

**D18A18**  
**Governor's Office for Children**

***Operating Budget Data***

(\$ in Thousands)

	<u>FY 06</u> <u>Actual</u>	<u>FY 07</u> <u>Working</u>	<u>FY 08</u> <u>Allowance</u>	<u>FY 07-08</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Fund	\$2,714	\$1,642	\$1,541	-\$101	-6.1%
Federal Fund	26	250	0	-250	-100.0%
Reimbursable Fund	<u>108</u>	<u>285</u>	<u>366</u>	<u>81</u>	<u>28.5%</u>
<b>Total Funds</b>	<b>\$2,849</b>	<b>\$2,177</b>	<b>\$1,907</b>	<b>-\$269</b>	<b>-12.4%</b>

- The fiscal 2008 allowance for the Governor's Office for Children decreases by \$269,400 representing a 12.4% decline. If one-time health savings are adjusted for, the allowance decreases by \$205,633 representing a 9.7% decline.

***Personnel Data***

	<u>FY 06</u> <u>Actual</u>	<u>FY 07</u> <u>Working</u>	<u>FY 08</u> <u>Allowance</u>	<u>FY 07-08</u> <u>Change</u>
Regular Positions	19.00	19.00	21.50	2.50
Contractual FTEs	<u>0.50</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<b>Total Personnel</b>	<b>19.50</b>	<b>19.00</b>	<b>21.50</b>	<b>2.50</b>

***Vacancy Data: Regular Positions***

Turnover, Excluding New Positions	0.47	2.18%
Positions Vacant as of 12/31/06	0.00	0.00%

- The fiscal 2008 allowance adds 2.5 regular positions to the Governor's Office for Children. An administrator VII position transfers from the Governor's Office of Crime Control and Prevention to administer juvenile delinquency and prevention funding; an administrator II position is added to manage Ready by 21, the Youth Ready by 21 Leadership in Action Program, the Youth Council, and to provide fiscal support; and a half-time principal counsel position is added for legal support.
- Although turnover is budgeted at 2.18%, there were no vacant positions as of December 31, 2006.

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

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## ***Analysis in Brief***

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### **Major Trends**

***Maryland’s Babies Will Be Born Healthy:*** In calendar 2005 the rates for both infant mortalities and low birth weight babies decreased slightly from calendar 2004.

***Maryland’s Children and Youth Will Be Healthy:*** The percentage of Maryland children aged 13 to 35 months that were fully immunized increased in calendar 2005. The general trend for immunizations has been upwards for both Maryland and the United States over the past 10 years.

### **Issues**

***State Oversight of Group Homes:*** Legislative concerns during the 2005 interim regarding the adequacy of group home operations and oversight led to enactment of three bills and the addition of fiscal 2007 budget bill language. The status of required actions and reporting is discussed.

### **Recommended Actions**

1. Concur with Governor’s allowance.

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***Operating Budget Analysis***

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**Program Description**

The Governor's Office for Children (OC) promotes the State's vision for a stable, safe, and healthy environment for children and families. OC conducts work needed to accomplish the Three-Year Children's Plan including development of interagency policies to carry out the plan and promoting efficient interagency use of federal and State funds. OC also facilitates the work of the Maryland Children's Cabinet and promotes child well-being by:

- using results and indicators in planning, decision making, and evaluation;
- partnering with the local management boards;
- using data and technology (State Child, Youth, and Family Information System) to continuously evaluate and measure outcomes;
- advancing integrated systems of care; and
- ensuring fiscal accountability.

The key goals of OC are to:

- lead interagency policy formulation that promotes stable, safe, and healthy environments for children and families;
- maximize prevention, early intervention, and community-based services across agencies that improve outcomes for Maryland's children and reduce the reliance on costly institutional services;
- increase the capacity of communities to meet the specific needs of their jurisdictions' children and families;
- ensure the effectiveness of local and State programs and services for children and families through independent monitoring and evaluation, resulting in program improvement;
- develop and implement an interagency data collection system to improve planning and delivery of services critical to the health, safety, and well-being of children and families statewide; and

