

N00B
Child Welfare
 Department of Human Resources

Operating Budget Data

(\$ in Thousands)

	<u>FY 07</u> <u>Actual</u>	<u>FY 08</u> <u>Working</u>	<u>FY 09</u> <u>Allowance</u>	<u>FY 08-09</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Fund	\$331,212	\$335,280	\$346,371	\$11,090	3.3%
Special Fund	3,564	3,778	3,489	-289	-7.6%
Federal Fund	207,946	228,014	255,941	27,927	12.2%
Reimbursable Fund	<u>0</u>	<u>7,593</u>	<u>0</u>	<u>-7,593</u>	<u>-100.0%</u>
Total Funds	\$542,723	\$574,666	\$605,801	\$31,135	5.4%

- The fiscal 2009 allowance increases by \$31.1 million, or 5.4%, over the fiscal 2008 working appropriation. Changes in health insurance budgeting, however, distorts the underlying growth in the budget. Absent health insurance costs, this budget grows \$19.8 million, or 3.6%.
- Reimbursable funds are eliminated in the fiscal 2009 allowance and replaced with federal funds. In fiscal 2008, federal Temporary Assistance for Needy Families funds for Interagency Family Preservation Services are budgeted in the Children’s Cabinet Interagency Fund but are expended in the Department of Human Resources (DHR) budget. Going forward, these funds will be appropriated directly to the DHR budget.
- The remaining increase in federal funds comprises estimated increased attainment of Foster Care Title IV-E and Medical Assistance funding.

Personnel Data

	<u>FY 07</u> <u>Actual</u>	<u>FY 08</u> <u>Working</u>	<u>FY 09</u> <u>Allowance</u>	<u>FY 08-09</u> <u>Change</u>
Regular Positions	2,541.70	2,544.20	2,530.20	-14.00
Contractual FTEs	<u>2.00</u>	<u>2.50</u>	<u>2.50</u>	<u>0.00</u>
Total Personnel	2,543.70	2,546.70	2,532.70	-14.00

Vacancy Data: Regular Positions

Turnover, Excluding New Positions	126.26	4.99%
Positions Vacant as of 12/31/07	151.85	5.97%

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

For further information contact: Steven D. McCulloch

Phone: (410) 946-5530

- Regular positions total 2,530.2 in the fiscal 2009 allowance representing a decrease of 14.0 positions from the working appropriation. The positions, all of which are vacant, are being eliminated as part of the 500-position reduction mandated by legislation passed during the 2007 special session.
- The budgeted turnover rate of 4.99% would allow the department to fill only 25.5 of the 151.8 positions vacant as of December 31, 2007.

Analysis in Brief

Major Trends

DHR Projects Improvement on Federal Performance Measures but Questionable Data Hampers Accurate Analysis: Beginning with the fiscal 2009 budget submission, DHR is aligning its Managing for Results (MFR) measures with federal child welfare performance measures since the MFR measures were generally consistent with the federal measures, and the department is required by federal law to report on the federal measures. Data derived from the Maryland Children’s Electronic Social Services Information Exchange (MD CHESSIE) system for fiscal 2007 is subject to revision due to data clean-up efforts underway as DHR attempts to bring the new information system into working order. Much of the performance data reported for fiscal 2007 do not follow trends from prior years which calls into question the accuracy of the data.

Issues

Foster Care Maintenance Payment Account Underfunded: The Department of Legislative Services estimates that the Foster Care Maintenance Payments account is underfunded by approximately \$2.7 million in fiscal 2008 and \$2.8 million in fiscal 2009. However, overly optimistic estimates of federal Title IV-E fund attainment could result in general fund shortfalls of \$4.8 million in fiscal 2008 and \$20.7 million in fiscal 2009.

MD CHESSIE Not Yet Providing Reliable Management Reports: Despite DHR predictions that MD CHESSIE produced management reports would be phased in between March and June 2007, accurate data reporting remains a problem.

DHR Meets First Filled Caseworker Milestone Imposed in the Fiscal 2008 Budget but Has Still Not Attained Staffing Levels Recommended by the Child Welfare League of America: DHR had 2,025.8 filled caseworker and supervisor positions as of December 1, 2007, which was sufficient to satisfy the requirements imposed in the fiscal 2008 budget for the release of the first of two \$1 million withheld allotments. This level of filled positions is not, however, sufficient to meet the recommended staff to caseload ratios recommended by the Child Welfare League of America.

DHR Plans to Implement Alternative Response System – Lack of Resources Begs the Question “Where’s the Beef?”: DHR has submitted departmental legislation (HB 262) that would make changes to the Child Protective Services statute to allow the department to implement an alternative response system. In prior years, DHR has indicated that going to an alternative response system would have a significant fiscal impact due to personnel, training, and community services needs, yet fiscal 2009 contains few, if any, new resources to support this effort.

Recommended Actions

1. Add free standing language to N00G00.01 restricting use of funds to the purposes appropriated or for transfer to N00G00.03 Child Welfare Services
2. Add free standing language to N00G00.03 restricting use of funds to the purposes appropriated or for transfer to N00G00.01 Foster Care Maintenance Payments
3. Add language to the general fund appropriation restricting funds unless the Department of Human Resources has 2,071 filled child welfare caseworker and supervisor positions on December 1, 2008, and March 1, 2009.

Updates

Child Fatalities Involving Abuse or Neglect Reported: DHR reported the number of child fatalities in which child abuse or neglect was a factor for calendar 2002 through 2006.

DHR Is in the Process of Updating Out-of-home Placement Regulations: In response to a request in the 2007 *Joint Chairmen’s Report* (JCR), DHR is in the process of revising the out-of-home placement regulations and expects to submit them to the Joint Committee on Administrative, Executive, and Legislative Review by April 21, 2008.

DHR Reports on Expansion of the Subsidized Guardianship Program: Maryland’s Subsidized Guardianship Program began in 1997 as a federal Title IV-E waiver demonstration project to move 200 children in foster care to permanent homes. State funding replaced federal funds at the end of the waiver, and in fiscal 2007 the program was expanded, adding an additional 300 slots. DHR reported on the expansion in response to a request in the 2007 JCR.

N00B – DHR – Child Welfare

N00B
Child Welfare
Department of Human Resources

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 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.

