiscal 2001)					26,104
Transfer from Subcabinet Fund for Family Support Centers and Family Tree					6,646
Growth in rent costs/securing additional office space					1,656
Nonpersonnel expenses for 109 new positions to reduce caseload-to-staff ratios					1,112
Grant to Montgomery County for cost-of-living adjustment (COLA) and Annual Salary Review partially offset by reductions in grants to Baltimore City to reflect actual experience					495
Increase in supplies for local departments to reflect prior year actuals					222
Contract with the University of Maryland for the Title IV-E Field Training Initiative to support increased recruitment efforts for qualified social workers					195

NB.00 - DHR - Child Welfare

Where It Goes:

Growth in travel costs primarily for the local departments	109
Other Operating Costs (Cont.)	
Fuel and utilities charges for local departments	19
Decrease in insurance costs	(139)
Evaluations for the managed care pilot project and the substance abuse demonstration projects	(228)
Net decrease for completed purchases of motor vehicles partially offset by increases for maintenance and repair	(242)
Reduction in statewide share of telecommunications costs	(257)
Reduction in transportation aides for out-of-home placements	(380)
Overall reduction in stipends and tuition primarily attributable to completion of data processing training for caseworkers	(767)
Transfer of funds to the Department of Health and Mental Hygiene (DHMH) for treatment services for the mothers of drug addicted babies pilot programs	(1,000)
Savings from nine contractual conversions plus change in budgeting method to appropriately reflect overtime as a personnel expense	(1,249)
Lower costs associated with the continuing development of MD CHESSIE	(5,958)
Other	2,176
Total	\$43,091

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

The most significant increase in the child welfare budget is the \$26.1 million for foster care and subsidized adoption payments. Caseload trends and budgetary assumptions are shown in **Exhibit 2**.

After the annual average foster care caseload increased by nearly 11% between fiscal 1997 and 1998 and by slightly over 8% between fiscal 1998 and 1999, the growth in Maryland’s foster care caseload has slowed dramatically. Between fiscal 1999 and 2000, the caseload increased by 5.5%. This caseload growth was concentrated in Baltimore City, while the counties experienced a slight decline in the caseload between fiscal 1999 and 2000. Foster care entries have steadily declined since fiscal 1997, and this trend has helped temper caseload growth. DLS expects moderate growth in the foster care caseload to continue in fiscal 2001 and 2002. The numbers in Exhibit 2 show a 2.5% annual increase in the caseload.

Growth in the subsidized adoption caseload exceeded 9% in the late 1990s, but dropped to 7.5% in fiscal 2000. DLS estimates that the subsidized adoption caseload will grow at an annual rate of 8.5% for fiscal 2001 and 2002. Exhibit 2 shows that the combined foster care/subsidized adoption caseload is expected to increase by 4.3% between fiscal 2001 and 2002. Overall, costs will rise at a rate of 5.2% reflecting the caseload growth and inflationary increases in rates. Even with the fiscal 2001 deficiency appropriation, DLS estimates that expenditures will exceed the budget by \$6 million. If this deficit is realized, DHR will access additional federal funds and shift funds from other programs as necessary.

NB.00 - DHR - Child Welfare

DLS's estimate for fiscal 2002 is only slightly higher than that provided in the allowance.

Exhibit 2

Foster Care/Subsidized Adoption Caseload and Expenditure Trends

Foster Care Maintenance Payments	FY 1999 Actual	FY 2000 Actual	FY 2001 Approp.**	FY 2001 Estimate*	FY 2002 Allowance	FY 2002 Estimate*	Change between FY 01 Est. and FY 02 Est.
Foster Care Caseload	9,665	10,194	10,649	10,449	11,001	10,710	2.5%
Subsidized Adoption	3,824	4,111	4,712	4,460	4,800	4,840	8.5%
Total Caseload	13,489	14,305	15,361	14,909	15,801	15,550	4.3%
Average Monthly Grant	\$1,091	\$1,120	\$1,090	\$1,157	\$1,146	\$1,167	0.9%
Total Funds (\$ in Millions)	\$176.5	\$192.2	\$200.9	\$206.9	\$217.2	\$217.7	5.2%

*Department of Legislative Services estimates.