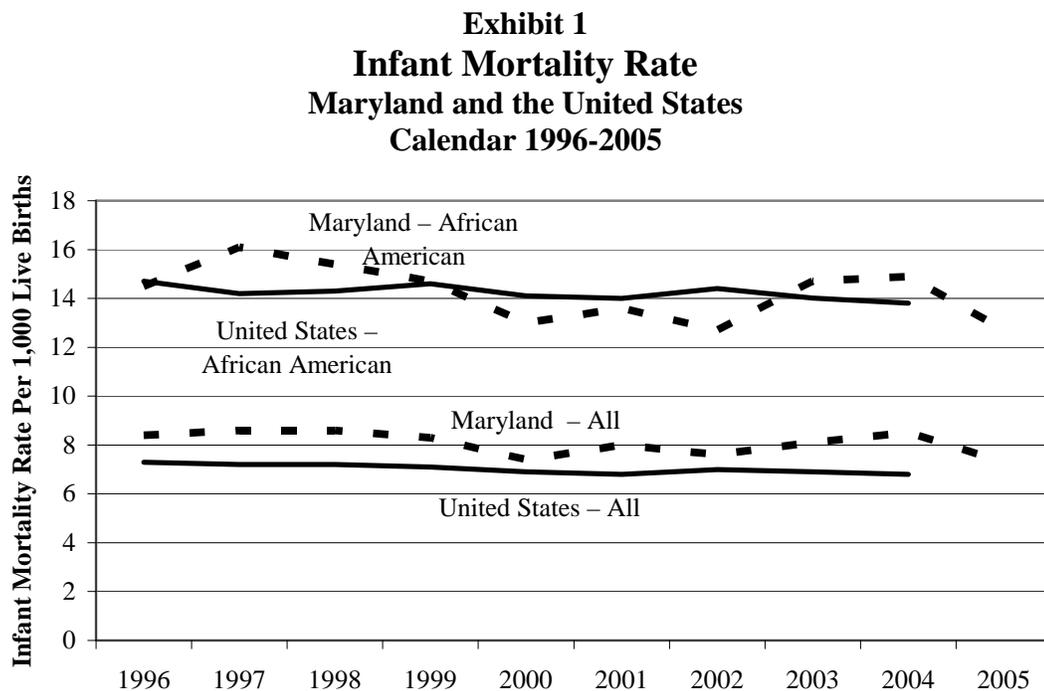
- improve the fiscal efficiency and accountability of programs that serve children and families funded through the Children’s Cabinet Interagency Fund.

## Performance Analysis: Managing for Results

### Maryland’s Babies Will Be Born Healthy

#### Infant Mortality Rate

**Exhibit 1** compares the infant mortality rates for Maryland and the United States both in total and for African American babies. The total Maryland infant mortality rate has fluctuated slightly since calendar 1996 and has slightly exceeded the rate for the United States as a whole during this period. The infant mortality rate for Maryland African American babies trended downward from calendar 1997 to 2002 but then increased for two years before falling again in calendar 2005.