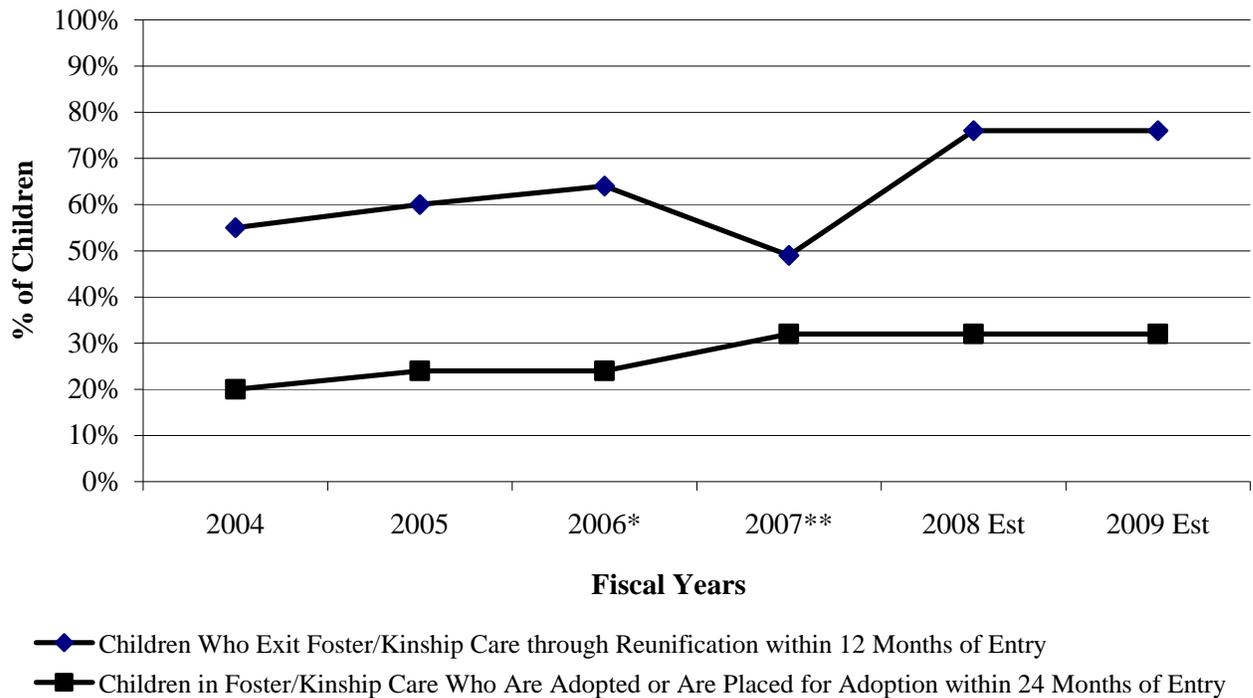
Performance Analysis: Managing for Results

Children Reside in Permanent Homes

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

Because DHR's performance measure data was obtained using the Maryland Children's Electronic Social Services Information Exchange (MD CHESSIE), the data are subject to change due to ongoing data clean-up efforts. Therefore, the decline in the reunification measure and the increase in the adoption measure are both suspect given that they show significant change from the trends of prior years. The 2008 and 2009 estimates are ambitious and reflect DHR's efforts to reduce the length of time children are in care before achieving permanence through either reunification or adoption.

Exhibit 1
Children Served by DHR Reside in Permanent Homes
Fiscal 2004-2009



*Data shown does not include Harford County due to conversion to MD CHESIE.

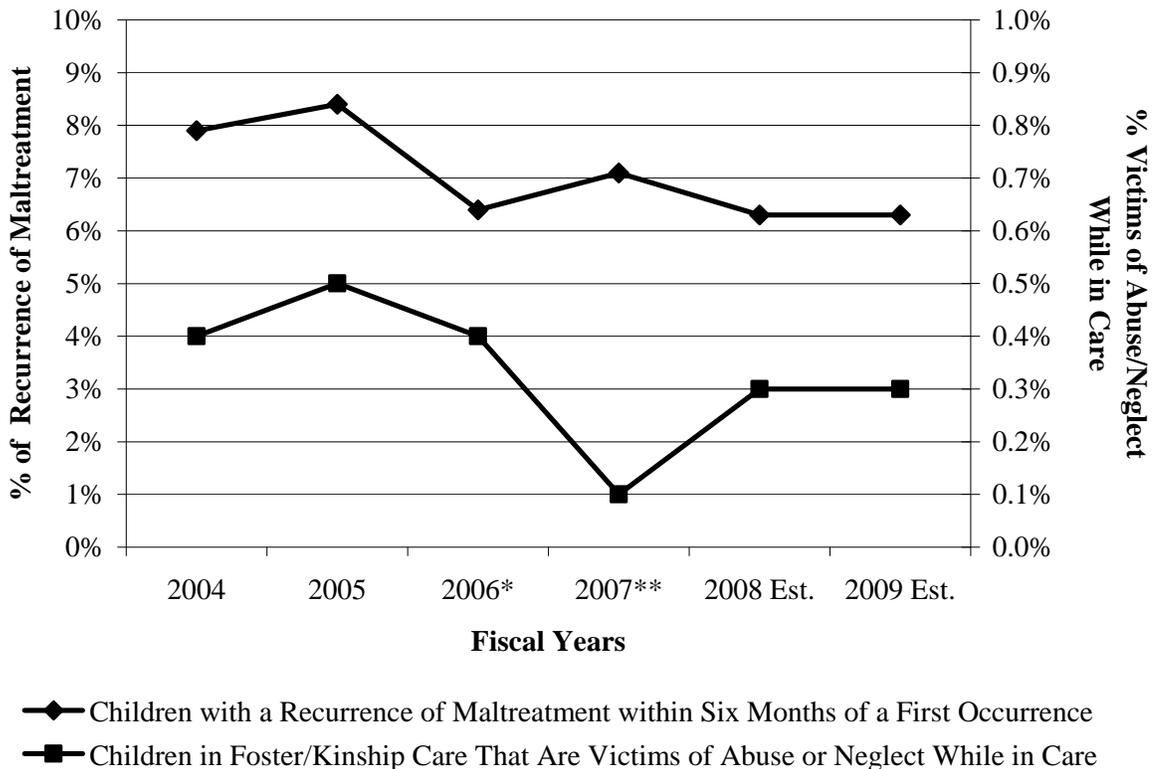
**Based on MD CHESIE data (10/2007) and subject to change due to data clean-up efforts during fiscal 2008.

Source: Governor's Budget Books, Fiscal 2009

Children Are Safe from Abuse and Neglect

Exhibit 2 shows the percent of children with a recurrence of maltreatment within six months of a first occurrence and the percent of children in foster/kinship care who are victims of abuse or neglect while in care. As in Exhibit 1, the fiscal 2007 data are subject to revision and do not fit with the trends seen in prior years. DHR's goals for 2008 and 2009 appear to be in line with the general trends if fiscal 2007 is discounted.

**Exhibit 2
Children Served by DHR Are Safe from Abuse and Neglect
Fiscal 2004-2009**



*Data shown does not include Harford County due to conversion to MD CHESSE.

