

N00A01
Administration
Department of Human Resources

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	\$95,965	\$95,879	\$95,967	\$88	0.1%
Contingent & Back of Bill Reductions	0	0	-3,209	-3,209	
Adjusted General Fund	\$95,965	\$95,879	\$92,758	-\$3,121	-3.3%
Special Fund	8,323	3,578	4,107	529	14.8%
Contingent & Back of Bill Reductions	0	0	-12	-12	
Adjusted Special Fund	\$8,323	\$3,578	\$4,095	\$517	14.5%
Federal Fund	100,569	97,892	85,757	-12,134	-12.4%
Contingent & Back of Bill Reductions	0	0	-2,538	-2,538	
Adjusted Federal Fund	\$100,569	\$97,892	\$83,219	-\$14,672	-15.0%
Reimbursable Fund	375	375	375	0	
Contingent & Back of Bill Reductions	0	0	0	0	
Adjusted Reimbursable Fund	\$375	\$375	\$375	\$0	0.0%
Adjusted Grand Total	\$205,232	\$197,723	\$180,447	-\$17,276	-8.7%

- There is one deficiency appropriation of \$706,638 in the Department of Human Resources (DHR) Administration for fiscal 2010 rent at DHR headquarters.
- The fiscal 2012 allowance for DHR Administration decreases by approximately \$17.3 million, or 8.7%, compared to the fiscal 2011 working appropriation, after accounting for across-the-board and contingent reductions and a contingent transfer of funds. Decreases of \$14.7 million of federal funds and \$3.1 million of general funds are partially offset by an increase in special funds of \$517,185.

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

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- The fiscal 2012 budget bill contains language on the general (\$2.6 million) and federal (\$2.1 million) funds appropriation for the Office of Grants Management to transfer funding for the Domestic Violence and Rape Crisis Services Program to the Governor’s Office of Crime Control and Prevention (GOCCP) contingent upon the enactment of legislation authorizing the transfer of these programs.
- The largest decreases in the fiscal 2012 allowance occur as a result of changes in major information technology projects.

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	977.00	935.00	932.00	-3.00
Contractual FTEs	<u>38.10</u>	<u>2.90</u>	<u>2.90</u>	<u>0.00</u>
Total Personnel	1,015.10	937.90	934.90	-3.00

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	69.43	7.45%
Positions and Percentage Vacant as of 12/31/10	77.00	8.24%

- The fiscal 2011 allowance provided 24 fewer positions than in fiscal 2010 for DHR Administration. During fiscal 2011, DHR Administration abolished 15 vacant positions in the Local General Administration program pursuant to the requirements of Section 24 of the fiscal 2011 budget bill related to the consolidation of local department administrative functions.
- In addition, 4 positions in DHR Administration (1 in the Office of the Secretary, 1 in the Division of Budget, Finance, and Personnel, and 2 in the Office of Technology for Human Services) were abolished as part of the requirements of Section 44 of the fiscal 2011 budget requiring the abolition of 500 positions statewide.
- Two positions in the Office of Grants Management were transferred to GOCCP during fiscal 2011 as a result of Chapter 186 of 2009, as amended by Chapter 72 of 2010, to transfer the administration of the Victims of Crime Assistance Program to GOCCP. DHR Administration also had a net of 3 positions transferred in from other areas of DHR.
- The fiscal 2012 allowance transfers 1 position to the Department of General Services (DGS) and abolishes 2 filled positions in the Division of Administrative Services as part of a statewide consolidation of lease management functions into DGS.

- As of December 31, 2010, DHR Administration had a vacancy rate of 8.24%, or 77 positions. To meet the turnover expectancy of 7.45%, DHR Administration needs to maintain 69.43 vacant positions during fiscal 2012. The turnover expectancy in fiscal 2012 in DHR includes an adjustment to recognize salary savings from planned delays in filling vacant positions and savings from administrative reorganizations to consolidate duplicative services within the department.

Analysis in Brief

Major Trends

Minority Business Enterprise Procurements Increase but Remain Below Statewide Goal: DHR has been well below the statewide goal of 25% of procurement dollars with Minority Business Enterprises (MBE) in each year from fiscal 2007 to 2010. However, in fiscal 2010, DHR increased the percentage of procurement dollars with MBE by 4.2 percentage points.