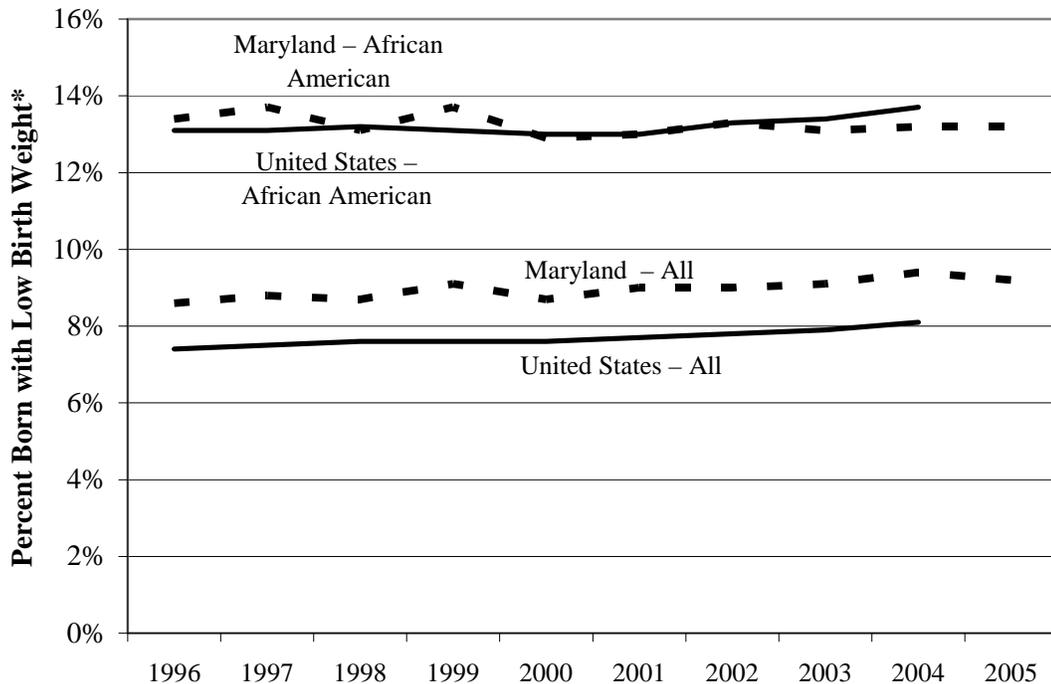


Source: *Maryland Vital Statistics Annual Report, 2005*; *Maryland’s Results for Child Well-Being, 2006*

### Low Birth Weight Babies

**Exhibit 2** compares low birth weight babies for Maryland and the United States both in total and for African American babies. The percent of babies born with low birth weight (less than 2,500 grams, or 5.51 pounds) in Maryland as a whole has fluctuated slightly since calendar 1996 but trended upward from 8.6% in calendar 1996 to 9.4% in calendar 2004. Slight improvement was seen in calendar 2005 with the rate dropping slightly to 9.2%. The Maryland rate has exceeded the rate for the United States as a whole for this entire period. The percentage of low birth weight African American babies in Maryland has fluctuated since 1995 and has exceeded the United States rate for African American babies three times in the last nine years.

**Exhibit 2**  
**Low Birth Weight Babies**  
**Maryland and the United States**  
**Calendar 1996-2005**



\*Measures the percent of births less than 2,500 grams (5.51 pounds).

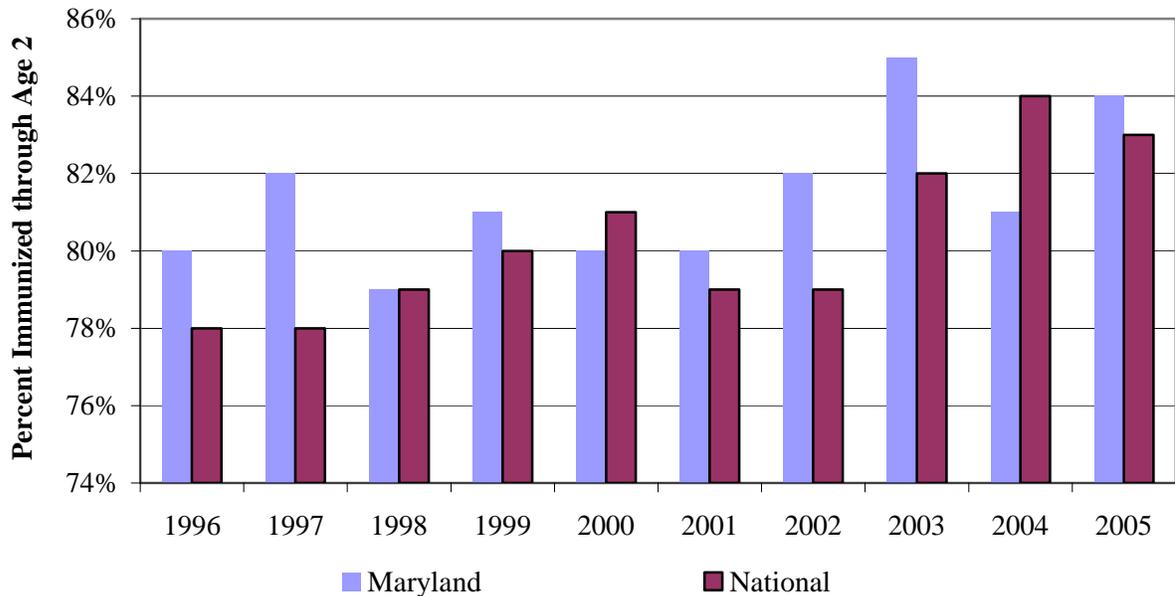
Source: *Maryland Vital Statistics Annual Report, 2005; Maryland’s Results for Child Well-Being, 2006*