**Includes deficiency appropriation.

Source: Maryland State Budget; Department of Legislative Services

Over 100 New Positions Added

As discussed on the cover page, the allowance includes 109 new positions to reduce the caseload-to-staff ratios. Total funding for this initiative is \$4.7 million. The new positions are discussed in Issue 1.

The allowance also includes funding to convert eight contractual positions and adds four new positions. Two of the new positions would serve as licensing coordinators in the Licensing, Monitoring, and Contracting Unit within the Social Services Administration. The unit currently has four such positions. The licensing coordinators are responsible for reviewing all applications for new facilities for regulation and policy compliance, examining the provider profile, inspecting the physical plant, approving personnel records, monitoring children's case records, and offering technical assistance and training to the provider as needed. During the past three years, the number of licensees has increased by 46% and incidence reports have grown by over 65%. The coordinators must also investigate reported problems within 24 hours.

The third new position would serve as the help desk coordinator for the MD CHESSIE project. When the system is available in LDSS, the staff person would provide assistance to the 24 local jurisdictions in resolving problems that may occur with system implementation, testing, and normal operation. Prior to the pilot implementation phase in December 2002, the position would develop and design security profiles,

NB.00 - DHR - Child Welfare

assist in the development of interfaces with other State agencies, and help to provide local department training and systems testing. **Because the position is not needed to provide help desk services until December 2002, DLS recommends deleting this position. The position can be requested for fiscal 2003 when the CHESSIE system will be available at LDSS.** A help desk coordinator added in fiscal 2003 would still have time to undergo training prior to the pilot implementation phase in December 2002.

The fourth new position would serve as a grants management officer for the following grant programs: Family Support Centers, Family Tree, Community Grant Program, and Choice Program. Even though funds for the Family Support Centers and Family Tree had been budgeted in the Subcabinet Fund prior to fiscal 2002, DHR retained responsibility for administering these grants. Therefore, the transfer does not increase DHR's workload. In addition, there have been no expansions of the other grant programs in the fiscal 2002 allowance. **As such, DLS recommends eliminating this position and the associated funding.** The new regular positions are shown in **Exhibit 3**.

Exhibit 3

New Regular Positions in the Fiscal 2002 Allowance

<u>Regular Position</u>	<u># of Positions</u>	<u>Total Salary and Wages**</u>
Family Services Caseworker II	83	\$2,602,548
Social Service Administrator III	26	1,024,062
Human Services Specialist III*	3	146,173
Human Services Administrator I	2	74,318
Administrative Officer III*	2	93,256
Administrative Officer II*	1	47,884
Administrative Officer I*	1	39,570
Data Processing Functional Analyst II	1	35,089
Office Secretary III*	1	35,731
Office Secretary I*	1	18,195
Total	121	\$4,116,826

*Denotes contractual conversion. Note that one Human Service Specialist III is a new position.

**Includes turnover rate of 25% for new positions and 9% for contractual conversions.

Source: Maryland State Budget

Performance Analysis: Managing for Results

Exhibit 4 presents a selection of the Managing for Results (MFR) indicators used by DHR along with workload data and measures of the time it takes children to move through the child welfare system.

NB.00 - DHR - Child Welfare

Exhibit 4

**Program Measurement Data
Child Welfare
Fiscal 1998 through 2002**

	<u>Actual 1998</u>	<u>Actual 1999</u>	<u>Est. 2000</u>	<u>Actual 2000</u>	<u>Est. 2001</u>	<u>Est. 2002</u>	<u>Ann. Chg. 98-00</u>	<u>Ann. Chg. 00-02</u>
Foster Care								
Median length of stay (months)	26	28	26	32	n/a	n/a	6.9%	0.0%
Median length of stay for children entering foster care in a fiscal year	14	14	n/a	n/a	n/a	n/a	(100.0%)	0.0%
% of children entering foster who are re-entries	n/a	19%	n/a	20%	18%	18%	2.6%	-5.1%
% of children entering foster care in a given year placed in a permanent home within 12 months	n/a	38.2%	n/a	40%	40%	42%	2.3%	2.5%
% of children entering foster care in a given year placed in a permanent home within 24 months	n/a	56%	n/a	58%	58%	60%	1.8%	1.7%
% of children entering foster care in a given year placed in a permanent home within 36 months	n/a	66%	n/a	66%	66%	68%	0.0%	1.5%
Permanency/Adoption								
Rate of children who leave out-of-home care who are reunited with family, adopted, or placed with a guardian	68%	76%	70%	76%	78%	80%	5.7%	2.6%
Re-entries into out-of-home care as a % of all entries	28%	18%	24%	19%	20%	20%	-17.6%	2.6%
Adoptions finalized	602	660	800	700	800	800	7.8%	6.9%
Legally free for adoption at end of fiscal year	880	1,094	1,000	1,100	1,100	1,100	11.8%	0.0%
Months from foster care entry to beginning of TPR	21	22	21	24	21	21	6.9%	-6.5%
Months from beginning of TPR to adoption	24	24	23	24	22	22	0.0%	-4.3%
Child Protective Services (CPS)/Family Preservation								
CPS Investigations	31,091	31,220	33,000	32,100	33,000	34,000	1.6%	2.9%