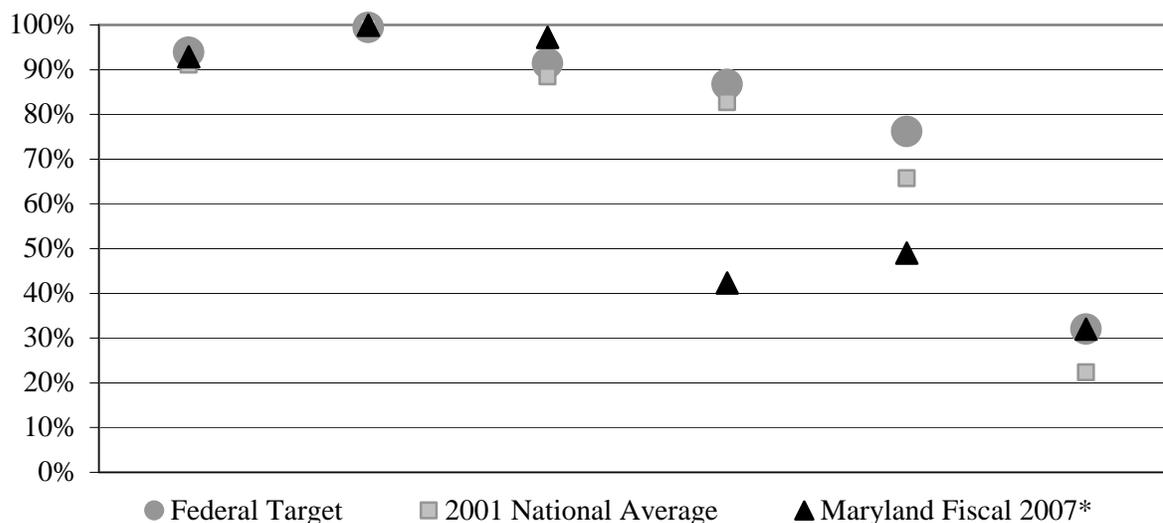
**Based on MD CHESSE data (10/2007) and subject to change due to data clean-up efforts during fiscal 2008.

Source: Governor’s Budget Books, Fiscal 2009

Federal Child Welfare Performance Measures

Exhibit 3 compares Maryland’s performance on six federal child welfare performance measures against the federal target and the 2001 national average. Again, the data are subject to revision due to data clean-up efforts. The data as presented show that Maryland met three of the federal targets (compared with meeting only one the previous year) and was above the 2001 national average on four of the measures and showed improvement in three of the measures compared with last year.

**Exhibit 3
Maryland's Performance Compared to
Federal Standards and National Averages**



	Children without a 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	92.9%	99.9%	97.2%	42.3%	49.0%	32.0%

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

² Maryland data does not include facility staff.

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

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

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

*Based on MD CHESSIE data (10/2007) and subject to change due to data clean-up efforts during fiscal 2008.

Source: Department of Human Resources

Fiscal 2008 Actions

Impact of Cost Containment

Fiscal 2008 cost containment for Child Welfare resulted in a reduction of \$3,409,443 in total comprised a \$2 million general fund reduction to foster care maintenance payments and savings from a higher than budgeted vacancy rate along with general administrative savings. DHR does not expect the reductions to impact services.

Governor's Proposed Budget

As illustrated in **Exhibit 4**, the fiscal 2009 allowance for Child Welfare increases by \$31.1 million. Personnel items relating primarily to health insurance and increments make up just over \$15.0 million of the increase. Increased foster care payments add \$27.6 million, with this increase partially offset by a \$19.2 million reduction based on a projected decline in the caseload for a net increase of \$8.4 million.

A \$100 increase in the monthly payment to foster families accounts for nearly \$3 million of the increase and marks the third yearly increase in the foster family rate and is part of the effort to recruit and retain foster families. In fiscal 2009, the base rate for foster families will be \$835 per month.

The allowance also includes \$1.2 million for Mobile Crisis Teams in 14 jurisdictions as part of the foster family recruitment and retention effort. These teams will allow children, who might otherwise be placed in group care or hospitals, to be placed in family settings by providing mental health services when crises occur with foster children. DHR will contract with the Department of Health and Mental Hygiene to provide the services. The fiscal 2009 allowance will support teams for Baltimore City, Baltimore and Prince George's counties, Western Maryland (Allegany, Garrett, and Washington); Upper Eastern Shore (Caroline, Dorchester, Kent, Queen Anne's, and Talbot); and Lower Eastern Shore (Somerset, Wicomico, and Worcester). DHR plans to expand services to the remaining counties in the fiscal 2010 budget. Non-foster care specific mobile crisis teams are already in operation in Anne Arundel, Frederick, Harford, Howard, and Montgomery counties.

Remaining increases in the DHR budget comprise annualizing operations of the Baltimore City health suite (\$3.0 million), the Montgomery County grant (\$1.1 million), and staff development for Family Centered Practice efforts (\$234,000). These increases are partially offset by a reduction in vehicle replacement totaling nearly \$1.0 million.

Exhibit 4
Governor’s Proposed Budget
Child Welfare
(\$ in Thousands)

How Much It Grows:	General Fund	Special Fund	Federal Fund	Reimb. Fund	Total
2008 Working Appropriation	\$335,280	\$3,778	\$228,014	\$7,593	\$574,666
2009 Governor’s Allowance	<u>346,371</u>	<u>3,489</u>	<u>255,941</u>	<u>0</u>	<u>605,801</u>
Amount Change	\$11,090	-\$289	\$27,927	-\$7,593	\$31,135
Percent Change	3.3%	-7.6%	12.2%	-100.0%	5.4%

Where It Goes:

Personnel Expenses

Health insurance – reduce long-term Other Post Employment Benefits liability.....	\$7,928
Increments and other compensation	5,036
Health insurance – pay-as-you-go costs	3,598
Fiscal 2008 Budget Section 45 – one-time hiring freeze savings.....	270
Abolished positions	-615
Increase turnover from 4.03% to 4.99%	-1,570
Other fringe benefit adjustments	514

Protecting Children

Increase in average foster care payments	27,640
Annualization of Baltimore City health suite operation	2,980
Foster care family rate increase of \$100 per month.....	2,970
Expand mobile crisis teams to 14 jurisdictions	1,152
Increase in grant to Montgomery County.....	1,119
Staff development for Family Centered Practice.....	234
Decrease in vehicle replacements.....	-905
Caseload decline from monthly average of 15,209 to 14,377	-19,212