## Maryland’s Children and Youth Will Be Healthy

### Children Fully Immunized through Age Two

**Exhibit 3** compares the percentage of Maryland children aged 15 to 35 months that are fully immunized with the United States rate. Maryland has generally fared well in this comparison having lagged the United States rate in only 2 of the past 10 years.

**Exhibit 3**  
**Percentage of Children Immunized through Age Two**  
**Calendar 1996-2005**



Source: *Maryland’s Results for Child Well-Being, 2006; The National Immunization Survey, 2005*

## Governor’s Proposed Budget

As shown in **Exhibit 4**, the fiscal 2008 allowance for OC is \$269,400 less than the current year’s budget representing a 12.4% decline. If one-time health savings are adjusted for, the allowance decreases by \$205,633 representing a 9.7% decline. The largest decreases result from the removal of two grants. One is a federal grant received by OC on behalf of Baltimore City for development of a one-stop resource center for families with members with disabilities. The second is a one-time grant to Boys and Girls Clubs.

**Exhibit 4**  
**Governor’s Proposed Budget**  
**Governor’s Office for Children**  
(\$ in Thousands)

<b>How Much It Grows:</b>	<b><u>General</u> <u>Fund</u></b>	<b><u>Federal</u> <u>Fund</u></b>	<b><u>Reimb.</u> <u>Fund</u></b>	<b><u>Total</u></b>
2007 Working Appropriation	\$1,642	\$250	\$285	\$2,177
2008 Governor’s Allowance	<u>1,541</u>	<u>0</u>	<u>366</u>	<u>1,907</u>
Amount Change	-\$101	-\$250	\$81	-\$269
Percent Change	-6.1%	-100.0%	28.5%	-12.4%
 <b>Where It Goes:</b>				
<b>Personnel Expenses</b>				
New positions.....				\$205
Increments and other compensation.....				61
Retirement expenses .....				22
Health insurance costs decline due to one-time savings .....				-43
Remove reclassification funding.....				-26
Turnover adjustments.....				-18
Other fringe benefit adjustments.....				3
<b>Other Changes</b>				
Out-of-state conference travel.....				10
Food service contract for training sessions and meetings .....				8
Copy machine rental contract renewal.....				7
Computer replacements.....				5
Remove federal pass-through grant to Baltimore City for development of a one-stop family support center for families with members with disabilities.....				-247
Remove one-time grant to Boys and Girls Clubs.....				-200
Data processing contractual services decrease due to cost sharing of network with other agencies.....				-27
Telecommunications decrease due to transfer of Independent Juvenile Justice Monitors and lower allocation of the Department of Budget and Management telecommunication charges.....				-26
Association dues, subscriptions, and insurance .....				-7
Other .....				4
<b>Total</b>				<b>-\$269</b>

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

## ***Issues***

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### **1. State Oversight of Group Homes**

During the 2005 interim, group home oversight was a topic of hearings before various legislative committees. Legislators expressed concerns that group home oversight was not sufficient, group homes were concentrated in certain areas of the State, and certain providers were not adequately supervising and caring for the children they serve. Interest in improving the oversight of group homes led to the enactment of three bills and the addition of fiscal 2007 budget bill language.

#### **Legislative Action During the 2006 Session**

##### **Enhanced Licensing Requirements**

Chapter 275 of 2006 institutes additional licensure requirements for group homes licensed by the Department of Human Resources (DHR), the Department of Health and Mental Hygiene (DHMH), and the Department of Juvenile Services (DJS). An application to operate a group home must now include a business plan, a written quality assurance plan, and prior licensing reports issued within the previous 10 years. Furthermore, each group home’s board of directors must include at least one Maryland resident, may not include employees or their immediate family members, and must adopt bylaws stating that board members are legally responsible for the group home’s management and operation.