NB.00 - DHR - Child Welfare

	<u>Actual 1998</u>	<u>Actual 1999</u>	<u>Est. 2000</u>	<u>Actual 2000</u>	<u>Est. 2001</u>	<u>Est. 2002</u>	<u>Ann. Chg. 98-00</u>	<u>Ann. Chg. 00-02</u>
CPS cases with finding (of indicated abuse or neglect)	7,908	8,103	8,100	8,073	8,100	8,100	(0.2%)	0.2%
% of children receiving family preservation services remaining in own home for one year following case closure	90%	93%	90%	92%	92%	92%	1.1%	0.0%
% of families receiving in-home services who do not have an abuse or neglect finding while receiving services	92%	94%	90%	96%	96%	96%	2.2%	0.0%
% of families receiving in-home services who do not have an abuse or neglect finding within one year of case closure	91%	87%	90%	88%	90%	92%	(1.7)%	2.2%

TPR = Termination of Parental Rights

Source: Department of Human Resources

Family Preservation

The percentage of families with an abuse or neglect finding while receiving family preservation services has decreased from 8% to 4% between fiscal 1998 and 2000. The percentage of families with an abuse or neglect finding within one year of case closure, however, has increased from 9% in fiscal 1998 to 12% in fiscal 2000.

Permanency

As reported in fiscal 2000, DHR's efforts to encourage adoption have produced successful results. The number of finalized adoptions increased by over 13% between fiscal 1998 and 2000. DHR fell short of its goal to finalize 800 adoptions in fiscal 2000, but it has set this number as its goal for fiscal 2001 and 2002.

The number of adoptions completed in recent years has grown despite increases in the average length of time between entry into foster care and a finalized adoption. Between fiscal 1998 and 2000, the average length of stay rose from 46 to 48 months. Improvement in the trend is anticipated by fiscal 2001 due to changes in State policy and federal law which would expedite the adoption process. The expected decrease is reflected in DHR's target of 43 months for the average length of stay for fiscal 2001 and 2002.

Issues

1. Caseload-to-staff Ratios Will Improve in Fiscal 2002

Chapter 544, Acts of 1998 (HB 1133) required DHR and the Department of Budget and Management (DBM) to undertake various activities related to improving the State's child welfare system. These activities included the elimination of contractual caseworkers and supervisors, reviewing the salaries of caseworkers and supervisors and making the appropriate adjustments to facilitate recruitment and retention, and requiring current and prospective employees to complete an in-service training program and pass a competency test.

The law also required DHR and DBM to develop appropriate caseload-to-staff ratios for each of the 24 jurisdictions. Because of delays in implementing this provision, the General Assembly added language to the fiscal 2000 budget bill directing DHR to reduce caseload-to-staff ratios in all jurisdictions by the end of fiscal 2003. Significant progress toward improving the ratios was not made during fiscal 2000 or in the fiscal 2001 budget. To emphasize the importance and urgency of this goal, the fiscal 2001 budget also included language directing DHR and DBM to reduce the caseload ratios. The General Assembly specified that the ratios recommended by the Child Welfare League of America be implemented in every jurisdiction by June 2003.

