

N00B
Child Welfare
Department of Human Resources

Operating Budget Data

(\$ in Thousands)

	<u>FY 04</u>	<u>FY 05</u>	<u>FY 06</u>	<u>FY 05-06</u>	<u>% Change</u>
	<u>Actual</u>	<u>Working</u>	<u>Allowance</u>	<u>Change</u>	<u>Prior Year</u>
General Fund	\$267,544	\$254,945	\$302,221	\$47,276	18.5%
Special Fund	15,281	1,098	2,019	922	83.9%
Federal Fund	152,318	170,852	182,604	11,752	6.9%
Reimbursable Fund	<u>9,480</u>	<u>10,167</u>	<u>10,993</u>	<u>826</u>	<u>8.1%</u>
Total Funds	\$444,622	\$437,061	\$497,838	\$60,777	13.9%
Contingent & Back of Bill Reductions			-1,026	-1,026	
Adjusted Total	\$444,622	\$437,061	\$496,812	\$59,750	13.7%

- Breaking from past practice, the fiscal 2006 allowance fully funds foster care with an increase of \$51 million.
- Aside from the increase for foster care and three modest initiatives, the budget for Child Welfare is almost level funded. The purpose of the initiatives is to create a child welfare worker training academy (\$1.7 million); reduce turnover for caseworkers to help achieve lower caseload to worker ratios (\$1.4 million); and recruit more foster care families (\$1 million) which are the lowest cost out-of-home placement.

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

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Personnel Data

	<u>FY 04 Actual</u>	<u>FY 05 Working</u>	<u>FY 06 Allowance</u>	<u>FY 05-06 Change</u>
Regular Positions	2,472.40	2,587.12	2,571.62	-15.50
Contractual FTEs	<u>2.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Personnel	2,474.40	2,587.12	2,571.62	-15.50

Vacancy Data: Regular Positions

Turnover, Excluding New Positions	103.89	4.04%
Positions Vacant as of 12/31/04	216.07	8.40%

- As a general cost saving measure, 15.5 vacant positions are abolished in the fiscal 2006 allowance. When the vacancies are adjusted for the planned abolitions, the vacancy rate drops to 7.80%
- With current vacancies much higher than turnover expectancy and the additional funding to reduce the turnover rate for child welfare caseworker positions to 3%, the agency could afford to fill almost 139 positions.

Analysis in Brief

Major Trends

Caseload Declines While Median Length of Stay Stabilizes: As in previous years, the overall foster care and adoptions caseload is declining. Regular foster care is declining while adoptions and institutional foster care are increasing.

Children Reside in Permanent Homes: The percentage of children who exit care to permanency is declining as the percentage of children who “age out” of care is increasing. With the percentage of children in care over the age of 10 increasing, this trend will likely continue for several years.

Child Safety: Both the number of Child Protective Service investigations and the finding of abuse or neglect continue to trend downward.

Issues

Progress Made in Increasing Child Welfare Staffing Levels: After several years of little progress, the Department of Human Resources (DHR) is finally increasing child welfare caseworker and supervisor positions to bring caseload ratios in line with the levels recommended by the Child Welfare League of America (CWLA.)

Task Force on Child Welfare Accountability Recommends Improvements to Maryland Child Welfare System: A task force comprising representatives from the General Assembly, executive branch, and non-governmental organizations concerned about Maryland's child welfare system makes recommendations relating to a commitment to excellence, outcome measurements, and a quality assurance system.

Federal Child and Family Services Review Shows Maryland Not in Substantial Conformity with Federal Requirements: This report highlights areas needing improvement according to the federal guidelines. Maryland is required to develop a Program Improvement Plan addressing the federal concerns.

Child Welfare Workgroup Recommends Pilot Project on Differential Response: A workgroup convened by the Appropriations Committee recommends that DHR develop a pilot project in one or more jurisdictions during fiscal 2007 to test differential response. Differential response is a system that directs families found to be at-risk of future child abuse or neglect to community-based services intended to support and strengthen families, thus reducing the likelihood of future child abuse and neglect.

Recommended Actions

1. Add language restricting funds unless DHR has 1,863 filled caseworker and supervisory positions.

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Operating Budget Analysis

Program Description

The mission of the Department of Human Resources' (DHR) 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 typically provide or coordinate the delivery of these services.

Key goals of the Social Services Administration (SSA) include:

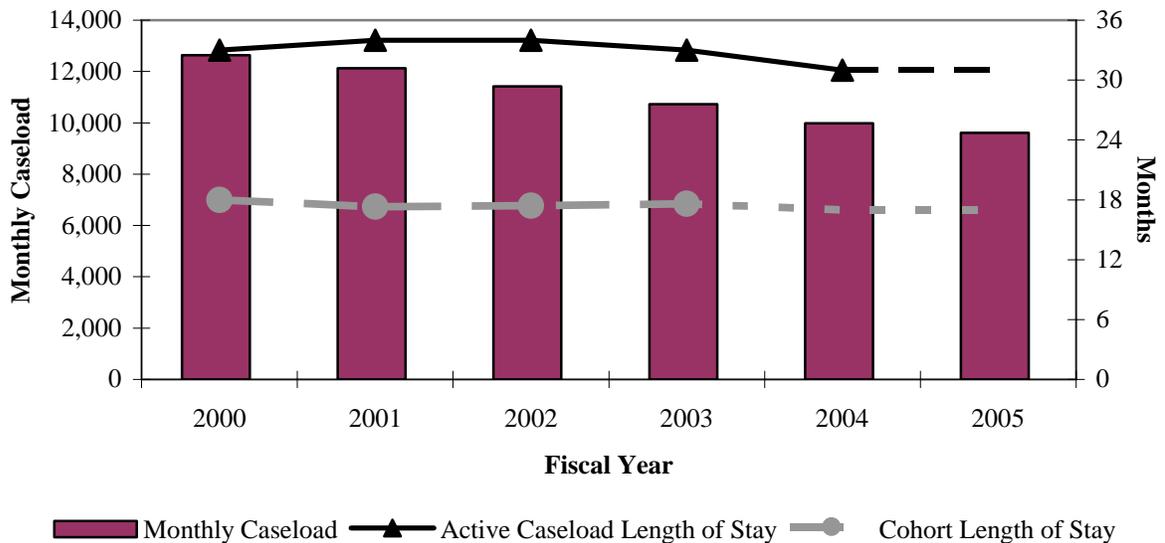
- children reside in permanent homes;
- children are safe from abuse and neglect; and
- children receive appropriate social services consistent with their overall well being.