##### **State Resource Plan for Residential Child Care Programs**

Chapter 355 of 2006 requires OC to develop a State Resource Plan for Residential Child Care Programs to enhance access to services provided by these programs. A final plan was issued in August 2006.

##### **Residential Child Care Capital Grant Program**

Chapter 441 of 2006 established a Residential Child Care Capital Grant Program under OC to make grants to local jurisdictions and nonprofit organizations to expand group home service capacity in Maryland. Beginning in fiscal 2008, the Governor may include an appropriation in the State capital budget for the program. The fiscal 2008 budget does not contain a capital appropriation for this purpose.

##### **Fiscal 2007 Budget Bill Language Requirements**

Fiscal 2007 budget bill language requires that independent audits from each group home be submitted to the Interagency Rates Committee (IRC), which sets group home rates, and a review of the audits be incorporated into the rate setting process by March 31, 2007. The language also requires several reports from OC and the three licensing agencies on (1) the level of earnings retained by providers; (2) the level of direct care spending; (3) how performance-based incentives may be

incorporated into the rate setting process; (4) the number of incidents reported by providers; (5) the status of the implementation of previously enacted legislation regarding group homes; (6) the appropriate number of licensing and monitoring staff; and (7) how information sharing among child-serving agencies may be improved.

## **Executive Branch Action in Response to Fiscal 2007 Budget Language**

### **Performance-based Incentives for Rate Setting**

In October 2006, OC submitted a report on performance-based rate setting for group homes. The current rate setting methodology for group homes does not include performance-based factors but uses a measure of the extent and intensity of services provided to children as a proxy for performance. According to the report, IRC has developed a performance-based rate process which will be implemented once a system for outcomes evaluation is implemented and operational.

### **Incidents Reported by Providers**

OC submitted a preliminary report on group home incidents and monitoring deficiencies in July 2006. OC is currently developing a uniform incident and deficiency reporting system and plans to explore two options for obtaining police reports for incidents at group homes. One option would require memoranda of understanding between each licensing agency and local law enforcement. A second option would identify a contact in each of the licensing agencies who would obtain individual police reports and forward them to OC.

The July 2006 report indicates that OC will begin quarterly reporting by provider to the General Assembly on (1) monitoring deficiencies that caused harm or had the potential to cause harm to a child or the community; (2) incidents that caused harm or had the potential to cause harm to a child or the community; (3) incidents that required law enforcement intervention to the extent that the report has been provided to the licensing agency; and (4) available police reports involving group homes to the extent that the report has been provided to the licensing agency. The first two quarterly reports were submitted in October 2006 and February 2007.

### **State Board for the Certification of Residential Child Care Program Administrators**

Chapter 438 of 2004 requires that all residential child care program administrators be certified by the State Board for the Certification of Residential Child Care Program Administrators by October 1, 2007. DHMH submitted a status report on the board in November 2006 indicating that the board was appointed in October 2005 and has drafted regulations regarding certification, continuing education, ethical practice, and hearing procedures. The board has also commissioned Towson University to develop a State certification examination to be finalized in May 2007. The board’s next steps include development of a fee schedule, licensing application, and process for disciplinary action.

### **Appropriate Numbers of Licensing and Monitoring Staff**

In October 2006, OC submitted a report on the ratio of licensing and monitoring staff to group homes for children. This report notes that due to the wide range of facilities monitored by the three licensing agencies, it is not possible to recommend a standard ratio. However, the report does quantify current workforce shortages in each of the agencies. The report concludes that the Office of Health Care Quality requires approximately 2.72 additional surveyors for group homes licensed by DHMH. DHR, which has 16 filled licensing and monitoring positions and was granted an additional 5 positions for fiscal 2007, requires 5 additional positions for a total requirement of 26. DJS notes that 1 additional licensing and monitoring position is required to meet future projected demand. The fiscal 2008 allowance contains 4 new positions for DHR but no additional positions for DHMH nor DJS.