Allowance Provides First Phase of New Positions and Workers

Based on annual average caseload data from the April 1999 to March 2000 time period, DHR estimates that a total of 218 positions will be needed to bring each jurisdictions' caseload ratios in alignment with CWLA standards. This is shown in **Exhibit 5**. The fiscal 2001 allowance contains 109 positions (83 workers and 26 supervisors), or half of the total positions needed. According to the department, the jurisdictions with the highest caseload-to-staff ratios will receive priority for the new fiscal 2002 positions. Based on caseload data generated after the budget bill passes, DHR will distribute the positions among the jurisdictions and propose its plan to the LDSS directors. As required by law, the department intends to fully implement the CWLA standards by June 2003. The department will re-examine the caseload data prior to its submission of the fiscal 2003 budget request to ensure that it includes the appropriate number of new positions.

Exhibit 5

**Total Number of Positions Needed to Align Caseload-to-staff Ratios
with CWLA Standards**

<u>Child Welfare Service</u>	<u>CWLA Ratio</u>	<u>Statewide Ratio*</u>	<u>Workers Needed</u>
Family Preservation/IFS	1:6	1:7	25.5
Child Protective Services	1:14	1:20	28.5
Foster Care/Kinship Care	1:15	1:19	171.5
Adoption/Adoption Homes	1:23	1:21	(15.5)
Services to Children with Families	1:15	1:31	108.5
Adjustment for Internal Shifts within Local Departments			(151)
Subtotal of Workers Needed			167.5
Supervisors Needed			50.0
Total Workers Needed			217.5

*Calculated based on the annual average for the April 1999 through March 2000 time period. The number of positions allocated for each service is based on personnel data from June 2000.

Note: Because DHR's caseload data is not maintained by the same programs set forth in the CWLA standards, related programs are combined to determine average ratios.

Source: Department of Human Resources

Pilot Projects Using Family-based Approach Will Continue

During fiscal 2000 DHR developed a pilot project based on a service delivery method used in Anne Arundel County. (The project was developed in response to the General Assembly's directions to reduce caseload-to-staff ratios.) The family-based, outcome-oriented delivery model assigns teams of caseworkers and aides to work with families from the time they come into contact with the child welfare system through foster care. Each caseworker serves eight families at a time with the assistance of half an aide (each aide will be assigned to work with two caseworkers).

In addition to Anne Arundel County, the pilot operates in Allegany County, Caroline County, and Northwest Baltimore. Morgan State University is conducting an evaluation of these pilot sites. Rather than abandoning these efforts in exchange for the CWLA standards, the department prefers to allow the counties to administer the pilots until an evaluation is completed. The ratios in these pilots of eight families per worker is approximately equivalent to a ratio of 1:20. This is comparable to the average standard under the CWLA ratio. However, the pilots also include half an aide for every eight families.

CWLA Standards to Not Cover All Child Welfare Services

The CWLA standards do not address the need for clerical support or aides, nor has the organization developed standards for foster home workers, resource recruitment, or adoption subsidy services. These issues are discussed below.

- ***Clerical Support:*** CWLA does not include clerical staff in its ratios. The department has traditionally provided one clerk for every six positions, but none are provided in the allowance. Based on the current distribution of new positions, most jurisdictions would receive less than six new workers and supervisors and, as such, may be able to handle clerical duties within existing staff. Three jurisdictions (Baltimore and Montgomery counties and Baltimore City), however, would receive between 12 and 37 new positions. Existing clerical support may not be able to provide coverage for such a significant number of new positions. Given its plans to provide each worker with a computer, the department believes that the need for clerical support may be reduced and that this issue needs further study.
- ***Aides:*** Although in most cases workers do not receive assistance from aides, half an aide is typically provided to Family Preservation and Intensive Family Service workers. The allowance does not include funding for these positions. Only three jurisdictions, however, would need one or more additional aides to ensure adequate assistance for Family Preservation and Family Service workers.
- ***Foster Home Workers:*** Every jurisdiction has workers that inspect and certify foster homes and ensure that each foster care parent has the required training. These workers also provide other types of needed assistance to foster care parents. CWLA has not developed a standard for these workers, but some believe that it could be comparable to the ratio for adoptive homes which is 1:30. LDSS must provide these services using the number of positions provided under the CWLA standards. As such, achievement of the standards may be slightly compromised. According to the department, this issue needs further study so that the appropriate ratio can be developed. The department reports that using a 1:30 ratio would have a significant fiscal impact.
- ***Resource Recruitment:*** LDSS typically have a full- or part-time position devoted to recruiting foster and adoptive parents. CWLA has not developed a standard for these services. As with foster care workers, these duties must be accomplished using the number of positions allotted under the CWLA standards.
- ***Adoption Subsidy Services:*** Every jurisdiction typically has a full- or part-time person to handle responsibilities related to adoptive parents receiving State subsidies. This is another service for which CWLA has not established a caseload-to-staff ratio. Duties related to adoption subsidies must be handled within the number of staff allocated under the CWLA standards.

