

D18A18 and R00A04
Governor's Office for Children and Interagency Fund

Operating Budget Data

(\$ in Thousands)

	<u>FY 10</u> <u>Actual</u>	<u>FY 11</u> <u>Working</u>	<u>FY 12</u> <u>Allowance</u>	<u>FY 11-12</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Fund	\$25,808	\$22,658	\$20,448	-\$2,210	-9.8%
Contingent & Back of Bill Reductions	0	0	-29	-29	
Adjusted General Fund	\$25,808	\$22,658	\$20,419	-\$2,239	-9.9%
Federal Fund	8,307	8,581	7,324	-1,257	-14.6%
Adjusted Federal Fund	\$8,307	\$8,581	\$7,324	-\$1,257	-14.6%
Reimbursable Fund	979	5,162	4,294	-868	-16.8%
Adjusted Reimbursable Fund	\$979	\$5,162	\$4,294	-\$868	-16.8%
Adjusted Grand Total	\$35,094	\$36,401	\$32,037	-\$4,364	-12.0%

- Two deficiency appropriations withdraw general funds that were restricted by budget bill language to be used only for Local Management Board administration in the Children's Cabinet Interagency Fund (CCIF) or reverted. The first withdraws \$390,000 from the Governor's Office for Children (GOC) and the second withdraws \$210,000 from the CCIF.
- The overall budget for GOC and the CCIF decreases by \$4.4 million (12%). General funds decrease \$2.2 million, federal funds decrease by \$1.3 million, and reimbursable funds decrease by \$868,000.

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

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Personnel Data

	<u>FY 10 Actual</u>	<u>FY 11 Working</u>	<u>FY 12 Allowance</u>	<u>FY 11-12 Change</u>
Regular Positions	17.50	16.50	16.50	0.00
Contractual FTEs	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Personnel	17.50	16.50	16.50	0.00

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	0.06	0.38%
Positions and Percentage Vacant as of 12/31/10	1.00	6.06%

- GOC had 1 position abolished pursuant to the 500 position reduction required by Section 44 of the fiscal 2011 budget.
- There is no change in the number of positions between the fiscal 2011 working appropriation and the 2012 allowance.

Analysis in Brief

Major Trends

Out-of-state Placements: Reported out-of-state placement numbers increase as data reporting is improved. The 2010 *Out-of-home Placements* report indicates there were 313 out-of-state placements on January 1, 2010, compared with just 132 such placements the prior year. Much of the apparent increase, however, is due to better data. In the 2009 report, there were 7,008 placements in the “unknown” category. In the 2010 report, only 287 unknown placements were reported in that category.

Out-of-home Placements: One of the goals in out-of-home placements is to place children, whenever possible, in placements close to their homes. Nearly 60% of the out-of-home placements on January 31, 2010, were in the originating jurisdiction.

Recommended Actions

1. Adopt narrative requesting the *Out-of-home Placement Report*.

D18A18 and R00A04 – Governor’s Office for Children and Interagency Fund

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Operating Budget Analysis

Program Description

The Governor's Office for Children (GOC) provides a coordinated, comprehensive, interagency approach to the development of integrated systems of care that are child- and family-focused and driven; emphasizes prevention, early intervention, and community-based services for all children and families; and pays special attention to at-risk populations. Building upon a background of the systems reform initiative, the work of the Local Management Boards (LMBs), and the utilization of results accountability, GOC informs and supports the collective and specific work of the Children's Cabinet; works with LMBs to plan, coordinate and monitor the delivery of integrated services along the full continuum of care, and oversees the use of monies from the Children's Cabinet Interagency Fund (CCIF) in accordance with policies and procedures established by the Children's Cabinet; and assists the Children's Cabinet in the allocation of any funds assigned for distribution as grants.