Performance Analysis: Managing for Results

Caseload Declines While Median Length of Stay Stabilizes

Exhibit 1 shows the trends in out-of-home placements. As in previous years, the overall child welfare caseload is declining. Family foster care and kinship care are declining while institutional foster care and adoptions are increasing.

**Exhibit 1
Out-of-home Care
Caseload and Length of Stay
Fiscal 2000 – 2005**



Notes:

“Active Caseload Length of Stay” measures how long children have been in their current episode of care, for all children in care on a single day (the last day of the fiscal year.) Data shown are the median.

“Cohort Length of Stay” measures how long children who enter care in a given fiscal year stay in their first episode of care. This measure better represents the short stay of many children because so few of them are in care on a single day.

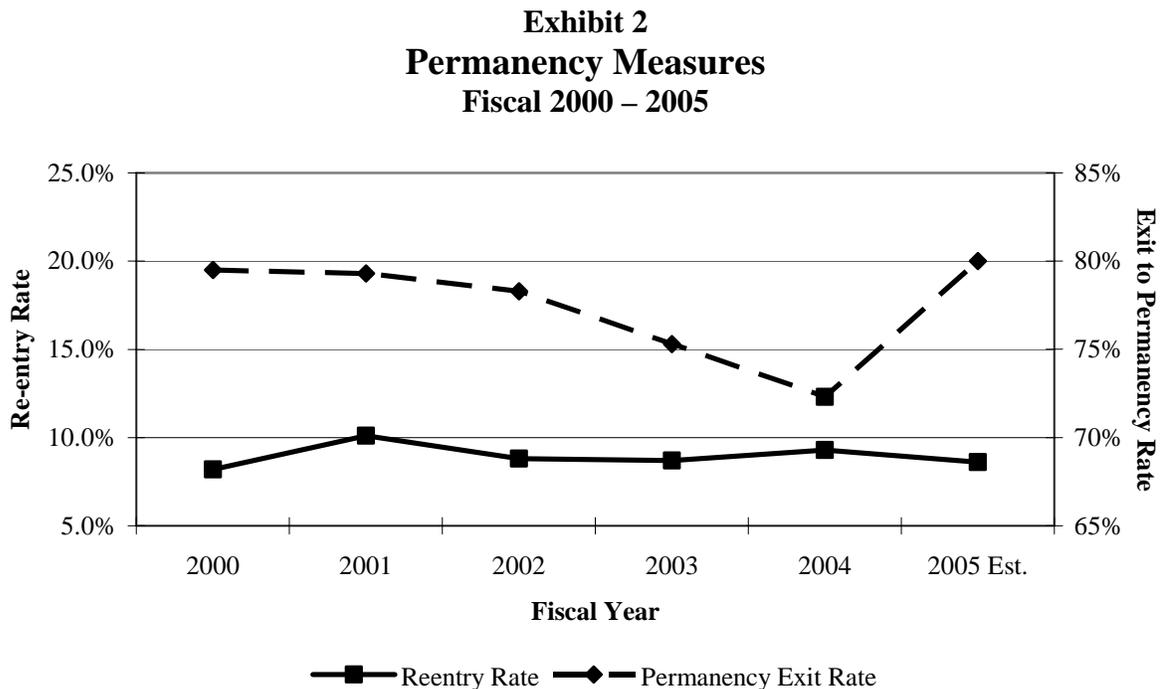
The dotted portion of each line indicates DHR’s projections for length of stay.

Source: Department of Human Resources

The average length of stay for the entire active caseload had increased until fiscal 2002 but decreased from 34 to 33 months in fiscal 2003. The length of stay, when measured for a given cohort of entering children, is much shorter because it is not affected by children who were placed in out-of-home care years ago and are “aging in place.” Children entering foster care today tend to stay for shorter periods. A growing percentage of the caseload is over the age of 10, and many of those older children will remain in care until they are old enough to live independently.

Children Reside in Permanent Homes

Exhibit 2 shows the trends related to permanency. The percentage of children who re-enter foster care within one year of their last out-of-home placement appears to have stabilized after increasing in fiscal 2001. The percentage of children who exit foster care to a permanent home is declining, primarily due to an increasing percentage of children exiting care because they have reached the age of independence. (The department does not consider independent living an exit to permanency.) The proportion of older children continues to increase, which makes DHR’s fiscal 2005 estimate that 80% of the children will exit to permanency unrealistic.