### **Enrollment of Children in State-supervised Care and Prompt Transfer of Educational Records**

In October 2006 the Maryland State Department of Education (MSDE) submitted a report on the implementation of Chapter 217 of 2003 and Chapter 308 of 2005 which require the timely enrollment of children in State-supervised care and prompt transfer of educational records. MSDE indicates that it adopted regulations relating to the timely enrollment of students after sharing the proposed regulations with the 24 local school systems. Similarly, regulations have been adopted concerning procedures and timelines for the transfer of records between sending schools and receiving schools which indicate that within five days of notification by the placement agency of the pending enrollment of a student, the sending school will have sent the student’s educational records to the receiving school.

### **Pending Items**

Two reports are still to be received. The first on the amount of direct care spending was expected at the end of January 2007 but has not yet been received. The second, relating to review of provider audits by the rate setting committee is due at the end of March 2007.

### **Additional Improvements in the Regulation of Group Homes**

Several additional improvements have been made to the regulation and oversight of group homes since the 2006 session.

- In February 2006 the State initiated a toll-free hotline (866-718-5496) for community concerns. Callers with complaints about group homes are transferred to the licensing coordinator for that program, and a database of all calls is maintained. Each licensing agency is responsible for reporting the resolution of each complaint to OC.

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- In May 2006 OC issued a Request for Proposals to local jurisdictions to compete for \$1 million in fiscal 2007 funds to increase group home service capacity. The funds were awarded to bolster capacity in Baltimore City and on the Eastern Shore.
- Uniform licensing and monitoring tools were developed and implemented, standardizing licensing and monitoring practices in all three agencies.

**OC should brief the committees on the status of the pending items and any other efforts being made to improve the oversight of group homes.**

***Recommended Actions***

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1. Concur with Governor’s allowance.

## *Current and Prior Year Budgets*

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### **Current and Prior Year Budgets Governor’s Office for Children (\$ in Thousands)**

	<b><u>General Fund</u></b>	<b><u>Special Fund</u></b>	<b><u>Federal Fund</u></b>	<b><u>Reimb. Fund</u></b>	<b><u>Total</u></b>
<b>Fiscal 2006</b>					
Legislative Appropriation	\$2,663	\$131	\$291	\$196	\$3,281
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	60	0	0	341	402
Reversions and Cancellations	-9	-131	-265	-429	-835
<b>Actual Expenditures</b>	<b>\$2,714</b>	<b>\$0</b>	<b>\$26</b>	<b>\$108</b>	<b>\$2,849</b>
<b>Fiscal 2007</b>					
Legislative Appropriation	\$1,623	\$0	\$250	\$285	\$2,158
Budget Amendments	19	0	0	0	19
<b>Working Appropriation</b>	<b>\$1,642</b>	<b>\$0</b>	<b>\$250</b>	<b>\$285</b>	<b>\$2,177</b>

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

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## **Fiscal 2006**

The fiscal 2006 budget for the Governor’s Office for Children closed out \$432,799 lower than the legislative appropriation. This decrease was the net result of increases by budget amendments totaling \$401,906 offset by reversions and cancellations at the end of the year totaling \$834,705.

General funds increased by budget amendment for the general salary increase (\$31,149), as a result of the reallocation of health insurance subsidies (\$17,244), and as part of the realignment of telecommunication charges across the State budget (\$12,089). Reimbursable funds were increased by \$341,424 due to the failure of legislation transferring the Independent Juvenile Justice Monitor to the Governor’s Office of Crime Control and Prevention (GOCCP). Funding for the monitor was originally included in the GOCCP budget.

The general fund reversion of \$9,370 resulted from savings in the salaries account due to higher than budgeted turnover. The special fund cancellation of \$131,386 represented unspent conference funding associated with the Children’s Trust fund which was transferred to the Department of Health and Mental Hygiene. The federal fund cancellation of \$264,722 represented unrealized Temporary Assistance for Needy Families funding (\$50,294) and Children’s Justice Grants to States, the administration of which was transferred to GOCCP early in fiscal 2006. The reimbursable fund cancellation represented the cancellation of the Independent Juvenile Justice Monitor funding (\$341,424) the operations of which were funded through the Attorney General’s Office, and \$13,458 which resulted from greater than budgeted turnover.

## **Fiscal 2007**

The fiscal 2007 working appropriation is \$19,305 higher than the legislative appropriation and reflects an increase in general funds by budget amendment of \$19,539 for a general salary increase offset by \$234 which was transferred to the Department of Budget and Management for the comprehensive salary study.