GOC promotes the State's vision for a stable, safe, and healthy environment for children and families. GOC conducts work needed to accomplish the Three-year Children's Plan including interagency policies to carry out the plan and efficient interagency use of federal and State funds. GOC also facilitates the work of the Children's Cabinet and promotes child well-being by:

- using results and indicators in planning, decisionmaking, and evaluation;
- working with LMBs;
- advancing integrated systems of care;
- using data and technology to continuously measure and evaluate outcomes; and
- ensuring fiscal accountability.

The Children's Cabinet works to ensure the effective, efficient, and comprehensive delivery of services to Maryland's children and families by coordinating the programs, policies, and budgets of the State child-serving agencies. The Children's Cabinet includes the Secretaries of the Department of Budget and Management, the Department of Disabilities, the Department of Health and Mental Hygiene, the Department of Human Resources (DHR), and the Department of Juvenile Services, and the State Superintendent of Schools and is chaired by the GOC executive director. The Children's Cabinet maintains an interagency fund, enters into agreements with LMBs, develops a plan for a continuum of services that is family- and child-oriented, implements an interagency effort to maximize available resources, and uses outcome measures and fiscal incentives to encourage more effective use of State funds. The Interagency Fund is administered by GOC on behalf of the Children's Cabinet.

D18A18 and R00A04 – Governor’s Office for Children and Interagency Fund

The key goals of GOC are to:

- work with LMBs and other State and local stakeholders to increase the capacity of communities to meet the specific needs of their jurisdictions’ children and families;
- use data and technology to continuously monitor and evaluate outcomes;
- improve fiscal efficiency and accountability of programs that serve children and families, particularly those funded through the Children’s Cabinet Interagency Fund; and
- provide support and assistance to the Children’s Cabinet, the Children’s Cabinet Results Team, the Interagency Licensing Committee, the State Coordinating Council, and other interagency committees.

The key goals of the Interagency Fund are to:

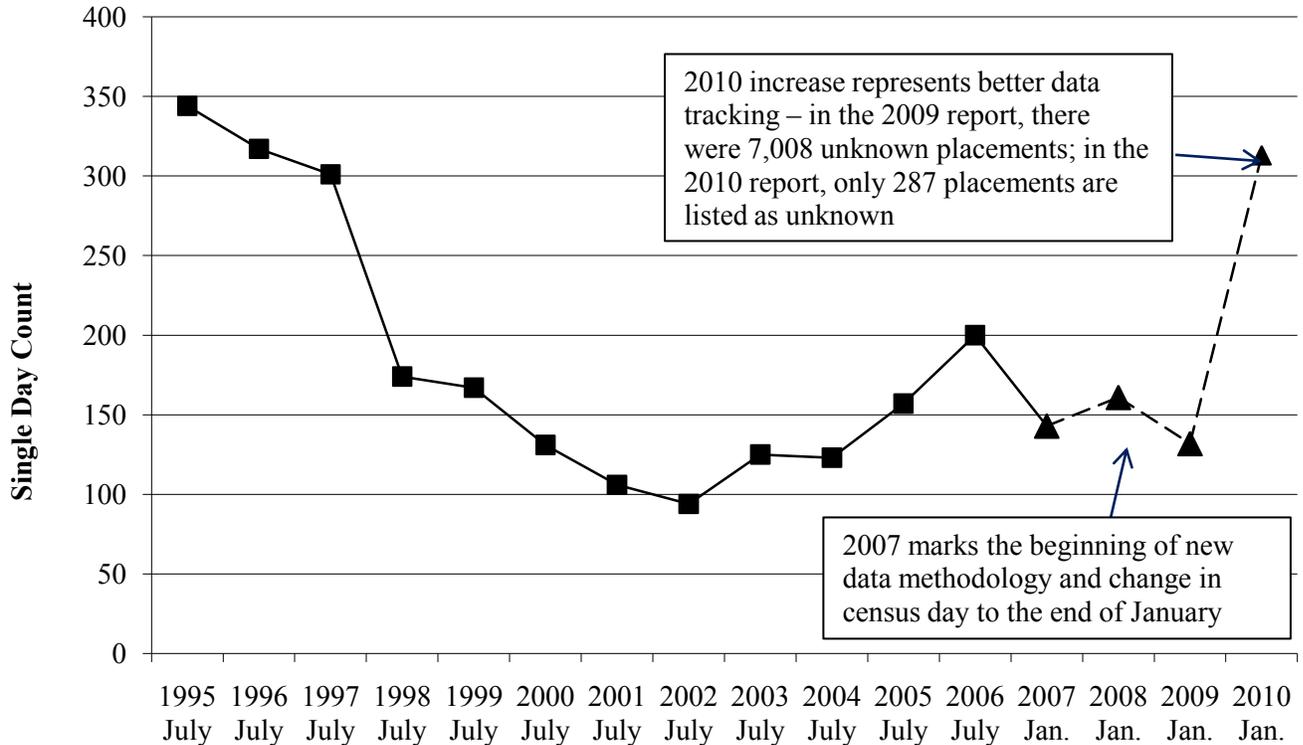
- use a collaborative, results-oriented accountability framework to track and evaluate the well-being of children across the State and in each jurisdiction through eight identified *Results for Child Well-being*; and
- work collaboratively to ensure a safe, stable, and healthy environment for children and families through coordinated policy recommendations to the Governor.