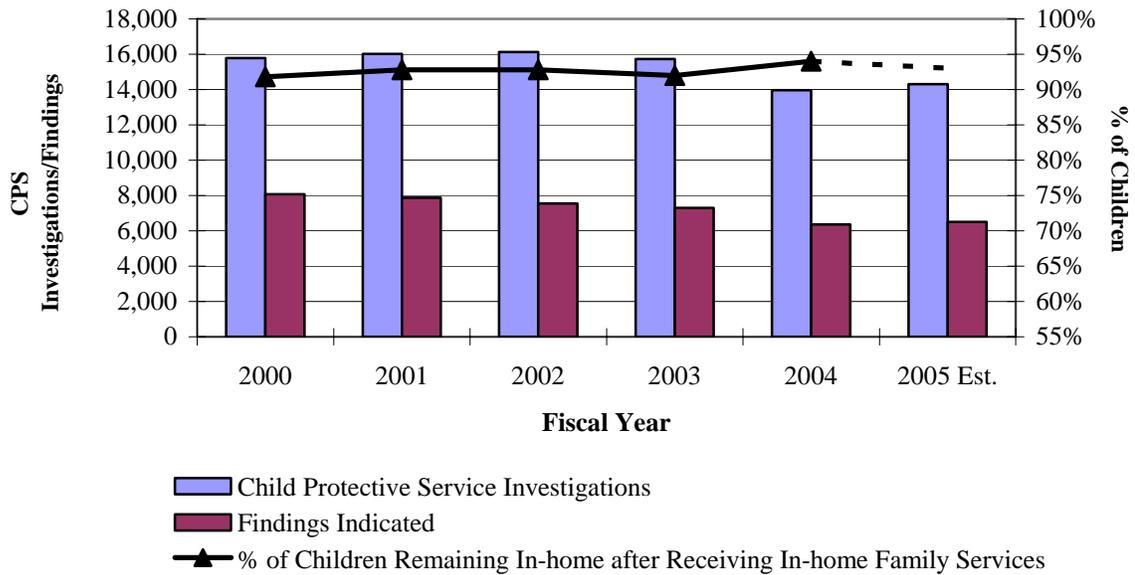


Source: Department of Human Resources

Children Are Safe from Abuse and Neglect

Exhibit 3 relates to the safety of children. Both the number of Child Protective Service (CPS) investigations and the finding of abuse or neglect were lower in fiscal 2004 than in fiscal 2003. Both measures are expected to increase slightly in fiscal 2005 but remain below the levels from fiscal 2000 through 2003. The percent of children who do not enter foster care within one year of receiving in-home family services also increased slightly in fiscal 2004 and is expected to stay at about the same level in 2005.

**Exhibit 3
Safety Measures
Fiscal 2000 – 2005**



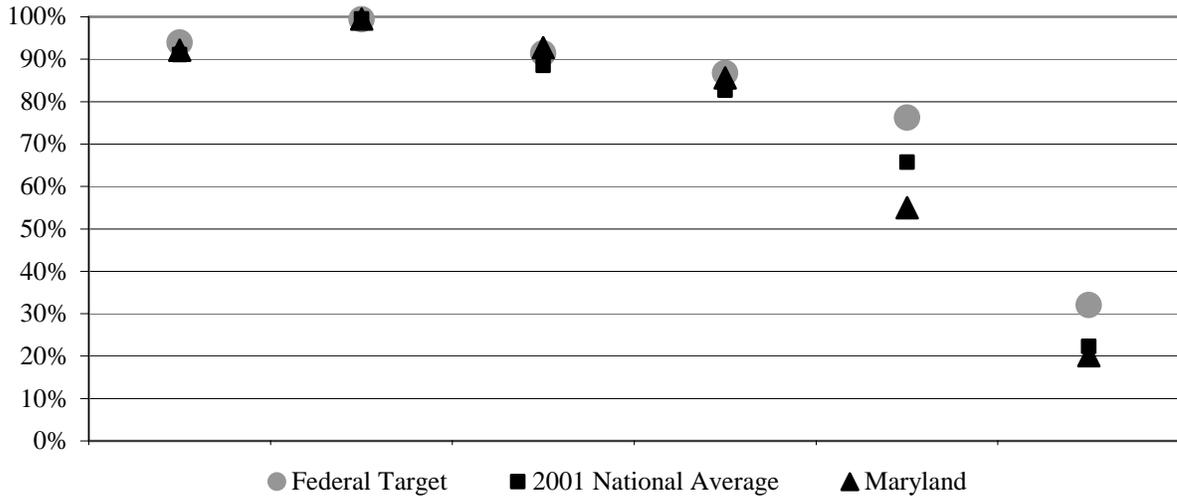
Note: The dotted line indicates the department's projected performance

Source: Department of Human Resources

Federal Child Welfare Performance Measures

Exhibit 4 illustrates Maryland's performance on six federal child welfare performance measures. Maryland met two of the federal targets and was above the national average on three of the measures. Maryland also showed improvement in three of the measures compared with last year.

**Exhibit 4
Maryland's Performance Compared to
Federal Standards and National Averages**



	Children without one or more substantiated recurrence of maltreatment within six months of case closure¹	Child not subject of substantiated maltreatment by foster parent or facility staff^{1,2}	Children not re-entering foster care within 12 months of prior episode^{1,3}	Children in foster care less than one year who have had two or fewer placements³	Children exiting foster care through reunification who do so within one year of entry⁴	Children exiting foster care through adoption who do so within two years of entry⁵
Federal Target	93.9%	99.4%	91.4%	86.7%	76.2%	32.0%
National Average	91.1%	99.5%	88.5%	82.7%	65.7%	22.3%
Maryland	92.1%	99.5%	92.7%	85.6%	55.0%	20.1%

¹For ease of illustration, these measures were inverted from the federal measure.

²Maryland data does not include facility staff.

³In Maryland data, out-of-home care includes kinship care and foster care.

⁴For Maryland, time in care includes trial home visits or after care.

⁵In Maryland data, adoptive placement is used as a proxy for adoptive finalization in many cases.

Source: Department of Human Resources

Fiscal 2005 Actions

The Department of Human Resources intends to avoid a potential almost \$40 million deficit in foster care by moving federal and general funds from other parts of the budget and recognizing new federal dollars during the fiscal 2005 close-out. See the DHR Overview – Issue 1 for a more complete discussion.

Governor's Proposed Budget

As illustrated in **Exhibit 5**, the fiscal 2006 allowance for Child Welfare increases \$59.8 million. Of this increase, over 94% (\$56.3 million) relates to increased funding for foster care, new initiatives to recruit foster families and hire, train, and retain child welfare caseworkers, and increased contractual services for various purposes including preventing child abuse and promoting safe and stable families. If the planned fund transfers to cover the foster care shortfall for fiscal 2005 are factored in, the growth in the fiscal 2006 allowance drops to \$24.5 million (5.2%). Personnel expenses account for another 5.5% of the increase (\$3.3 million). The rest of the budget is generally level funded. The \$1.7 million included in the allowance for the Child Welfare Training Academy comprises \$425,000 in special funds representing a transfer, contingent on legislation, of fund balance from the State Board of Social Work Examiners and \$1,275,000 in federal Title IV-E funds.