Other Changes

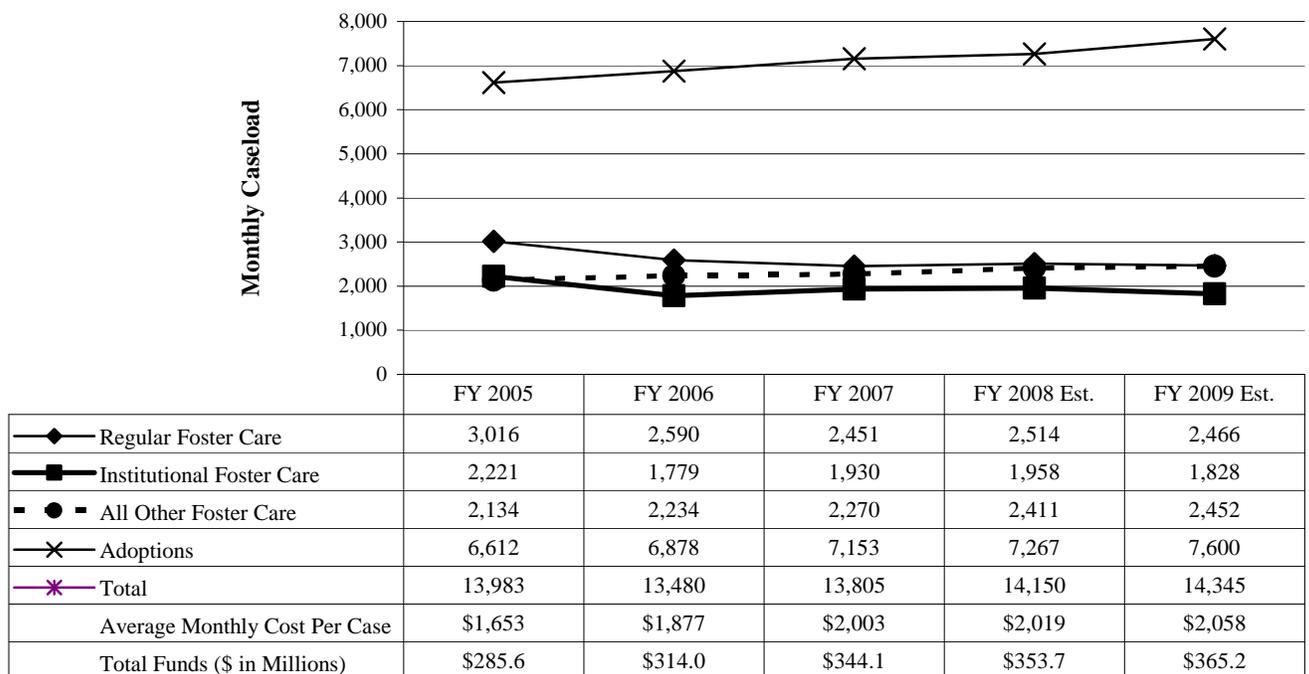
Total	\$31,135
--------------	-----------------

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

Caseload and Expenditure Trends

Exhibit 5 shows foster care and adoption caseload and expenditure history for fiscal 2005 to 2007 and the Department of Legislative Services (DLS) caseload and expenditure estimates for fiscal 2008 to 2009. Overall, the caseload is expected to increase through fiscal 2009, driven in large part by the increases in subsidized adoptions. Institutional placements are projected to decrease in fiscal 2009 after three years of increases. Regular foster care shows a small increase in 2008 then a small decrease in 2009. The “All Other Foster Care” caseload continues to increase through 2009. The increase in non-institutional placements and the decline in institutional placements in fiscal 2009 both reflect the DHR effort to improve foster family recruitment and retention to allow children to be placed in more appropriate, less costly family settings, and reduce reliance on higher cost institutional placements. This effort also explains the estimated decrease in the average monthly cost per case from fiscal 2008 to 2009.

Exhibit 5
Foster Care and Adoption Caseloads and Expenditures
Fiscal 2005-2009



Source: 2005-2007 Department of Human Resources; 2008-2009 Department of Legislative Services' Estimate

The DLS estimate of the total funding needed for foster care maintenance payments exceeds the budgeted amount by \$2.7 million in fiscal 2008 and \$2.8 million in fiscal 2009. The potential general fund shortfall is even greater at \$4.8 million in fiscal 2008 and \$20.7 million in fiscal 2009. These shortfalls are discussed in Issue 1.

Issues

1. Foster Care Maintenance Payment Account Underfunded

DLS is projecting a total funding requirement for foster care maintenance payments of \$353.7 million in fiscal 2008 (\$2.7 million more than is currently budgeted,) and \$365.2 million in fiscal 2009 (\$2.8 million more than is in the Governor's Allowance). While these estimates are within 1% of total funding included in the budget, differing assumptions on the amount of federal funding likely to be attained differ and result in potential general fund shortfalls of \$4.8 million in fiscal 2008 and \$20.7 million in fiscal 2009.

The fiscal 2008 working appropriation and the fiscal 2009 allowance for foster care maintenance payments show a decreasing reliance on general funds. General funds of \$248.8 million were actually spent in fiscal 2007. The fiscal 2008 working appropriation includes general funds of \$246.3 million (after the \$2.0 million reduction made as part of cost containment), and the fiscal 2009 allowance include general funds of \$239.6 million. These decreases are made possible by overly optimistic estimates of the amount of federal Title IV-E Foster Care that can be attained. **Exhibit 6** compares the amount of Title IV-E and Medical Assistance funds budgeted for fiscal 2005 to 2009 to the DLS estimate. The attainment rates shown represent the fund attainment as a percent of total foster care maintenance payment funding.

DHR began claiming Medical Assistance funds beginning in fiscal 2006 under the Rehab Option Waiver which allows the use of Medical Assistance funds for certain therapeutic services for children in institutional care. Title IV-E funds, which helps pay for room and board costs for children in state custody, however, cannot be claimed for children for whom Medical Assistance funding is claimed. This limitation is one of the factors which led to the decline in Title IV-E attainment between fiscal 2006 and 2007. The budget assumes that the IV-E attainment rate will increase in each of fiscal 2008 and 2009 despite continued increases in Medical Assistance attainment. The DLS estimate assumes IV-E attainment will continue to decline as Medical Assistance attainment increases. **DHR should brief the committee on efforts it is making to improve IV-E attainment while increasing Medical Assistance attainment. DHR should also indicate what actions it would take to fund foster care maintenance payments should the budgeted amount of federal funds not be realized.**

It is recommended that language be added to the foster care maintenance payments appropriation restricting use of funds to be used only for foster care payments or for transfer to the Child Welfare program should a surplus in the foster care payments account be realized. Similar language has been added by the General Assembly for the past two years.