Performance Analysis: Managing for Results

Out-of-state Placements

In 1992, the General Assembly established the goal of returning all children from out-of-state placements by July 1, 1997. The State’s efforts in this area have yielded mixed results and efforts at measuring those results have been hampered by data collection and reporting methodology changes. **Exhibit 1** shows single day counts for out-of-state placements from calendar 1995 to 2010. Out-of-state placements declined from 344 placements in 1995 to 94 in 2002. In 2004, regulations were finalized that changed the definition of out-of-state placement for tracking purposes. Prior to that time, data was collected only on residential level placements akin to residential treatment centers within the State. Placements at facilities, such as at the Glenn Mills School in Pennsylvania, were not included in the counts because they were considered as large group homes. These placements did not go through the Local Coordinating Council (LCC) reviews from which out-of-state data was gathered.

**Exhibit 1
Out-of-state Placements – Single Day Count
Calendar 1995-2010**



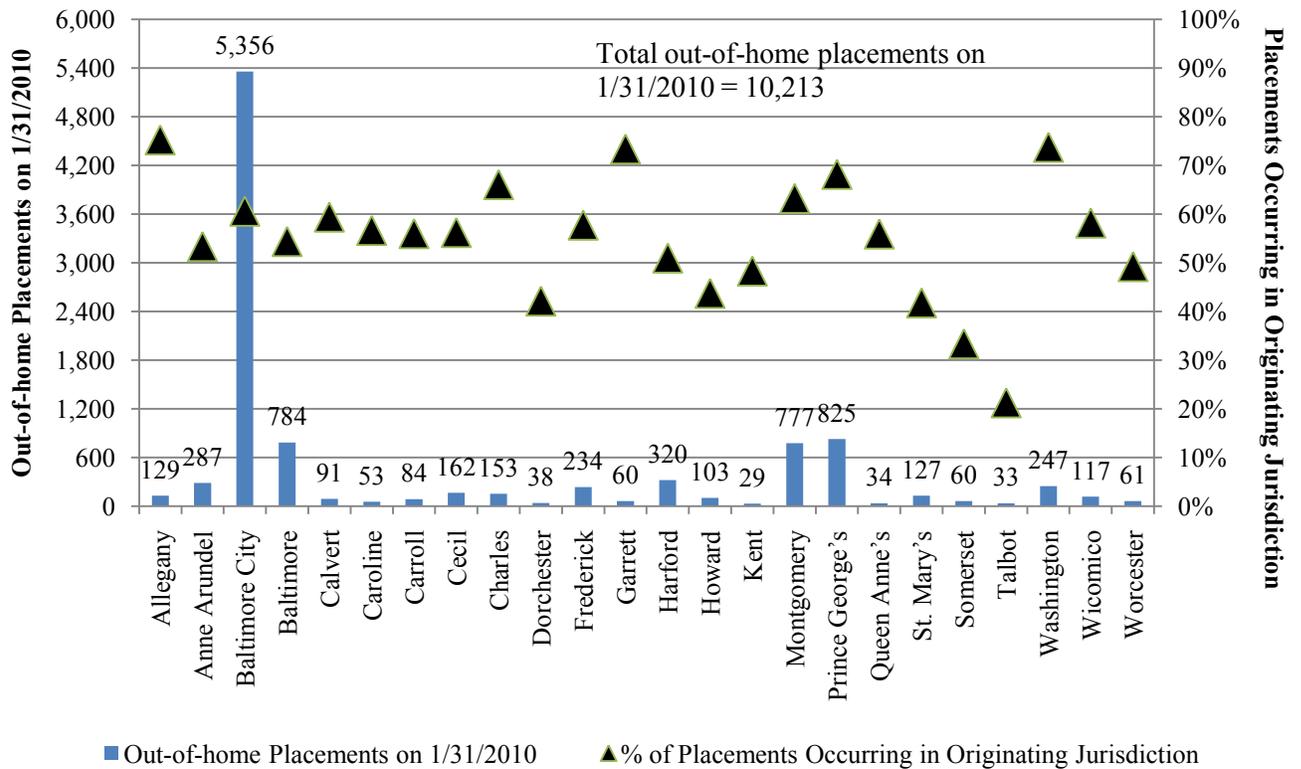
Source: The Governor’s Office for Children, *Report on Out-of-Home Placements and Family Preservation, 1995-2008*; *Out-of-Home Placement and Family Preservation Resource Plan, 2009-2010*