NB.00 - DHR - Child Welfare

DHR should be prepared to discuss:

- **its plans for distributing the new positions among the jurisdictions;**
- **its timeline for recruiting and hiring the new positions and any anticipated difficulties associated with identifying a sufficient number of qualified staff;**
- **LDSS' ability to provide the needed clerical support for the new positions and aides for Intensive Family Services and Family Preservation and plans for addressing this issue; and**
- **the impact that requiring LDSS to provide foster home workers, recruitment resources, and adoption subsidies workers within the CWLA allocations has on meeting the CWLA standards and its plans for addressing this issue.**

2. Integration of Child Welfare and Substance Abuse Services to Be Piloted

Substance abuse reportedly plays a role in well over half of child welfare cases. To address this issue, Chapters 550 and 551, Acts of 2000 (SB 671/HB 7) were enacted. This law requires DHR and DHMH to coordinate child welfare and substance abuse treatment services. Through this integration, parents and other family members can access treatment services through the child welfare system and child welfare workers can help monitor progress toward recovery.

The law specifies statewide implementation and calls for the Governor to include up to \$16 million in the proposed budget for the integration of substance abuse treatment and child welfare services. The amount of funds available in the fiscal 2002 allowance, however, falls well short of \$16 million. Given funding limitations, DHMH reports that pilot sites will be selected. The fiscal 2002 allowance for DHMH includes an enhancement of \$4 million to fund treatment services related to Chapters 550 and 551, Acts of 2000.

DHR's fiscal 2002 allowance does not contain increased funding for addictions specialists for the implementation of the new law. DHR intends to add \$3.2 million in Temporary Assistance for Needy Families (TANF) dollars to its fiscal 2001 budget through the amendment process. According to the department, these funds would support addiction specialists hired by DHMH to screen Temporary Cash Assistance (TCA) applicants and recipients. The fiscal 2002 allowance contains only \$2.2 million in TANF funds for addictions specialists. The department reports that these funds would support the addictions specialists needed for both the child welfare services and the Family Investment program. An additional \$1 million would be needed for fiscal 2002 to allow the department to maintain its fiscal 2001 service levels.

Chapters 550 and 551, Acts of 2000 required DHR and DHMH to submit a protocol for implementing the integration of child welfare and substance abuse services. In its report, DHR and DHMH stated that an estimated 81 addictions specialists would be needed for statewide implementation of the program. The departments noted that counties with smaller caseloads could assign one addiction specialist to serve both child welfare and TCA clients. DHR and DHMH also reported that available treatment slots are insufficient to meet the estimated need for this new program.

NB.00 - DHR - Child Welfare

DLS recommends that DHR discuss:

- **its plans for implementing pilot sites for the integration of substance abuse treatment and child welfare services;**
- **the need for additional addictions specialists in these sites beyond those provided for the Family Investment program;**
- **how it will fund the additional addictions specialists given the limited availability of dollars for these positions.**

In the Alcohol and Drug Addiction Administration analysis, DLS has also recommended budget bill language requiring specific information about the implementation of the pilot sites.

Prior to the enactment of SB 671/HB 7, DHR reported plans to implement pilot substance abuse treatment programs under a federal waiver agreement. The selected pilot sites are Baltimore and Prince George's counties and Baltimore City. According to the department, in December, the pilot jurisdictions were developing treatment teams which include addiction specialists and mentors. The jurisdictions began identifying customers for enrollment in January. Across the three pilot sites, the department plans to involve 260 mothers who have lost custody of their children or who are at risk of losing custody. An evaluation will be conducted by the University of Baltimore. As such, half of the women will receive substance abuse treatment through the traditional model, while the other half will be part of the treatment team model. Because of the limited number of slots needed for these pilots, the department does not anticipate having trouble finding an adequate number of treatment slots. To ensure that health insurance companies provide proper coverage for treatment services, each customer will be required to identify her health care provider. DHR and DHMH are currently conducting a review of providers to identify those that do not accept HealthChoice.