Exhibit 6
Foster Care Maintenance Payments – Federal Fund Attainment
Fiscal 2005-2009
(\$ in Millions)

	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008 Est.</u>	<u>FY 2009 Est.</u>
Budgeted Federal Funds					
IV-E	\$73.6	\$84.7	\$78.8	\$87.3	\$96.9
IV-E Attainment Rate	25.8%	27.0%	22.9%	24.7%	26.5%
Medical Assistance	\$0.0	\$8.1	\$11.7	\$8.1	\$16.7
Medical Assistance Attainment Rate		2.6%	3.4%	2.3%	4.6%
DLS Federal Fund Estimate					
IV-E	\$73.6	\$84.7	\$78.8	\$79.0	\$79.0
IV-E Attainment Rate	25.8%	27.0%	22.9%	22.3%	21.6%
Medical Assistance	\$0.0	\$8.1	\$11.7	\$14.2	\$16.7
Medical Assistance Attainment Rate		2.6%	3.4%	4.0%	4.6%
DLS Estimated Federal Fund Surplus/Shortfall					
IV-E				-\$8.3	-\$17.9
Medical Assistance				6.1	0.0
Estimated Net Federal Fund Shortfall				-\$2.2	-\$17.9
DLS Estimated Shortfall Due to Higher Costs				-\$2.7	-\$2.8
Total DLS Estimated Shortfall				-\$4.8	-\$20.7

DLS: Department of Legislative Services

Source: Governor's Budget Books, Fiscal 2007-2009

2. MD CHESSIE Not Yet Providing Reliable Management Reports

Prior to the rollout of MD CHESSIE, DHR tracked caseload data using its Client Information System (CIS.) Using CIS, the department produced a monthly report called the *Monthly Management Report* (MMR) which provided information by jurisdiction on caseload numbers and activity levels for Child Protective Services, Family Preservation, Services to Families with Children, Kinship Care, Foster Care, and Adoption. As jurisdictions started using MD CHESSIE, however, they stopped inputting data into CIS, and the MMR showed either a zero or a number that had no

relationship to levels and trends apparent prior to the changeover. Harford County, which was the pilot for the rollout of MD CHESSIE, had no data reported in the MMR after December 2005. DHR stopped producing the MMR after the May 2006 edition, and the May data were unusable for statewide analysis due to implementation of MD CHESSIE in an additional eight counties. MD CHESSIE went live in the remaining jurisdictions during the summer of 2007.

Despite DHR predictions that management reports would be phased in between March and June 2007, reliable data reporting remains a problem as exhibited by the footnotes to the department's Managing for Results performance indicators that reported data, produced from MD CHESSIE, is subject to change due to continuing data clean-up efforts. DHR is also unable to report on caseloads by placement type without resorting to non-MD CHESSIE data such as local department manual recordkeeping, hand counts, etc. Lack of current, reliable data hampers efforts to evaluate and manage all of the DHR child welfare programs. **DHR should brief the committees on the status of improving the data reliability and reporting capabilities of MD CHESSIE including when it expects to be able to begin producing accurate and timely data similar to the MMR previously produced using CIS.**

3. DHR Meets First Filled Caseworker Milestone Imposed in the Fiscal 2008 Budget but Has Still Not Attained Staffing Levels Recommended by the Child Welfare League of America

In 1998 the General Assembly passed the Child Welfare Workforce Initiative requiring DHR and the Department of Budget and Management to develop appropriate caseload to staff ratios recommended by the Child Welfare League of America (CWLA). The Child Welfare Accountability Act of 2006 reiterated this requirement and every year since the 2004 legislative session, the General Assembly has made a portion of the DHR budget contingent on DHR having a certain number of filled child welfare caseworker and supervisor positions.

Language added to the fiscal 2008 budget restricts a total of \$2 million to be released in two increments of \$1 million if DHR, on December 1, 2007, and March 1, 2008, has at least 2,021 filled child welfare caseworker and supervisor positions. As shown in **Exhibit 7**, DHR had 2,025.8 filled child welfare positions as of December 1, 2007, which allowed the first \$1 million to be released. Of note are the vacancies in Baltimore City which had 1.8% of its caseworker vacant and 6.8% of its supervisor positions vacant as of December 1, 2007. No other jurisdiction had more than 0.5% of caseworker nor more than 1.0% of supervisor positions vacant as of that date.

Exhibit 7
Child Welfare Position Status by Local Department
As of December 1, 2007

<u>Local Dept.</u>	<u>Filled</u>		<u>Total</u>	<u>Vacant</u>		<u>Total</u>	<u>Total</u>
	<u>Worker</u>	<u>Supervisor</u>	<u>Filled</u>	<u>Worker</u>	<u>Supervisor</u>	<u>Vacant</u>	
Allegany	63.00	6.00	69.00	0.50		0.50	69.50
Anne Arundel	102.80	16.00	118.80	3.00	3.00	6.00	124.80
Baltimore City	752.50	129.50	882.00	33.00	23.00	56.00	938.00
Baltimore	123.65	22.00	145.65	7.10	1.00	8.10	153.75
Calvert	19.50	2.00	21.50	1.00	1.00	2.00	23.50
Caroline	20.00	4.00	24.00				24.00
Carroll	30.00	8.00	38.00	1.00		1.00	39.00
Cecil	42.00	5.00	47.00	2.00		2.00	49.00
Charles	40.50	6.00	46.50	4.00	2.00	6.00	52.50
Dorchester	20.00	5.00	25.00				25.00
Frederick	49.00	11.00	60.00	3.00	2.00	5.00	65.00
Garrett	19.00	3.00	22.00				22.00
Harford	50.75	11.00	61.75	1.00		1.00	62.75
Howard	34.50	6.00	40.50		1.00	1.00	41.50
Kent	9.00	2.00	11.00				11.00
Prince George's	149.00	27.00	176.00	2.00	3.00	5.00	181.00
Queen Anne's	13.00	3.00	16.00				16.00
St. Mary's	28.60	6.00	34.60	1.00		1.00	35.60
Somerset	19.50	3.00	22.50				22.50
Talbot	12.00	4.00	16.00				16.00
Washington	70.50	12.00	82.50	1.50		1.50	84.00
Wicomico	34.00	8.00	42.00	1.00	1.00	2.00	44.00
Worcester	19.50	4.00	23.50	2.00		2.00	25.50
Missing Data				0.25		0.25	0.25
Total	1,722.30	303.50	2,025.80	63.35	37.00	100.35	2,126.15

Source: Department of Budget and Management – State Personnel Database

The number of filled positions required by the fiscal 2008 budget to allow the release of the restricted funding does not get DHR to the level of staffing required to meet the recommended CWLA staff to caseload ratios. **Exhibit 8** compares the number of filled positions as of December 1, 2007, with the number required to meet the CWLA standards based on the caseloads reported during the 2007 legislative session. DHR was not able to provide updated staffing levels based on the current caseload levels by the time this analysis was printed.