Beginning in 2005, the regulations required out-of-state group home placements to also be reviewed through the LCC process and be included in the data, which explains the sharp increases in 2005 and 2006. In the 2009 report, GOC changed the data reporting methodology in an attempt to get more consistent and accurate data from the child-serving agencies and gathered out-of-state placement data, going back to 2007. Further complicating efforts was the transition by DHR to the Maryland Children’s Electronic Social Services Information Exchange (MD CHESSIE), the new State child welfare information system. During the transition to the new system, which began in 2008, much of the data was provided from hand counts, and it was impractical, if not impossible, to obtain certain data elements not included in the original hand counts. Thus, the sharp increase in reported out-of-state placements in 2010 is likely due to the better reporting capabilities of the fully online MD CHESSIE system than an actual increase in out-of-state placements. In the 2009 report, there were 7,008 out-of-home placements for which the location of placement was listed as “unknown.” In the 2010 report, only 287 such placements carry that designation. **The Children’s Cabinet should comment on the much higher than expected number of reported out-of-state placements in 2010 compared with prior years, and what number of out-of-state placements should be considered appropriate.**

Out-of-home Placements

One of the goals of the Children’s Cabinet in managing out-of-home placements is to place children, whenever possible, in placements close to their homes. Doing so helps children stay connected with family, friends, and their communities, which in turn leads to better outcomes. **Exhibit 2** shows number of out-of-home placements by originating jurisdiction on a single day for all agencies and the percent of those placements where the placement jurisdiction was the same as the originating jurisdiction. Overall, of the 10,213 out-of-home placements on January 31, 2010, 59.6% were in the originating jurisdiction.

Exhibit 2
Out-of-home Placements – Single Day Count and
Percent of Placements Occurring in the Originating Jurisdiction
January 31, 2010



Source: The Governor’s Office for Children, *State of Maryland Out-of-home Placement and Family Preservation Resource Plan: Fiscal Year 2010*

Fiscal 2011 Actions

Proposed Deficiency

Two deficiency appropriations withdraw general funds that were restricted by budget bill language to be used only for LMB administration through the CCIF or otherwise be reverted. The first withdraws \$390,000 from GOC, and the second withdraws \$210,000 from the CCIF.