Exhibit 5
Governor's Proposed Budget
Child Welfare
(\$ in Thousands)

How Much It Grows:	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Fund</u>	<u>Federal</u> <u>Fund</u>	<u>Reimbursable</u> <u>Fund</u>	<u>Total</u>
2005 Working Appropriation	\$254,945	\$1,098	\$170,852	\$10,167	\$437,061
2006 Governor's Allowance	302,221	2,019	182,604	10,993	497,838
Contingent & Back of Bill Reductions	<u>-475</u>	<u>-7</u>	<u>-468</u>	<u>-76</u>	<u>-1,026</u>
Adjusted Allowance	301,746	2,013	182,136	10,917	496,812
Amount Change	\$46,801	\$915	\$11,284	\$750	\$59,750
Percent Change	18.4%	83.4%	6.6%	7.4%	13.7%

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Where It Goes:

Personnel Expenses

Increments and other compensation.....	\$2,717
Turnover adjustments.....	2,333
Retirement.....	1,181
Workers' compensation premium assessment.....	706
Abolished 15.5 positions.....	-673
Employee and retiree health insurance	-3,157
Other fringe benefit adjustments.....	186

Protecting Children

Foster Care Maintenance Payments.....	51,026
Child Welfare Training Academy.....	1,700
Caseworker hiring and retention – turnover reduced to 3%	1,414
Foster family recruitment.....	1,000
Family Preservation – Promoting Safe and Stable Families grant.....	472
Phone expenditures increase to reflect actual fiscal 2004 expense.....	412
Purchase of new vehicles	215
Office of Administrative Hearings – increased cases	501
U. of MD School of Social Work IV-E student training	137
Child Abuse Prevention federal grant increase.....	100
Family Support Centers reduced leaving \$4.0 million	-667
Other.....	147

Total **\$59,750**

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

Caseload and Expenditure Trends

Exhibit 6 shows trends in foster care and adoptions caseload and expenditures from fiscal 2002 through 2006. Subsidized adoptions and institutional foster care are expected to continue to increase while non-institutional foster care continues modest declines. The increase in the average cost per case reflects the growing institutional foster care which is the highest cost placement type.

Although sufficient funding is included in the fiscal 2006 allowance for foster care, there are two areas of risk regarding the fund sources making up the allowance. First, the allowance assumes that Title IV-E funds will cover 24.5% of the foster care maintenance payments. This is a greater share than realized in fiscal 2004 in which IV-E funding accounted for just 22.2% of costs. Attainment of IV-E funds has declined significantly since the beginning of the decade when the attainment rate was well over 30%. If IV-E funds are attained at the lower fiscal 2004 rate, the State would be facing a \$6.9 million shortfall. The second area of risk is the assumption that \$6 million in Medicaid funds will be realized for foster children in therapeutic group home placements. Receipt of these funds is dependent on new accounting structures and procedures being established and ensuring that providers

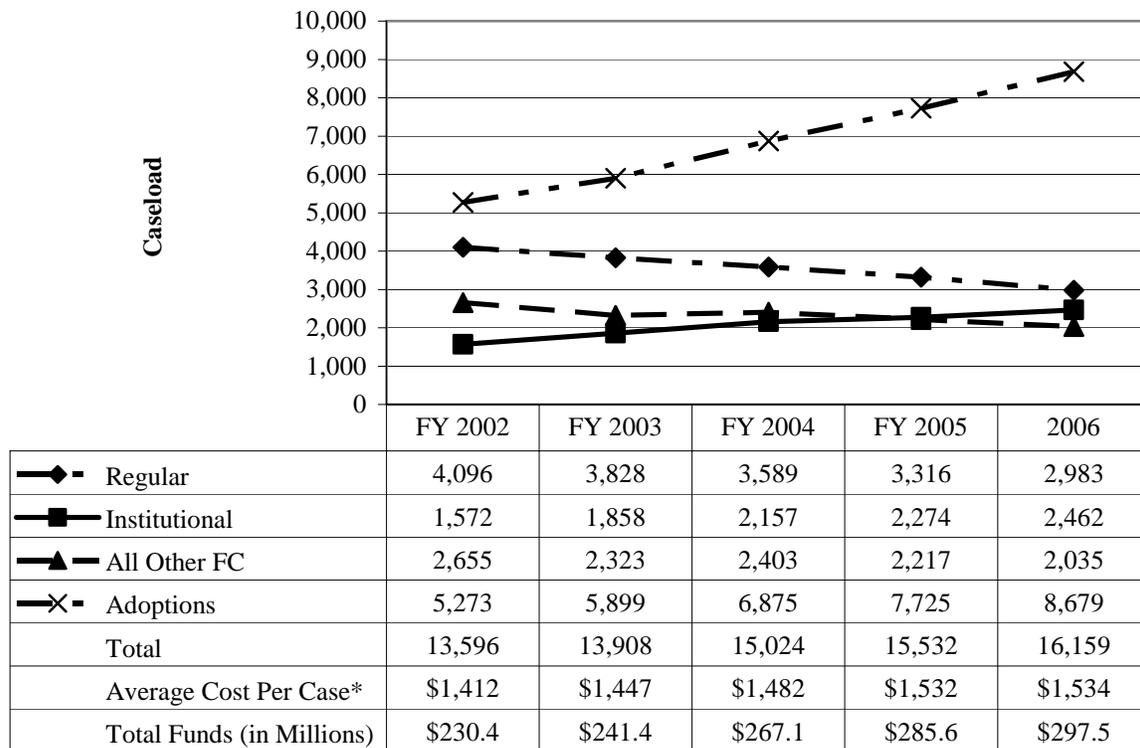
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maintain adequate documentation to allow claims to be submitted to the federal government. The combined exposure relating to these assumptions is \$12.9 million. **The department should comment on how it intends to manage the risk these factors pose to the fiscal 2006 budget.**

Recommendations of the Joint Committee on Children, Youth, and Families

The Joint Committee on Children, Youth, and Families held a series of hearings during the 2004 interim on the goal of children entering school ready to learn. One of the recommendations contained in the committee’s *2004 Interim Report* was that the State maintain funding for all early childhood programs including Family Support Centers. As noted in Exhibit 5, funding in the fiscal 2006 allowance for Family Support Centers is reduced by \$667,000 from the level provided in the current fiscal year resulting in an appropriation of \$4 million.