Exhibit 8
Local Departments of Social Services Staffing
Filled Positions as of December 1, 2007
Compared to CWLA Standards¹

<u>County</u>	<u>CWLA Caseworker Standard</u>	<u>Filled Caseworker Positions</u>	<u>Over/Under</u>	<u>CWLA Supervisor Standard</u>	<u>Filled Supervisor Positions</u>	<u>Over/Under</u>
Allegany	36.18	63.00	26.82	7.24	6.00	-1.24
Anne Arundel	92.82	102.80	9.98	18.57	16.00	-2.57
Baltimore City	942.51	752.50	-190.01	188.50	129.50	-59.00
Baltimore	148.99	123.65	-25.34	29.80	22.00	-7.80
Calvert	15.08	19.50	4.42	3.01	2.00	-1.01
Caroline	12.31	20.00	7.69	2.46	4.00	1.54
Carroll	28.29	30.00	1.71	5.66	8.00	2.34
Cecil	27.28	42.00	14.72	5.46	5.00	-0.46
Charles	30.61	40.50	9.89	6.12	6.00	-0.12
Dorchester	11.32	20.00	8.68	2.26	5.00	2.74
Frederick	49.91	49.00	-0.91	9.98	11.00	1.02
Garrett	10.14	19.00	8.86	2.03	3.00	0.97
Harford	42.57	50.75	8.18	8.51	11.00	2.49
Howard	35.06	34.50	-0.56	7.01	6.00	-1.01
Kent	4.27	9.00	4.73	0.85	2.00	1.15
Prince George's	132.11	149.00	16.89	26.42	27.00	0.58
Queen Anne's	7.79	13.00	5.21	1.56	3.00	1.44
St. Mary's	25.35	28.60	3.25	5.07	6.00	0.93
Somerset	13.51	19.50	5.99	2.70	3.00	0.30
Talbot	10.86	12.00	1.14	2.17	4.00	1.83
Washington	74.54	70.50	-4.04	14.91	12.00	-2.91
Wicomico	40.63	34.00	-6.63	8.13	8.00	-0.13
Worcester	16.84	19.50	2.66	3.37	4.00	0.63
Total	1,808.97	1,722.30	-86.67	361.79	303.50	-58.29
"Hold Harmless" Shortfall			-227.49			-76.25

CWLA: Child Welfare League of America

Note: The "Hold Harmless" shortfall reflects the fact that since filled positions cannot be transferred from jurisdictions which exceed the CWLA standards, an additional 227.49 caseworkers and an additional 76.25 supervisor positions would need to be filled in jurisdictions that currently are not meeting the standard in order for all jurisdictions to have the requisite number of filled positions.

¹CWLA requirements based on caseload as reported during 2007 session.

Source: Department of Human Resources; State Personnel Database

Updated caseload data may alter slightly the required number of filled positions but any such change is likely to be negligible. On an aggregate basis, an additional 86.7 caseworker and 58.3 supervisor positions would need to be filled to meet the recommended staffing levels. However, since filled positions cannot be transferred from jurisdictions exceeding the minimum recommended staffing levels to those not meeting the recommended levels, it would require an additional 227.5 caseworker and an additional 76 supervisor positions to bring every jurisdiction up to the recommended staffing levels while holding harmless jurisdictions that exceed the minimum recommended levels. As DHR had only 100.4 vacant caseworker and supervisor positions as of December 1, 2007, it does not currently have sufficient authorized caseworker and supervisor positions to meet the CWLA standards.

DHR should brief the committees on steps it intends to take to continue working toward achieving the CWLA recommended staffing levels, including the actions necessary to ensure local departments have sufficient authorized positions to meet the recommendations.

Language similar to that from prior years, restricting funds unless DHR meets certain filled position benchmarks, is included in the Recommended Actions section of this analysis.

4. DHR Plans to Implement Alternative Response System – Lack of Resources Begs the Question “Where’s the Beef?”

Background

Alternative response (also known as differential response) is a model of intervention being employed by some public child welfare agencies which is based on an assessment of risk to the welfare of children who are subjects of reports of abuse or neglect. Lower-risk cases are screened into an “assessment track” that offers family support services intended to reduce the risk of future maltreatment and possible entry into the formal child welfare system. Higher risk cases continue in the traditional investigation track.

Chapter 632 of 2006 required DHR to conduct a study of differential response, develop a plan to implement and evaluate a differential response system, and recommend statutory changes necessary to implement such a system in Maryland. The 2007 *Joint Chairmen’s Report* (JCR) further requested that DHR develop a plan to implement a pilot program for differential response.

Citing studies showing positive outcomes from implementing alternative response systems in other states, DHR is implementing an alternative response system statewide rather than on a pilot basis and has submitted departmental legislation (HB 262 of 2008) to make the needed statutory changes. If the legislation is enacted, DHR would begin extensive training for all child welfare staff and community partners on effective assessment and service planning consistent with the new model, with the goal of implementing the new model in January 2009.

“Where’s the Beef?”

In January 2006 DHR submitted a report to the budget committees in response to a requirement in the 2005 JCR for the department to develop a plan to implement a differential response pilot project in fiscal 2007. In its report, DHR indicated that there would be a substantial fiscal impact in moving to a differential response system. Specifically, the report noted that an additional 75 caseworkers and an additional 15 supervisors would be needed statewide in order to have adequate staff to provide services to the families assessed into the alternative response. No new positions are included in the fiscal 2009 allowance for this effort and, as noted in Issue 3, the department does not currently have an adequate number of authorized positions to meet the CWLA recommended caseload ratios.

Based on information from DHR, the fiscal note for HB 262 includes relatively minor costs for training and evaluation of \$395,100 in fiscal 2009 and just over \$500,000 per year going forward. Interestingly, all testimony by the advocacy community in the House hearing on HB 262 was in opposition to the bill. The advocates unanimously agreed that the concept of alternative response was good, but that without a greater dedication of resources, the effort was likely to be counter productive to improving the child welfare system.

The success of alternative response systems also depends in large part to the availability of community resources to help families assessed into alternative response. In a briefing document from January 2007, DHR cited the necessity of linking families to services noting that it is a disservice to identify a concern without having capacity to address the need. It also indicated that it would be completing a statewide service array assessment in early 2008 to identify gaps in the Child Welfare system. Again, no new resources are identified in the fiscal 2009 allowance to ensure adequate community resources exist to support this effort.

Alternative response is a promising system that can help improve outcomes for children and families but moving to such a system will clearly require the commitment of resources. **DHR should brief the committees on how it intends to address the personnel and community resources issues in implementing an alternative response system.**

Recommended Actions

1. Add the following language:

Provided that all appropriations provided for Program N00G00.01 Foster Care Maintenance Payments are to be used only for the purposes herein appropriated, and there shall be no budgetary transfer to any other program or purpose except that funds may be transferred to program N00G00.03 Child Welfare Services.