The fiscal 2011 budget as introduced reduced State funding for LMBs from \$6.4 million to \$2.4 million. The reduction was in part a cost containment measure but also anticipated the transfer of the contract monitoring function from LMBs to GOC. The budget as introduced also included 5 new contract monitor positions in GOC.

During the budget hearing and deliberation process, the LMBs proposed keeping the contract monitoring function and asked for the reduction in funding to be largely offset through the use of restrictive budget language to fence off the funding for the new GOC positions and some funding in the CCIF. In passing the budget, the budget committees added the language to the GOC budget to delete the new positions and require the associated \$390,000 to either be used to fund LMB operations or revert to the general fund. They also added language to the CCIF restricting \$210,000 intended for early intervention and prevention programs to either be used to fund LMB operations or revert to the general fund. These two actions by the budget committees were intended to increase State funding for LMBs to \$3.0 million.

Through the fiscal 2011 deficiency appropriations noted above, the restricted funds in both GOC and the CCIF are being withdrawn. LMB funding for fiscal 2011 will, therefore, remain at \$2.4 million as originally proposed by the Governor. As noted below, LMB funding in the fiscal 2012 allowance is level funded at \$2.4 million, and the early intervention and prevention programs are funded at the reduced fiscal 2011 level (\$210,000 less than was included in the fiscal 2011 budget as introduced).

Impact of Cost Containment

Section 44 of the fiscal 2011 budget bill required the Governor to abolish 500 positions in the Executive Branch as of June 30, 2011. GOC’s share of the reduction was 1 full-time equivalent position and \$28,775 dollars in fiscal 2011, which represents an ongoing annualized savings of \$79,203 for employee salary and fringe benefit expenditures. The duties of the position have been assumed by existing personnel.

Proposed Budget

The allowance for GOC and the CCIF is \$4.4 million less than the current year working appropriation. \$1.3 million of the reduction occurs in GOC, with \$339,000 occurring in personnel expenses. **Exhibit 3** shows the changes between the current year working appropriation and the 2012 allowance.

Exhibit 3
Proposed Budget
Governor’s Office for Children and Interagency Fund
(\$ in Thousands)

How Much It Grows:	General Fund	Federal Fund	Reimb. Fund	Total
2011 Working Appropriation	\$22,658	\$8,581	\$5,162	\$36,401
2012 Allowance	<u>20,448</u>	<u>7,324</u>	<u>4,294</u>	<u>32,066</u>
Amount Change	-\$2,210	-\$1,257	-\$868	-\$4,335
Percent Change	-9.8%	-14.6%	-16.8%	-11.9%
 Contingent Reductions	 -\$29	 \$0	 \$0	 -\$29
Adjusted Change	-\$2,239	-\$1,257	-\$868	-\$4,364
Adjusted Percent Change	-9.9%	-14.6%	-16.8%	-12.0%

Where It Goes:

Personnel Expenses

Restoration of furloughs.....	\$63
Employee and retiree health insurance (net of contingent and across-the-board reductions).....	33
Turnover adjustments.....	33
Employee retirement (net of contingent reduction)	4
Fiscal 2011 negative deficiency carry forward and fiscal 2011 position abolition carry forward.....	-469
Other fringe benefit adjustments	-3

Administration

Computer equipment lease payment	7
Motor vehicles.....	-1
Office supplies	-4
Communications	-8
Data processing and printing contractual services	-30
Federal Safe and Drug Free Schools grant ends.....	-882

Children’s Cabinet Interagency Fund

Evidence-based training.....	-206
Early Intervention & Prevention – negative deficiency carry forward	-210
Talbot County direct contracting with Care Management Entity	-375

D18A18 and R00A04 – Governor’s Office for Children and Interagency Fund

Where It Goes:

Federal Safe and Drug Free Schools grant ends.....	-878
Discretionary funding for Care Management Entity contract	-1,437
Other Changes.....	-1
Total	-\$4,364

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

Grants and contracts decrease by \$2.3 million. The federal Safe and Drug Free Schools grant ended, accounting for \$878,000 of the decrease. The remaining decrease of \$1.4 million represents funds not required to maintain the number of wraparound service slots under the Care Management Entity contract in fiscal 2012.