**Exhibit 6
Caseload and Expenditures
Fiscal 2002 – 2006**



*Monthly

Source: Caseload 2002 – 2004 Department of Human Resources
 2005 – 2006 Department of Legislative Services’ estimate
 Funding Maryland State Budget

Issues

1. Progress Made in Increasing Child Welfare Staffing Levels

After several years of little progress, DHR is finally increasing filled child welfare caseworker and supervisor positions to bring caseload ratios in line with the levels recommended by the Child Welfare League of America (CWLA.) In 1998 the General Assembly passed the Child Welfare Workforce Initiative requiring DHR and the Department of Budget and Management (DBM) to develop appropriate caseload to staff ratios using standards recommended by the CWLA. After several years with little appreciable progress, the General Assembly added language to the fiscal 2005 budget restricting a total of \$3.5 million unless DHR met certain numerical targets with regards to the number of filled caseworker and supervisor positions. **Exhibit 7** shows the number of filled worker and supervisor positions as of January 1, 2005, as reported by DHR.

DHR's figures show that on a statewide aggregate basis, Maryland was just 14.5 positions short of meeting the CWLA standard for workers and is 3 positions over the number recommended for supervisors. However, because jurisdictions that exceed the CWLA levels are held harmless and are not required to transfer filled positions, an additional 74.4 workers in three jurisdictions are needed to meet the CWLA standard and an additional 16.9 supervisor positions for seven jurisdictions will also need to be filled to meet the standard. The fiscal 2006 allowance includes \$1.4 million to lower the budgeted turnover for child welfare positions to 3% from the department average of 4%. Lower budgeted turnover will allow the department to keep more positions filled for the entire year. DHR has indicated its goal is to reach a staffing level that allows it to provide overlap between outgoing personnel and the incoming replacements so that cases continue to be actively managed despite routine retirements and other departures.

The number of filled positions reported above and included in **Exhibit 7** are DHR's numbers and do not match the personnel database maintained by DBM. As of December 31, 2004, the DBM database indicated only 1,516.3 filled worker positions (22 fewer than reported by DHR) and 311.5 filled supervisor positions (2 fewer than reported by DHR). The DBM database also indicated there were 123.7 vacant worker positions and 23.5 vacant supervisor positions as of December 31, 2004, for a vacancy rate of 7.5% in Child Welfare positions. DHR did provide a listing of PINs that have been filled but are not yet reflected in DBM's database. While many of the PINs listed have an Entry on Duty date from the last half of December 2004, about half have dates earlier including one from September 8, 2004. This indicates that DHR is not submitting the required paperwork in a timely fashion. **DHR should explain why required documentation is not being provided in a timely fashion so that the State's official personnel database accurately reflects the number of positions employed by the department. DHR should also comment on if it plans to reallocate vacant positions from jurisdictions with excess staffing to those below the CWLA standard.**

Exhibit 7
Child Welfare Staffing
As of January 1, 2005

<u>Local Department</u>	<u>Workers</u>			<u>Supervisors</u>		
	<u>CWLA Standard</u>	<u>Filled</u>	<u>Over/ (Under)</u>	<u>CWLA Standard</u>	<u>Filled</u>	<u>Over/ (Under)</u>
<i>Allegany</i>	39.5	43.3	3.8	7.9	6.0	(1.9)
<i>Anne Arundel</i>	88.0	95.8	7.8	17.6	17.0	(0.6)
<i>Baltimore City</i>	754.5	710.5	(44.0)	150.9	152.0	1.1
<i>Baltimore</i>	124.5	107.6	(16.9)	24.9	17.5	(7.4)
Calvert	14.0	17.5	3.5	2.8	3.0	0.2
Caroline	9.0	13.5	4.5	1.8	4.0	2.2
Carroll	21.0	26.0	5.0	4.2	6.0	1.8
Cecil	31.0	32.5	1.5	6.2	8.0	1.8
<i>Charles</i>	36.0	36.5	0.5	7.2	4.0	(3.2)
Dorchester	9.5	15.0	5.5	1.9	3.0	1.1
<i>Frederick</i>	46.0	48.5	2.5	9.2	7.0	(2.2)
Garrett	10.0	17.0	7.0	2.0	2.0	0.0
Harford	45.0	45.6	0.6	9.0	10.0	1.0
Howard	29.0	32.0	3.0	5.8	9.0	3.2
Kent	3.0	6.0	3.0	0.6	2.0	1.4
<i>Prince George's</i>	132.5	119.0	(13.5)	26.5	27.0	0.5
Queen Anne's	6.5	9.8	3.3	1.3	3.0	1.7
St. Mary's	22.6	22.6	0.0	4.5	5.0	0.5
Somerset	12.0	15.5	3.5	2.4	3.0	0.6
Talbot	9.0	10.0	1.0	1.8	4.0	2.2
<i>Washington</i>	56.0	58.5	2.5	11.2	11.0	(0.2)
<i>Wicomico</i>	37.0	37.0	0.0	7.4	6.0	(1.4)
Worcester	17.0	18.5	1.5	3.4	4.0	0.6
Total State	1,552.6	1,538.2	(14.4)	310.5	313.5	3.0
Positions needed to achieve full compliance in all jurisdictions			74.4	16.9		
Number of jurisdictions not yet in compliance			3	7		

Italics denote jurisdictions not meeting CWLA standards

Source: Department of Human Resources

2. Task Force on Child Welfare Accountability Recommends Improvements to Maryland Child Welfare System

During the 2003 legislative session, the budget committees included narrative in the *Joint Chairmen's Report* requesting DBM to convene a task force to evaluate the child welfare system in Maryland. The task force was to include representatives from the General Assembly, executive branch agencies that deal with child welfare, health and safety, and non-governmental organizations that have an interest in the State's child welfare system. The narrative asked the task force to:

1. develop a method to determine reported and unreported child abuse and neglect;
2. develop performance measures and qualitative assessment tools for individual cases;
3. determine best practices for delivering child welfare services;
4. develop measures of child outcomes and methods for collecting data needed to measure outcomes; and
5. provide an analysis of how the State can maximize federal fund attainment in order to improve child safety, permanency, and well-being.

DBM enlisted the help of the Annie E. Casey Foundation, and in December 2004, the Task Force on Child Welfare Accountability issued its report containing 16 recommendations related to three broad categories:

1. a long-term commitment to excellence;
2. an outcome measurement system; and
3. a quality assurance system.

Exhibit 8 lists the recommendations of the task force.