**Object/Fund Difference Report  
Governor's Office for Children**

<u>Object/Fund</u>	<u>FY06 Actual</u>	<u>FY07 Working Appropriation</u>	<u>FY08 Allowance</u>	<u>FY07 - FY08 Amount Change</u>	<u>Percent Change</u>
<b>Positions</b>					
01 Regular	19.00	19.00	21.50	2.50	13.2%
02 Contractual	0.50	0	0	0	0.0%
<b>Total Positions</b>	<b>19.50</b>	<b>19.00</b>	<b>21.50</b>	<b>2.50</b>	<b>13.2%</b>
<b>Objects</b>					
01 Salaries and Wages	\$ 2,450,232	\$ 1,481,812	\$ 1,685,898	\$ 204,086	13.8%
02 Technical and Spec. Fees	18,722	0	0	0	0.0%
03 Communication	57,733	98,281	67,347	-30,934	-31.5%
04 Travel	18,575	28,925	43,400	14,475	50.0%
07 Motor Vehicles	35,788	7,850	7,170	-680	-8.7%
08 Contractual Services	98,502	77,000	70,400	-6,600	-8.6%
09 Supplies and Materials	12,407	13,900	14,000	100	0.7%
10 Equipment – Replacement	32,310	5,903	10,749	4,846	82.1%
11 Equipment – Additional	0	6,555	5,713	-842	-12.8%
12 Grants, Subsidies, and Contributions	119,649	447,067	0	-447,067	-100.0%
13 Fixed Charges	4,695	9,534	2,750	-6,784	-71.2%
<b>Total Objects</b>	<b>\$ 2,848,613</b>	<b>\$ 2,176,827</b>	<b>\$ 1,907,427</b>	<b>-\$ 269,400</b>	<b>-12.4%</b>
<b>Funds</b>					
01 General Fund	\$ 2,713,922	\$ 1,642,055	\$ 1,541,449	-\$ 100,606	-6.1%
05 Federal Fund	26,355	250,000	0	-250,000	-100.0%
09 Reimbursable Fund	108,336	284,772	365,978	81,206	28.5%
<b>Total Funds</b>	<b>\$ 2,848,613</b>	<b>\$ 2,176,827</b>	<b>\$ 1,907,427</b>	<b>-\$ 269,400</b>	<b>-12.4%</b>

Note: The fiscal 2007 appropriation does not include deficiencies, and the fiscal 2008 allowance does not reflect contingent reductions.

**Fiscal Summary  
Governor's Office for Children**

<u>Program/Unit</u>	<u>FY06 Actual</u>	<u>FY07 Wrk Approp</u>	<u>FY08 Allowance</u>	<u>Change</u>	<u>FY07 - FY08 % Change</u>
01 Office for Children, Youth, and Families	\$ 1,265,005	\$ 0	\$ 0	\$ 0	0%
01 Governor's Office for Children	1,583,608	2,176,827	1,907,427	-269,400	-12.4%
<b>Total Expenditures</b>	<b>\$ 2,848,613</b>	<b>\$ 2,176,827</b>	<b>\$ 1,907,427</b>	<b>-\$ 269,400</b>	<b>-12.4%</b>
General Fund	\$ 2,713,922	\$ 1,642,055	\$ 1,541,449	-\$ 100,606	-6.1%
Federal Fund	26,355	250,000	0	-250,000	-100.0%
<b>Total Appropriations</b>	<b>\$ 2,740,277</b>	<b>\$ 1,892,055</b>	<b>\$ 1,541,449</b>	<b>-\$ 350,606</b>	<b>-18.5%</b>
Reimbursable Fund	\$ 108,336	\$ 284,772	\$ 365,978	\$ 81,206	28.5%
<b>Total Funds</b>	<b>\$ 2,848,613</b>	<b>\$ 2,176,827</b>	<b>\$ 1,907,427</b>	<b>-\$ 269,400</b>	<b>-12.4%</b>

Note: The fiscal 2007 appropriation does not include deficiencies, and the fiscal 2008 allowance does not reflect contingent reductions.