LMB support funding remains level funded at \$2.4 million and will be distributed in fiscal 2012 in the same manner as the current year. **Exhibit 4** shows the distribution by LMB for fiscal 2011 and 2012.

Exhibit 4
Local Management Board Support
Fiscal 2011 and 2012 Allocations

<u>Local Management Board</u>	<u>Allocation</u>
Allegany	\$65,000
Anne Arundel	115,788
Baltimore City	388,187
Baltimore	201,807
Calvert	65,000
Caroline	65,000
Carroll	65,000
Cecil	65,000
Charles	65,000
Dorchester	65,000
Frederick	65,000
Garrett	65,000
Harford	65,000
Howard	65,000
Kent	65,000
Montgomery	199,373
Prince George’s	259,845
Queen Anne’s	65,000
St. Mary’s	65,000
Somerset	65,000
Talbot	65,000
Washington	65,000
Wicomico	65,000
Worcester	65,000
Total	\$2,400,000

Source: The Governor’s Office for Children

Impact of Cost Containment

The fiscal 2012 budget reflects several across-the-board actions. In fiscal 2012, GOC’s share of the reduction is \$5,843 in general funds for changes in employee health insurance. Reductions contingent upon statutory changes include \$9,671 general funds for retiree prescription drug benefits and \$13,457 general funds for retirement benefits. To the extent that GOC has positions abolished under the Voluntary Separation Program, additional reductions will be implemented by the Administration.

Recommended Actions

1. Adopt the following narrative:

Out-of-home Placements: To facilitate evaluation of Maryland’s family preservation programs in stemming the flow of children from their homes, the Governor’s Office for Children (GOC), on behalf of the Children’s Cabinet, is requested to prepare and submit to the budget committees a report on out-of-home placements containing data on the total number of out-of-home placements and entries by jurisdiction over the previous three years and similar data on out-of-state placements. The report should also provide information on the costs associated with out-of-home placements, the reasons for new placements, and an evaluation of data derived from the application of the Maryland Family Risk Assessment. Data should also be collected concerning indicated findings of child abuse and neglect occurring while families are receiving family preservation services or within one year of case closure. Each agency or administration that funds or places children and youth in out-of-home placements is requested to work closely with GOC and comply with any data requests necessary for the production of the report. The report should be submitted to the committees by December 1, 2011.

Information Request	Author	Due Date
Report on out-of-home placements	GOC	December 1, 2011

Current and Prior Year Budgets

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

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2010					
Legislative Appropriation	\$30,838	\$0	\$8,366	\$1,040	\$40,244
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	0	0	0	0	0
Cost Containment	-4,833	0	0	0	-4,833
Reversions and Cancellations	-197	0	-59	-61	-316
Actual Expenditures	\$25,808	\$0	\$8,307	\$979	\$35,094
Fiscal 2011					
Legislative Appropriation	\$22,658	\$0	\$8,581	\$5,162	\$36,401
Budget Amendments	0	0	0	0	0
Working Appropriation	\$22,658	\$0	\$8,581	\$5,162	\$36,401

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

Fiscal 2010

The fiscal 2010 budget for GOC closed out \$5,149,414 lower than the legislative appropriation. General funds reductions of \$4,833,006 were made as part of the cost containment actions taken by the Board of Public Works. The remaining general fund reduction represents end-of-year reversions of \$170,851 in Community Service Initiative and Rehab Option funding which was not included in the Care Management Entity contract and \$25,824 in savings resulting from position vacancies in excess of the budgeted turnover amount. A federal fund cancellation of \$59,200 and reimbursable fund cancellation of \$60,533 both resulted from a reduction in the Safe and Drug Free School grant amount.