Exhibit 8

Recommendations of the Task Force on Child Welfare Accountability

Maryland's Child Welfare System Needs a Long-Term Commitment to Excellence

1. The Governor and General Assembly must make a long-term commitment to enhanced and stable funding and support for abused and neglected children.
2. The Governor must make a long-term and stable commitment to achieving the CWLA caseload standards.
3. DHR should convene a widely representative group of stakeholders to develop a new vision for the child welfare system and a set of principles by which workers, supervisors, and administrators will operate and upon which the system will be judged.
4. DHR should re-examine and clarify key central office roles and the relationship of the central office to the county offices. Issues such as contracting for services and the allocation of staff must be addressed.

Analysis of the FY 2006 Maryland Executive Budget, 2005

Maryland’s Child Welfare System Should Be Based on the Achievement of Outcomes for Children and Families

5. DHR should implement an outcome measurement system that expands on the federal outcome measures. A university-based data repository should be established for research purposes to which all state agencies substantively involved with children who have experienced maltreatment would contribute appropriate data.
6. State decision makers should commit stable funding to implement a fully-functional, statewide child welfare system as quickly as possible.

Maryland’s Child Welfare System Needs a Quality Assurance System

7. DHR should develop a quality assurance system that includes an assessment of performance at the State and local levels.
8. Maryland should fund the development of child welfare best practices in order to provide cutting edge services to children and families and to more cost effectively use limited resources.
9. DHR in collaboration with Maryland institutions of higher learning should enhance training and develop a comprehensive Child Welfare Training Academy.
10. DHR and the Department of Budget and Management (DBM) should revise the accounting structure and workload measures to allow a clear and comprehensive understanding of how funds are spent and to permit more flexibility in spending to meet families’ needs while reducing reliance on high-cost placements.
11. DHR and the Citizen’s Review Board for Children should implement Quality Service Review Protocols as a means of measuring the quality of case level activities.
12. DHR should adopt California’s county self-assessment process as a means of monitoring the quality of services provided at the local level.
13. Maryland should replicate the National Incidence Study every six years to understand the actual incidence of child maltreatment in the State, and its relationship to reports of child maltreatment and investigations of child maltreatment.
14. Maryland should aggressively pursue national accreditation for each local office and the State agency. The State should negotiate the cost of the accreditation for the remaining jurisdictions with the Council on Accreditation to make the process more affordable.
15. Maryland should contract for a review of federal funding maximization issues specific to Title IV-E, and DBM should assure that any new revenues obtained are kept within the appropriate agency to improve services to children and families.
16. Interagency coordination should be improved in order to improve outcomes for Maryland’s most vulnerable children and families. The Governor’s Office of Children, Youth, and Families (OCYF), DHR, the Social Services Administration, the Department of Juvenile Services, the Department of Health and Mental Hygiene, the Courts, and the Maryland State Department of Education should clarify their respective roles with regard to the implementation of the recommendations in this report.

Source: Report of the Task Force on Child Welfare Accountability, December 2004

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The task force's recommendations include broad policy goals such as enhanced and stable funding for child welfare and specific actions that Maryland can take to improve its child welfare system. The fiscal 2006 allowance contains enhancements that begin to address some of the recommendations such as increased funding for child welfare caseworkers, the CHESSIE System, and foster family recruitment and new funding for creation of a Child Welfare Training Academy. Other recommendations can be made within existing resources and simply require the will to make the changes. DHR has stated publicly that it supports most of the task force recommendations. **DHR should brief the committee on the recommendations it supports, the reasons for the recommendations it does not support, the timeline for accomplishing each of the recommendations, and its plans for implementing the recommendations.**

3. Federal Child and Family Services Review Shows Maryland Not in Substantial Conformity with Federal Requirements

Beginning in 2000, the U.S. Department of Health and Human Services' Administration for Children and Families began a new process to review state child welfare programs called the Child and Family Services Review (CFSR). The review evaluates a state's child welfare system against a set of national standards. Maryland was the forty-seventh state to undergo the CFSR which was conducted the week of November 17, 2003. The findings were published in the final report dated June 9, 2004.

The final report notes that Maryland is not in substantial conformity with any of the seven child welfare outcomes assessed and is in substantial conformity with only three of the seven systemic factors assessed. **Exhibit 9** lists the outcome measures and the systemic factors assessed in the review. It also indicates the number of items needing improvement for each measure.

Exhibit 9
Federal Child and Family Services Review
Assessment Results

<u>Outcome Measures</u>	<u>Areas Needing Improvement</u>
Safety	
Children are safe from abuse and neglect	1 of 2
Children are safely maintained at home when possible	2 of 2
Permanency	
Children have permanent and stable living arrangements	6 of 6
Continuity of family relationships is preserved	5 of 6
Child and Family Well Being	
Families have enhanced capacity to provide for children's needs	3 of 4
Children receive services to meet their educational needs	1 of 1
Children receive services to meet their physical and mental health needs	1 of 2
<u>Systemic Factors</u>	
Statewide Information System	1 of 1
Case Review System	4 of 5
Quality Assurance System	1 of 2
<i>Training</i>	<i>0 of 3</i>
Service Array	2 of 3
<i>Agency Responsiveness to the Community</i>	<i>0 of 3</i>
<i>Foster and Adoptive Parent Licensing, Recruitment and Retention</i>	<i>1 of 5</i>

Italics indicate Maryland was found to be in substantial conformity on that measure

Source: U.S. Department of Health and Human Services, Administration for Children and Families

The final report notes that Permanency Outcome 1 (Children have permanency and stability in their living situations) is an area of particular concern. This outcome was determined to be substantially achieved in only 26.7% of the foster cases reviewed (90% is the threshold for a determination of substantial conformity) and all six indicators for the outcome were rated as areas needing improvement. According to the report the:

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CFSR case review findings demonstrated that DHR is not consistent in preventing foster care re-entries, ensuring placement stability for children in foster care, establishing appropriate permanency goals in a timely manner, achieving permanency for children (through adoption, reunification, guardianship, or permanent placement with relatives) in a timely manner; or ensuring that older children in long-term foster care receive appropriate services to assist them in making the transition from foster care to independent living.