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

2. Add the following language:

Provided that:

(1) all appropriations for program N00G00.03 Child Welfare Services are to be used only for the purposes herein appropriated, and there shall be no budgetary transfer to any other program or purpose except that funds may be transferred to program N00G00.01 Foster Care Maintenance Payments;

(2) Notwithstanding paragraph (1) above, general funds of \$8,900,000 in object .01 Salaries, Wages, and Fringe Benefits may be transferred to other units within the Department of Human Resources' Local Government Operations for employee and retiree health and other fringe benefits.

Explanation: This language restricts funds appropriated for child welfare services to that use only or for transfer to N00G00.01 Foster Care Maintenance Payments. However, the language allows the general funds included in this program and intended to pay for employee and retiree health and other fringe benefits for other units of the Local Government Operations to be transferred to the other Local Government Operations programs as needed up to \$8.9 million.

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

, provided that \$1,000,000 of this appropriation may not be expended unless the Department of Human Resources has on December 1, 2008, at least 2,071 filled child welfare caseworker and supervisor positions.

Further provided that \$1,000,000 of this appropriation may not be expended unless the Department of Human Resources has on March 1, 2009, at least 2,071 filled child welfare caseworker and supervisor positions.

N00B – DHR – Child Welfare

Further provided that it is the intent of the General Assembly that the Department of Human Resources focus specifically on increasing the number of filled child welfare caseworker and supervisor positions in those jurisdictions that do not meet the staff to caseload ratios recommended by the Child Welfare League of America.

Explanation: The Child Welfare Workforce Initiative of 1998 and the Child Accountability Act of 2006 require the Department of Human Resources to work toward maintaining sufficient filled child welfare caseworker and supervisor positions to meet the staffing standards recommended by the Child Welfare League of America. As of December 1, 2007, the department was 145 filled positions short of this goal with only 2,026 filled positions. The new target would require the department to increase the number of filled positions by 50 more than were filled as of December 1, 2007. The language also states the intent that the department focus its efforts in those jurisdictions not meeting the recommended staffing levels.

Updates

1. Child Fatalities Involving Abuse or Neglect Reported

Committee narrative included in the 2005 JCR requested DHR to provide a report listing by jurisdiction the number of child fatalities that involved child abuse and/or neglect. The narrative requested that the report be updated annually. **Exhibit 9** displays the data provided by the department for calendar 2002 through 2006.

Exhibit 9
Child Deaths Reported to DHR Where Child Abuse or Neglect Are Determined
by DHR Staff to Be a Contributing Factor
Calendar 2002-2006

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>Total</u>
Allegany		2			1	3
Anne Arundel	2		3	4	1	10
Baltimore City	7	7	10	3	5	32
Baltimore	2	1	3	7	3	16
Calvert	1		1			2
Caroline	2			2		4
Carroll	1	2		1	2	6
Cecil				1	3	4
Charles	1					1
Dorchester		1				1
Frederick		1	1	1	1	4
Garrett						0
Harford	2		2	1		5
Howard	3	1		1		5
Kent						0
Montgomery	2	2	1	1	2	8
Prince George's	5	3	2	4	6	20
Queen Anne's						0
St. Mary's						0
Somerset	1		1			2
Talbot						0
Washington	3	2	4	2		11
Wicomico	1			1	3	5
Worcester						0
Total	33	22	28	29	27	139

Source: Department of Human Resources

2. DHR Is in the Process of Updating Out-of-home Placement Regulations

In the 2007 JCR, the budget committees noted that DHR regulations relating to out-of-home placements were seriously out of date with respect to the foster care rates currently in effect and the process by which treatment foster care rates were set. The committees requested that DHR update these regulations prior to the 2008 legislative session.

DHR indicates that in response to the JCR request, it has undertaken a complete rewrite of the regulations (COMAR 07.02.11 Out-of-Home Placement Program). Substantial changes to the initial draft were identified in the department's review process, and DHR is currently working on the revisions. It expects to submit the revised regulations to the Joint Committee on Administrative, Executive, and Legislative Review by April 21, 2008.

3. DHR Reports on Expansion of the Subsidized Guardianship Program

In 1997 the Maryland Subsidized Guardianship program began as a five-year federal Title IV-E demonstration waiver project which allowed IV-E funds to be used to provide a monthly payment to family members willing to become legal guardians for children in the State's foster care system. State funds were authorized to fund the program when the waiver ended. Waiver participation was capped at 200 children. The fiscal 2007 budget included general funds of \$3.1 million to expand the subsidized guardianship program to up to an additional 300 children. The 2007 JCR requested a report on the expansion of the program from DHR, which submitted the report on September 28, 2007.

In its report, DHR indicates that program participation was targeted towards formal kinship caregivers and foster parents caring for their relative children. Selection for the program was made randomly from the population of children meeting the following criteria:

- committed children must have been in care for at least six months;
- reunification and adoption must have been ruled out as permanency plans;
- relatives have independent financial resources to care for themselves;
- successful completion of home study;
- willingness of prospective guardian to attend an orientation meeting on the subsidy; and
- signed disclosure from the prospective guardian acknowledging limitations for continuation of the subsidy (subject to annual appropriation of funding).

As of June 30, 2007, there were 203 children receiving subsidies comprising 156 families in Baltimore City from the original waiver demonstration and 47 from various jurisdictions as part of the expansion. Families of an additional 257 children have been offered and accepted the opportunity to participate and are awaiting completion of home studies and/or court hearings. This leaves 40 slots for which candidates are still being sought. **Exhibit 10** shows by jurisdiction the number of children receiving the subsidy and pending receipt of the subsidy.

Exhibit 10
Subsidized Guardianship by Jurisdiction
Number of Children Receiving or Pending Receipt of Subsidies
As of June 30, 2007

<u>Jurisdiction</u>	<u>Receiving</u>	<u>Pending</u>	<u>Total</u>
Arundel		1	1
Baltimore City – Original Waiver	156		156
Baltimore City	31	182	213
Baltimore		17	17
Carroll	2	2	4
Cecil		3	3
Charles		4	4
Frederick	2	1	3
Harford	1	18	19
Howard		1	1
Montgomery	10	26	36
Queen Anne’s	1		1
St. Mary’s		2	2
Total	203	257	460

Source: Department of Human Resources

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 2007					
Legislative Appropriation	\$349,024	\$5,176	\$203,653	\$0	\$557,854
Deficiency Appropriation	-8,000	0	8,976	0	976
Budget Amendments	-9,812	509	10,708	0	1,405
Reversions and Cancellations	0	-2,121	-15,391	0	-17,512
Actual Expenditures	\$331,212	\$3,564	\$0	\$0	\$542,723
Fiscal 2008					
Legislative Appropriation	\$336,842	\$3,737	\$228,884	\$0	\$569,463
Cost Containment	-2,540	-124	-746	0	-3,409
Budget Amendments	978	40	0	7,593	8,612
Working Appropriation	\$335,280	\$3,654	\$228,138	\$7,593	\$574,666

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

Fiscal 2007

The fiscal 2007 budget for Child Welfare closed out \$15.1 million lower than the legislative appropriation. Special and federal fund cancellations of \$17.5 million were partially offset by increases through deficiency appropriations (\$975,643) and budget amendments (\$1,404,919).