DHR should provide the committees with an update on these pilot sites and how these pilots will differ from those provided under SB 671/HB 7.

Recommended Actions

	<u>Amount Reduction</u>		<u>Position Reduction</u>
1. Reduce deficiency to account for general funds that were improperly encumbered at the end of fiscal 2000. The Office of Legislative Audit determined that the Department of Human Resources (DHR) encumbered \$760,000 in general funds in fiscal 2000 to cover expenses associated with two service contracts. Because the funds were not needed to cover goods or services received prior to the end of fiscal 2000, the dollars should have reverted to the general funds. Because the funds were encumbered, they are available in DHR's fiscal 2001 budget and can be used to offset the need for the full deficiency appropriation.	\$ 760,000	GF	
2. Delete funding and PIN for new Human Services Specialist as significant workload increases have not been identified. The Department of Human Resources (DHR) reports that this position will serve as the grants management officer for the following grant programs: Family Support Centers, Family Tree, Community Grant Program, and Choice Program. Even though funds for the Family Support Centers and Family Tree had been budgeted in the subcabinet fund prior to fiscal 2002, DHR had retained responsibility for managing these grants. Therefore, the transfer does not increase DHR's workload. In addition, DHR reports that the other grants programs are not expanded in the fiscal 2002 allowance. As such, this full-time position does not seem justified.	22,297 27,251	GF FF	1.0
3. Delete funding and PIN for help desk coordinator for MD CHESSIE project as pilot implementation phase does not begin until fiscal 2003. The primary purpose of this position is to provide assistance to the 24 local jurisdictions in resolving problems that may occur with system implementation, testing, and normal operation. The Department of Human Resources will begin the pilot implementation phase of MD CHESSIE in December 2002. As such, the position is not needed until fiscal 2003. The department notes that the position is needed in fiscal 2002 to conduct other activities and receive training. However, even if the	17,545 17,544	GF FF	1.0

NB.00 - DHR - Child Welfare

position is added in fiscal 2003, the new position would have sufficient time to receive training prior to the December 2002 pilot implementation phase.

4.	Reduce funding for computer equipment, software, and cabling that were anticipated to be needed as part of the caseload-to-staff reduction initiative. The allowance contains fewer positions than anticipated when the Department of Human Resources developed its fiscal 2002 budget request.	302,816	GF	
		302,816	FF	
	Total Reductions to Fiscal 2001 Deficiency	\$ 760,000		
	Total Reductions to Allowance	\$ 690,269		2.0
	Total General Fund Reductions to Allowance	\$ 342,658		
	Total Federal Fund Reductions to Allowance	\$ 347,611		

Updates

1. Foster Care Privatization Project Underway in Baltimore City

The department, under contract with the Martin Pollack Project, launched a pilot foster care privatization program in Baltimore City in January 2000. The pilot includes 500 children. Last year, DHR reported plans to expand the privatization initiative or enter into a second contract for foster care services. At this time, however, DHR does not plan to expand privatization beyond the current managed care pilot. The University of Maryland's School of Social Work is under a five-year contract to evaluate the pilot. At this time, no preliminary results are available.

2. Implementation of Automated Information System Continues

In fiscal 1998 DHR began planning the implementation of MD CHESSIE, the system formerly known as SACWIS. MD CHESSIE will provide the State with comprehensive child welfare information and will automate intake, screening, investigation, assessment, case management, case review and monitoring, resource management, and court processing.

While some components of the proposed system could be addressed through the Client Information System, MD CHESSIE will permit the collection of more analytic information such as the reasons for a child abuse report and data on the seriousness of the abuse. The system will also allow for improved tracking of permanency placement efforts.

Development and implementation of MD CHESSIE, which will be operational statewide at the end of calendar 2003, is expected to cost \$65 million (\$32.7 million in general funds). These projected development costs do not encompass DHR's expenses associated with increased computer processing needs generated by MD CHESSIE.

Accomplishments during Fiscal 2001 and Activities Planned for Fiscal 2002

During the current fiscal year, DHR has completed the planning phase of the project and has secured the monitoring contractor, MAXIMUS, Inc. The department has also solicited bids for the development and implementation of MD CHESSIE. The selected contractor is expected to begin work in early June.