The second area of concern noted in the report pertained to Well-Being Outcome 1 (Families have enhanced capacity to provide for their children’s needs.) This outcome was determined to be substantially achieved in 61.2% of the cases reviewed. While faulting the department for not “[...]being] consistent in meeting the services needs of children, parents, and foster parents; involving children and parents in the case planning process; and ensuring that agency social workers have sufficient contact with the parents of children in their caseloads” (page 3) the review “[...]found that the frequency and quality of DHR caseworker contacts with children were sufficient to meet the children’s needs and to promote attainment of case goals in 86 percent of the cases”.

As indicated in Exhibit 9, the review found Maryland to be in substantial conformity with three of the seven system factors. Factors not in substantial conformity: Statewide Information System, Case Review System, Quality Assurance System, and Service Array. The full deployment of CHESSIE should help Maryland in complying in these areas.

The federal standards were set very high. As a result, no state was found to be in substantial conformity on all measures. States not meeting the federal standards on all measures face federal penalties unless they develop a Program Improvement Plan (PIP) to target areas the state will work to improve. The Administration for Children and Families must approve PIP and a follow-up review will be conducted in two years. DHR has submitted the PIP but has not yet received federal approval. DHR has indicated that the draft PIP is not a public document.

The Secretary should brief the committees on the general provisions of the Program Improvement Plan as submitted and indicate any changes in departmental practices that have been made in response to the PIP process.

4. Child Welfare Workgroup Recommends Pilot Project on Differential Response

During the 2004 interim, the House Appropriations Committee created a workgroup in response to concerns raised during its briefing on child welfare issues in June. The workgroup held hearings on various issues related to child welfare including staffing levels, coordination of services in Baltimore City, and efforts to improve how calls reporting alleged abuse or neglect are handled. With respect to this last issue, the committee heard testimony from the University of Maryland’s School of Social Work regarding differential response to calls alleging abuse or neglect.

Differential response is a system used to provide services to families for which a report of abuse or neglect has been made but for which no indicated findings are made upon investigation by the Child Protective Services (CPS.) Currently, if no findings are indicated by CPS, no further actions

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are taken by the State even if there are warning signs that indicate abuse or neglect is likely to occur in the future. Under a differential response system, in cases where a finding of abuse or neglect is not made, CPS workers would refer families to community resources designed to help preserve families and prevent abuse and neglect thereby preventing that family from entering the child welfare system in the future.

The workgroup is recommending budget language to restrict a portion of the Department of Human Resources' fiscal 2006 budget until it develops a plan to implement a differential response system pilot project in one or more jurisdictions in fiscal 2007. **DHR should comment on the concept of differential response and its willingness to implement a pilot project in one or more jurisdictions in fiscal 2007.**

Recommended Actions

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

, provided that \$2,000,000 of this appropriation may not be expended unless the Department of Human Resources has on January 1, 2006 at least 1,863 filled caseworker and supervisor positions allocated to meet caseload to staff ratios recommended by the Child Welfare League of America. If not expended, these funds shall revert to the general fund on June 30, 2006.

Explanation: This language restricts \$2 million of the general fund appropriation unless the Department of Human Resources (DHR) has 1,863 filled caseworker and supervisor positions on January 1, 2006. During fiscal 2005 DHR met the staffing ratios recommended by the Child Welfare League of America. This language provides incentive for the department to maintain its efforts at keeping the positions filled.

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 2004					
Legislative Appropriation	\$209,506	\$9,355	\$196,858	\$10,763	\$426,482
Deficiency Appropriation	36,016	0	0	0	36,016
Budget Amendments	26,691	6,018	-21,436	0	11,272
Cost Containment	-4,669	0	0	0	-4,669
Reversions and Cancellations	0	-92	-23,104	-1,283	-24,479
Actual Expenditures	\$267,544	\$15,281	\$152,318	\$9,480	\$444,622
Fiscal 2005					
Legislative Appropriation	\$254,276	\$1,098	\$171,239	\$10,167	\$436,780
Budget Amendments	669	0	-387	0	281
Working Appropriation	\$254,945	\$1,098	\$170,852	\$10,167	\$437,061

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

Fiscal 2004

The fiscal 2004 budget for Child Welfare closed out \$18.1 million higher than the legislative appropriation. A \$36 million general fund deficiency to cover higher than expected foster care costs and declining federal fund attainment was approved during the 2004 legislative session. The department's closeout amendment also reprogrammed an additional \$26.7 million for foster care to

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address the same issues as the deficiency. Cost containment reduced the general fund budget by \$4.7 million.

Special funds increased by \$6.0 million through budget amendments. Of this amount, approximately \$3.8 million represents higher than expected local participation, and \$2.4 million was added for a new phone system in Baltimore City as well as printed forms and copier supplies for several local offices.

Budget amendments were used to reduce federal funds by \$21.4 million during the year to reflect lower attainment due to declining IV-E penetration rates. An additional \$23.1 million in federal funds were cancelled in the closeout, again reflecting lower attainment.

Fiscal 2005

Budget amendments have increased general funds and decreased special funds in fiscal 2005. General fund increases of \$981,937 for cost-of-living allowances and \$183,000 for adjustments resulting from the Annual Salary Review were offset by a reduction of \$496,370 as general funds were transferred to support the development of the Maryland Children's Social Services Information Exchange (CHESSIE) system. The federal fund reduction of \$387,000 also represents support of CHESSIE development.

Audit Findings

Audit Period for Last Audit:	July 1, 1997 – March 28, 2001
Issue Date:	November 2001
Number of Findings:	2
Number of Repeat Findings:	1
% of Repeat Findings:	50%
Rating: (if applicable)	n/a

Finding 1: **The Administration did not implement the necessary procedures to ensure that local departments of social services were using group foster care providers in the most cost-effective manner.**

Finding 2: The Administration did not sufficiently determine whether funds paid to group care providers were used for allowable expenses.

*Bold denotes item repeated in full or part from preceding audit report.