Deficiency appropriations were used for a fund swap – which reduced general funds by \$8 million and increased federal Medical Assistance funds by an equal amount – and to appropriate an additional \$975,643 in federal funds for educational services in the Independent Living program.

General funds decreased by a net of \$9.8 million through budget amendments. General funds were added for the general salary increase (\$1.2 million) and transferred to other parts of the Department of Human Resources' (DHR) budget during closeout (\$11.0 million). The general funds were available due to higher than budgeted turnover and to unused matching funds for the federal Promoting Safe and Stable Families grant.

Special funds were increased by \$508,854 through budget amendments comprising \$80,725 for the general salary increase; \$425,000 transferred from the State Board of Social Work Examiners in fiscal 2006 for the Child Welfare Training Academy; and \$3,129 generated from Adoption Search Registry fees. Due to an accounting error the funds from the State Board of Social Work Examiners were cancelled at the end of fiscal 2006 and were therefore available for expenditure during fiscal 2007.

Federal funds were increased by \$10.7 million through budget amendments comprising \$2,291,107 in additional Social Services Block Grant to replace some of the general funds transferred to other parts of DHR's budget and \$8.4 million in additional Foster Care Title IV-E funds to cover foster care maintenance payments.

Special fund cancellations totaled \$2.1 million and comprised \$1.0 million for the Baltimore City Family Recovery Project, the contract for which was \$2.0 million rather than \$3.0 million as originally envisioned; and \$1.1 million in lower than anticipated local government participation for foster care payments, and for administrative and direct services to clients in Enhanced Families Now and Casey Foundation programs.

Federal fund cancellations totaled \$15.4 million and resulted from lower than anticipated Foster Care Title IV-E eligible expenditures in Foster Care Maintenance Payments and Child Welfare Local Department Operations.

Fiscal 2008

The fiscal 2008 working appropriation is \$5.2 million higher than the legislative appropriation. Increases via budget amendments for the general salary increase (\$978,479 general funds) and to transfer funding for the Interagency Family Preservation Program (\$7,593,092 reimbursable funds) from the Governor’s Office for Children were partially offset by cost containment reductions made by the Board of Public Works (\$3,409,443 all funds). Cost containment actions comprised a reduction to foster care maintenance payments (\$2.0 million) reflecting a declining caseload, and savings from a higher than budgeted vacancy rate and general administrative savings (\$1.4 million). The fiscal 2008 special and federal fund working appropriations shown above do not match the working appropriations shown in the Governor’s Budget Books due to an error in the budget books whereby the special fund cost containment was inadvertently coded as a federal fund reduction.

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

<u>Object/Fund</u>	<u>FY07 Actual</u>	<u>FY08 Working Appropriation</u>	<u>FY09 Allowance</u>	<u>FY0 -FY09 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	2541.70	2544.20	2530.20	-14.00	-0.6%
02 Contractual	2.00	2.50	2.50	0	0%
Total Positions	2543.70	2546.70	2532.70	-14.00	-0.5%
Objects					
01 Salaries and Wages	\$ 158,401,770	\$ 154,450,265	\$ 169,612,591	\$ 15,162,326	9.8%
02 Technical and Spec. Fees	1,428,226	4,303,368	4,981,642	678,274	15.8%
03 Communication	1,585,167	1,315,145	1,309,508	-5,637	-0.4%
04 Travel	1,692,983	1,631,574	1,432,253	-199,321	-12.2%
06 Fuel and Utilities	423,207	408,555	518,904	110,349	27.0%
07 Motor Vehicles	2,336,666	3,192,035	2,314,354	-877,681	-27.5%
08 Contractual Services	25,567,234	32,765,904	33,180,190	414,286	1.3%
09 Supplies and Materials	945,650	802,983	837,765	34,782	4.3%
10 Equip. – Replacement	74,506	350,000	350,000	0	0%
11 Equip. – Additional	164,314	10,825	0	-10,825	-100.0%
12 Grants, Subsidies, and Contributions	340,599,488	365,075,322	380,219,250	15,143,928	4.1%
13 Fixed Charges	9,503,367	10,359,621	11,044,185	684,564	6.6%
Total Objects	\$ 542,722,578	\$ 574,665,597	\$ 605,800,642	\$ 31,135,045	5.4%
Funds					
01 General Fund	\$ 331,212,022	\$ 335,280,343	\$ 346,370,758	\$ 11,090,415	3.3%
03 Special Fund	3,564,106	3,777,665	3,488,703	-288,962	-7.6%
05 Federal Fund	207,946,450	228,014,497	255,941,181	27,926,684	12.2%
09 Reimbursable Fund	0	7,593,092	0	-7,593,092	-100.0%
Total Funds	\$ 542,722,578	\$ 574,665,597	\$ 605,800,642	\$ 31,135,045	5.4%

Note: The fiscal 2008 appropriation does not include deficiencies.

**Fiscal Summary
DHR – Child Welfare**

<u>Program/Unit</u>	<u>FY07 Actual</u>	<u>FY08 Wrk Approp</u>	<u>FY09 Allowance</u>	<u>Change</u>	<u>FY08-FY09 % Change</u>
04 General Administration – State	\$ 22,293,654	\$ 30,872,589	\$ 29,828,023	-\$ 1,044,566	-3.4%
01 Foster Care Maintenance Payments	344,065,876	351,071,520	362,468,984	11,397,464	3.2%
03 Child Welfare Services	176,363,048	192,721,488	213,503,635	20,782,147	10.8%
Total Expenditures	\$ 542,722,578	\$ 574,665,597	\$ 605,800,642	\$ 31,135,045	5.4%
General Fund	\$ 331,212,022	\$ 335,280,343	\$ 346,370,758	\$ 11,090,415	3.3%
Special Fund	3,564,106	3,777,665	3,488,703	-288,962	-7.6%
Federal Fund	207,946,450	228,014,497	255,941,181	27,926,684	12.2%
Total Appropriations	\$ 542,722,578	\$ 567,072,505	\$ 605,800,642	\$ 38,728,137	6.8%
Reimbursable Fund	\$ 0	\$ 7,593,092	\$ 0	-\$ 7,593,092	-100.0%
Total Funds	\$ 542,722,578	\$ 574,665,597	\$ 605,800,642	\$ 31,135,045	5.4%

Note: The fiscal 2008 appropriation does not include deficiencies.