The fiscal 2002 allowance includes \$7.4 million, half of which is general funds. DHR will use the funds to establish the necessary infrastructure to support the personal computers; provide hardware and software training through Maryland's community colleges to all child welfare workers; continue technical assistance, quality control, quality assurance, and independent verification and validation through the monitoring contract; and design, modify, program, and test the selected child welfare case management system.

3. Educational Placements Must Be Made Quickly

There have been concerns about the advance notification provided to school systems about the enrollment of foster children. According to DHR, it must adhere to each school district's deadline for enrolling new students at the beginning of each year. For educational placements made during the school year, regulations require that the local departments arrange enrollment within five days of removal from the home.

While school districts may prefer and benefit from additional advanced notification, DHR cannot always predict the number of children it will enroll or where it will enroll these children. The local departments make every effort to preserve the family unit and remove children from the home of their biological parents only when absolutely necessary. If the child must be placed in a new school, caseworkers enroll the child as quickly as possible so as not to further disrupt the child's education. Local departments limit the need to transfer a child from one school to another by operating under the Family to Family concept. This means that, when possible, a child who is removed from the home of his biological parents is placed within his community or near his community. As such, he is more likely to remain in his own school during his out-of-home placement.

Current and Prior Year Budgets

Current and Prior Year Budgets Child Welfare (\$ in Thousands)

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2000					
Legislative Appropriation	\$160,223	\$1,970	\$155,149	\$10,815	\$328,157
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	9,469	13,428	20,700	0	43,597
Reversions and Cancellations	0	(447)	(11,845)	(3,935)	(16,227)
Actual Expenditures	\$169,692	\$14,951	\$164,004	\$6,880	\$355,527
Fiscal 2001					
Legislative Appropriation	\$165,025	\$3,011	\$181,494	\$13,392	\$362,922
Budget Amendments	1,517	0	4,015	0	5,532
Working Appropriation	\$166,542	\$3,011	\$185,509	\$13,392	\$368,454

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

Explanations of Significant Budgetary Changes during Fiscal 2000

Through the budget amendment process, the fiscal 2000 legislation appropriation increased by nearly \$44 million. Additional federal fund appropriations represent nearly half of the total increase. Of the

NB.00 - DHR - Child Welfare

\$20.7 million in federal funds added through budget amendment, \$16.9 million covered foster care payments. The local departments received \$1.9 million in federal funds for salaries. As shown above, the special fund appropriation increased by over \$13 million during fiscal 2000. The State's reserve fund provided over \$11 million of this increase. The funds, which supported the delivery of child welfare services, were needed to restore congressional reductions to the Social Services Block Grant. A budget amendment also provided \$2.2 million in special funds from local governments to support salaries in the local departments. The table also shows that \$9.4 million in general funds was added to the fiscal 2000 legislative appropriation. General funds from elsewhere in DHR were transferred into the budget programs for foster care payments and for salaries for staff at the local departments. About \$1.8 million of the general fund increase represents COLA distributed by DBM to the executive agencies.

Explanations of Fiscal 2000 Cancellations and Reversions

At the end of fiscal 2000, the child welfare programs cancelled a total of \$16.2 million in federal, reimbursable, and special funds. Federal fund cancellations totaled \$11.8 million, a majority of which was expected to come from the Social Services Block Grant. As discussed above, Congress reduced this grant and the State provided \$11.2 million from the reserve account to sustain the needed level of child welfare services. A total of \$3.9 million in reimbursable funds was also cancelled at year's end. These funds were to be provided from the Subcabinet Fund. According to DHR, the Subcabinet Fund was billed for the full amount of reimbursable funds, but actual reimbursements fell short of the budgeted amount. A total of \$447,000 in special funds was also cancelled at the end of fiscal 2000. Of this amount, about \$370,000 is attributable to a contract with the University of Baltimore (UB) for the Title IV-E Comprehensive Improvement Project. The UB budget contained the funds needed for this project and, as such, the Social Services Administration did not need to spend the funds. An additional \$77,000 in special funds was cancelled because the budget contained a higher estimate of contributions from local governments than was actually provided.

Explanations of Fiscal 2001 Budget Amendments

The chart indicates that the legislative appropriation for fiscal 2001 has increased by \$5.5 million. The budget committees, however, have only approved fiscal 2001 budget amendments totaling \$1.5 million for DHR. As such, DBM has inappropriately included the \$4.0 million in the fiscal 2001 working appropriation. The \$1.5 million amendment adds funds for a portion of the fiscal 2001 COLA and adjustments reflecting annual salary reviews.