**Fiscal 2006 Cost Containment Actions
As Submitted by the Agency
Estimated Fiscal 2006 Savings
Compared to Fiscal 2005**

<u>Describe Each Cost Saving Action/Efficiency Measure</u>	<u>Program Name</u>	<u>Total Funds</u>	<u>General Funds</u>	<u>Special Funds</u>	<u>Positions Reduced</u>	<u>Impact of Action</u>
		32,588	18,338		1.00	Note 1
Position Abolition	General Administration – State	31,604	18,204		1.00	Note 1
Position Abolition	General Administration – State	33,668	19,392		1.00	Note 1
Position Abolition	General Administration – State	32,588	8,910		1.00	Note 1
Position Abolition	Child Welfare Services	33,980	16,466	10	1.00	Note 1
Position Abolition	Child Welfare Services	19,858	9,623	6	1.00	Note 1
Position Abolition	Child Welfare Services	25,368	12,292	8	1.00	Note 1
Position Abolition	Child Welfare Services	24,962	12,097	7	1.00	Note 1
Position Abolition	Child Welfare Services	22,427	10,867	7	1.00	Note 1
Position Abolition	Child Welfare Services	63,963	30,997	19	1.00	Note 1
Position Abolition	Child Welfare Services	18,699	9,062	6	1.00	Note 1
Position Abolition	Child Welfare Services	12,684	6,147	4	0.50	Note 1
Position Abolition	Child Welfare Services	37,002	17,931	11	1.00	Note 1
Position Abolition	Child Welfare Services	29,949	14,514	9	1.00	Note 1
Position Abolition	Child Welfare Services	42,054	20,380	13	1.00	Note 1
Position Abolition	Child Welfare Services	58,125	28,168	17	1.00	Note 1
Program Communications Adjustment	Child Welfare Services	200,000	200,000			Note 2
Program Travel Adjustment	Child Welfare Services	30,000	30,000			Note 2
Pamphlet and Printing Reduction	General Administration – State	3,235	1,865			Note 2
Pamphlet and Printing Reduction	General Administration – State	9,098	5,241			Note 2
Pamphlet and Printing Reduction	General Administration – State	671	386			Note 2
Pamphlet and Printing Reduction	General Administration – State	1,400	807			Note 2
Pamphlet and Printing Reduction	Child Welfare Services	439	212			Note 2
Program Contract Adjustment	General Administration – State	250,000	250,000			Note 2
Program Contract Adjustment	Child Welfare Services	10,000	10,000			Note 2
Background Checks	General Administration – State	1,388	278			Note 2
Unallocated Program Adjustment To Lease Related Costs	Child Welfare Services	80,571	39,045			Note 2
Total		\$1,106,321	\$791,222	\$117		

Note 1: Duties assumed by existing staff

Note 2: Minimal

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

<u>Object/Fund</u>	<u>FY04 Actual</u>	<u>FY05 Working Appropriation</u>	<u>FY06 Allowance</u>	<u>FY05 - FY06 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	2472.40	2587.12	2571.62	-15.50	-0.6%
02 Contractual	2.00	0	0	0	0.0%
Total Positions	2474.40	2587.12	2571.62	-15.50	-0.6%
Objects					
01 Salaries and Wages	\$ 132,570,956	\$ 139,305,160	\$ 143,624,235	\$ 4,319,075	3.1%
02 Technical & Spec Fees	834,049	865,801	4,933,003	4,067,202	469.8%
03 Communication	1,929,847	1,440,487	1,852,152	411,665	28.6%
04 Travel	1,164,940	1,077,128	1,145,930	68,802	6.4%
06 Fuel & Utilities	149,224	237,471	252,639	15,168	6.4%
07 Motor Vehicles	456,008	784,867	1,001,527	216,660	27.6%
08 Contractual Services	27,975,415	25,482,168	26,608,045	1,125,877	4.4%
09 Supplies & Materials	675,003	536,084	723,633	187,549	35.0%
10 Equip - Replacement	12,025	0	0	0	0.0%
11 Equip - Additional	78,862	0	0	0	0.0%
12 Grants, Subsidies, and Contributions	269,548,244	257,848,841	308,481,447	50,632,606	19.6%
13 Fixed Charges	9,227,810	9,483,171	9,215,107	-268,064	-2.8%
Total Objects	\$ 444,622,383	\$ 437,061,178	\$ 497,837,718	\$ 60,776,540	13.9%
Funds					
01 General Fund	\$ 267,543,780	\$ 254,944,625	\$ 302,220,902	\$ 47,276,277	18.5%
03 Special Fund	15,281,406	1,097,772	2,019,287	921,515	83.9%
05 Federal Fund	152,317,690	170,852,041	182,604,304	11,752,263	6.9%
09 Reimbursable Fund	9,479,507	10,166,740	10,993,225	826,485	8.1%
Total Funds	\$ 444,622,383	\$ 437,061,178	\$ 497,837,718	\$ 60,776,540	13.9%

Note: The fiscal 2005 appropriation does not include deficiencies, and the fiscal 2006 allowance does not reflect contingent reductions.

**Fiscal Summary
DHR Child Welfare**

<u>Program/Unit</u>	<u>FY04 Actual</u>	<u>FY05 Wrk Approp</u>	<u>FY06 Allowance</u>	<u>Change</u>	<u>FY05 - FY06 % Change</u>
00 Social Services Administration	\$ 24,369,234	\$ 25,337,080	\$ 27,535,351	\$ 2,198,271	8.7%
00 Local Department Operations	420,253,149	411,724,098	470,302,367	58,578,269	14.2%
Total Expenditures	\$ 444,622,383	\$ 437,061,178	\$ 497,837,718	\$ 60,776,540	13.9%
General Fund	\$ 267,543,780	\$ 254,944,625	\$ 302,220,902	\$ 47,276,277	18.5%
Special Fund	15,281,406	1,097,772	2,019,287	921,515	83.9%
Federal Fund	152,317,690	170,852,041	182,604,304	11,752,263	6.9%
Total Appropriations	\$ 435,142,876	\$ 426,894,438	\$ 486,844,493	\$ 59,950,055	14.0%
Reimbursable Fund	\$ 9,479,507	\$ 10,166,740	\$ 10,993,225	\$ 826,485	8.1%
Total Funds	\$ 444,622,383	\$ 437,061,178	\$ 497,837,718	\$ 60,776,540	13.9%

Note: The fiscal 2005 appropriation does not include deficiencies, and the fiscal 2006 allowance does not reflect contingent reductions.