Cost containment reductions, all general funds, comprised:

- furloughs, elimination of 2 vacant positions, salary savings from keeping positions vacant, and administrative savings including \$5,000 from eliminating out-of-state travel (\$216,006);
- reductions to LMB administrative expenses (\$2,032,342);
- elimination of funding to provide temporary housing for juveniles receiving competency training to allow them to be adjudicated (\$1,600,000);
- a reduction to out-of-school programs (\$658,865);
- a reduction to training funds (\$125,793);
- a reduction to grants for Youth Services Bureaus (\$100,000); and
- a reduction to contract for Innovations Institute (\$100,000).

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

<u>Object/Fund</u>	<u>FY 10 Actual</u>	<u>FY 11 Working Appropriation</u>	<u>FY 12 Allowance</u>	<u>FY 11 - FY 12 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	17.50	16.50	16.50	0.00	0%
Total Positions	17.50	16.50	16.50	0.00	0%
Objects					
01 Salaries and Wages	\$ 1,310,895	\$ 1,833,150	\$ 1,522,837	-\$ 310,313	-16.9%
02 Technical and Spec. Fees	4,990	0	0	0	0.0%
03 Communication	36,309	51,814	43,556	-8,258	-15.9%
04 Travel	11,144	13,000	13,000	0	0%
07 Motor Vehicles	237	6,040	5,040	-1,000	-16.6%
08 Contractual Services	81,242	70,596	40,245	-30,351	-43.0%
09 Supplies and Materials	13,534	11,800	8,000	-3,800	-32.2%
10 Equipment – Replacement	77,880	0	0	0	0.0%
11 Equipment – Additional	650	200	7,500	7,300	3650.0%
12 Grants, Subsidies, and Contributions	33,554,556	34,411,668	30,423,350	-3,988,318	-11.6%
13 Fixed Charges	2,855	2,808	2,394	-414	-14.7%
Total Objects	\$ 35,094,292	\$ 36,401,076	\$ 32,065,922	-\$ 4,335,154	-11.9%
Funds					
01 General Fund	\$ 25,808,360	\$ 22,657,973	\$ 20,448,137	-\$ 2,209,836	-9.8%
05 Federal Fund	8,306,877	8,581,072	7,323,989	-1,257,083	-14.6%
09 Reimbursable Fund	979,055	5,162,031	4,293,796	-868,235	-16.8%
Total Funds	\$ 35,094,292	\$ 36,401,076	\$ 32,065,922	-\$ 4,335,154	-11.9%

Note: The fiscal 2011 appropriation does not include deficiencies. The fiscal 2012 allowance does not include contingent reductions.

Fiscal Summary
Governor's Office for Children and Interagency Fund

<u>Program/Unit</u>	<u>FY 10 Actual</u>	<u>FY 11 Wrk Approp</u>	<u>FY 12 Allowance</u>	<u>Change</u>	<u>FY 11 - FY 12 % Change</u>
01 Governor's Office for Children	\$ 2,522,624	\$ 2,871,491	\$ 1,642,572	-\$ 1,228,919	-42.8%
01 Children's Cabinet Interagency Fund	32,571,668	33,529,585	30,423,350	-3,106,235	-9.3%
Total Expenditures	\$ 35,094,292	\$ 36,401,076	\$ 32,065,922	-\$ 4,335,154	-11.9%
General Fund	\$ 25,808,360	\$ 22,657,973	\$ 20,448,137	-\$ 2,209,836	-9.8%
Federal Fund	8,306,877	8,581,072	7,323,989	-1,257,083	-14.6%
Total Appropriations	\$ 34,115,237	\$ 31,239,045	\$ 27,772,126	-\$ 3,466,919	-11.1%
Reimbursable Fund	\$ 979,055	\$ 5,162,031	\$ 4,293,796	-\$ 868,235	-16.8%
Total Funds	\$ 35,094,292	\$ 36,401,076	\$ 32,065,922	-\$ 4,335,154	-11.9%

Note: The fiscal 2011 appropriation does not include deficiencies. The fiscal 2012 allowance does not include contingent reductions.