**Object/Fund Difference Report
DHR - Child Welfare**

<u>Object/Fund</u>	FY01		FY02 <u>Allowance</u>	FY01 - FY02		Percent <u>Change</u>
	FY00 <u>Actual</u>	Working <u>Appropriation</u>		<u>Amount Change</u>		
Positions						
01 Regular	2280.00	2599.66	2720.16	120.50	4.6%	
02 Contractual	129.49	40.40	4.00	(36.40)	(90.1%)	
Total Positions	2409.49	2640.06	2724.16	84.10	3.2%	
Objects						
01 Salaries and Wages	\$ 115,281,547	\$ 114,196,419	\$ 128,772,388	\$ 14,575,969	12.8%	
02 Technical & Spec Fees	4,904,010	2,784,571	1,726,045	(1,058,526)	(38.0%)	
03 Communication	1,664,466	2,980,791	1,957,175	(1,023,616)	(34.3%)	
04 Travel	1,668,530	1,600,071	1,753,981	153,910	9.6%	
06 Fuel & Utilities	139,017	132,249	150,779	18,530	14.0%	
07 Motor Vehicles	711,424	860,255	708,547	(151,708)	(17.6%)	
08 Contractual Services	28,979,626	31,177,522	26,510,614	(4,666,908)	(15.0%)	
09 Supplies & Materials	1,006,263	738,301	970,613	232,312	31.5%	
10 Equip - Replacement	107,008	350,000	350,000	0	0%	
11 Equip - Additional	615,807	2,357,201	3,019,207	662,006	28.1%	
12 Grants, Subsidies, Contr	194,202,996	204,617,034	236,966,834	32,349,800	15.8%	
13 Fixed Charges	6,245,949	6,660,466	8,660,138	1,999,672	30.0%	
Total Objects	\$ 355,526,643	\$ 368,454,880	\$ 411,546,321	\$ 43,091,441	11.7%	
Funds						
01 General Fund	\$ 169,692,027	\$ 166,542,352	\$ 197,209,755	\$ 30,667,403	18.4%	
03 Special Fund	14,950,704	3,010,818	3,392,741	381,923	12.7%	
05 Federal Fund	164,003,824	185,509,963	200,061,584	14,551,621	7.8%	
09 Reimbursable Fund	6,880,088	13,391,747	10,882,241	(2,509,506)	(18.7%)	
Total Funds	\$ 355,526,643	\$ 368,454,880	\$ 411,546,321	\$ 43,091,441	11.7%	

Note: Full-time and contractual positions and salaries are reflected for operating budget programs only.

Fiscal Summary
DHR - Child Welfare

<u>Unit/Program</u>	FY01		FY00 - FY01 <u>% Change</u>	FY02		FY01 - FY02 <u>% Change</u>
	<u>FY00 Actual</u>	<u>FY01 Legislative Appropriation</u>		<u>FY01 Working Appropriation</u>	<u>FY02 Allowance</u>	
04 General Administration -- State	\$ 22,547,321	\$ 31,496,456	51.8%	\$ 29,954,228	(12.5%)	
01 Foster Care Maintenance Payments	202,209,327	201,118,975	(0.5%)	227,222,402	13.0%	
03 Child Welfare Services	130,769,995	130,306,895	1.8%	154,369,691	16.0%	
Total Expenditures	\$ 355,526,643	\$ 362,922,326	3.6%	\$ 411,546,321	11.7%	
General Fund	\$ 169,692,027	\$ 165,025,448	(1.9%)	\$ 197,209,755	18.4%	
Special Fund	14,950,704	3,010,818	(79.9%)	3,392,741	12.7%	
Federal Fund	164,003,824	181,494,313	13.1%	200,061,584	7.8%	
Total Appropriations	\$ 348,646,555	\$ 349,530,579	1.8%	\$ 400,664,080	12.8%	
Reimbursable Fund	\$ 6,880,088	\$ 13,391,747	94.6%	\$ 10,882,241	(18.7%)	
Total Funds	\$ 355,526,643	\$ 362,922,326	3.6%	\$ 411,546,321	11.7%	

24