New Performance Measures in the Citizen’s Review Board for Children and the Office of Grants Management Include Measures of Outcomes: The 2010 *Joint Chairmen’s Report* (JCR) included committee narrative requesting that DHR include additional or alternative performance measures for the Citizen’s Review Board for Children (CRBC) and the Office of Grants Management to reflect the outcomes these programs are designed to achieve. The Managing for Results submission included three new outcome measures for CRBC and revisited outcome measures previously reported in the Office of Grants Management.

Issues

Implementation of Consolidation of Local Department Administrative Functions: Section 24 of the fiscal 2011 budget bill required DHR to develop a plan to consolidate local department administrative functions by June 1, 2010, including the abolition of 15 positions by October 1, 2010. While an overall timeline and concept for review of potential areas for consolidation were developed, no action has occurred to implement the plan while DHR awaits word on the department’s share of the positions required to be abolished under Section 44 of the fiscal 2011 budget and the changes in staff due to the Voluntary Separation Program.

Fiscal 2011 Information Technology Projects: During the 2011 session, DHR received funding for five new major information technology projects including funding to begin to incrementally modernize the Client Automated Resource and Eligibility System by improving the presentation layer and an enterprise content management system. Modifications to the Child Support Enforcement System have been completed, and both WORKS projects are moving forward. The contract for the enterprise content management/business process management system has not been approved by the Board of Public Works to date.

Recommended Actions

	<u>Funds</u>
1. Reduce funding for additional and replacement data processing mainframe equipment by 10%.	\$ 175,325
2. Adopt committee narrative requesting a report on the consolidation of local department administrative functions.	
Total Reductions	\$ 175,325

Updates

Plan to Alter Case Reviews in CRBC: Chapters 629 and 630 of 2009 altered the requirements for review of out-of-home placement cases by CRBC. The 2010 JCR included committee narrative requesting that DHR submit a report on the changes to case reviews that occurred as a result of these chapters. Under the work plan agreement submitted by DHR in response to this request, CRBC will review cases with a plan of adoption and another planned permanent living arrangement at certain times.

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Administration
Department of Human Resources

Operating Budget Analysis

Program Description

The Department of Human Resources (DHR) administers programs through a State-supervised and locally administered system. DHR Administration provides direction through four major units:

- Office of the Secretary;
- Operations Office;
- Office of Technology for Human Services (OTHS); and
- local department operations.

Office of the Secretary

The Office of the Secretary provides overall direction and coordination for all programs and activities of DHR. The Office of the Secretary includes the offices of the attorney general; chief of staff; deputy secretaries; communications; employment and program equity; inspector general; planning and performance; and government, corporate, and community affairs offices. Other programs contained within the Office of the Secretary are:

- the Citizen's Review Board for Children (CRBC);
- the Maryland Commission for Women;
- the Office of Grants Management; and
- the Maryland Legal Services Program.

The key goal of the Office of the Secretary is to comply with statewide requirements for agency performance. The four programs within the Office of the Secretary contain goals specific to the program's operations.

Operations Office

The Operations Office consists of two divisions. The Division of Budget, Finance, and Personnel supports the programs of other units in the department through the management and control of fiscal and personnel systems. The Division of Administrative Services provides key administrative services including fleet management, records management, and risk management, to DHR, as well as disaster relief and emergency response throughout the State. The key goals of the Operations Office are to improve business processes to better serve the DHR central office, local departments of social services (LDSS), and community partners and to ensure a safe working environment for employees.

Office of Technology for Human Services

OTHS is responsible for the overall management and direction of DHR's information systems. This includes responsibility for computer applications and systems; computer and communication equipment; computer peripheral equipment; telephone systems and equipment; ancillary facility and support equipment; and consumables and supplies. OTHS is responsible for the development and administration of DHR's information technology (IT) systems including:

- the Child Support Enforcement System (CSES);
- the Client Automated Resource and Eligibility Systems (CARES);
- the Office of Home Energy Programs system (OHEP); and
- the Maryland Children's Electronic Social Services Information Exchange.

The key goal of OTHS is to ensure the delivery of high quality products and services that are responsive to the changing needs of the department and the department's customers.

Local General Administration

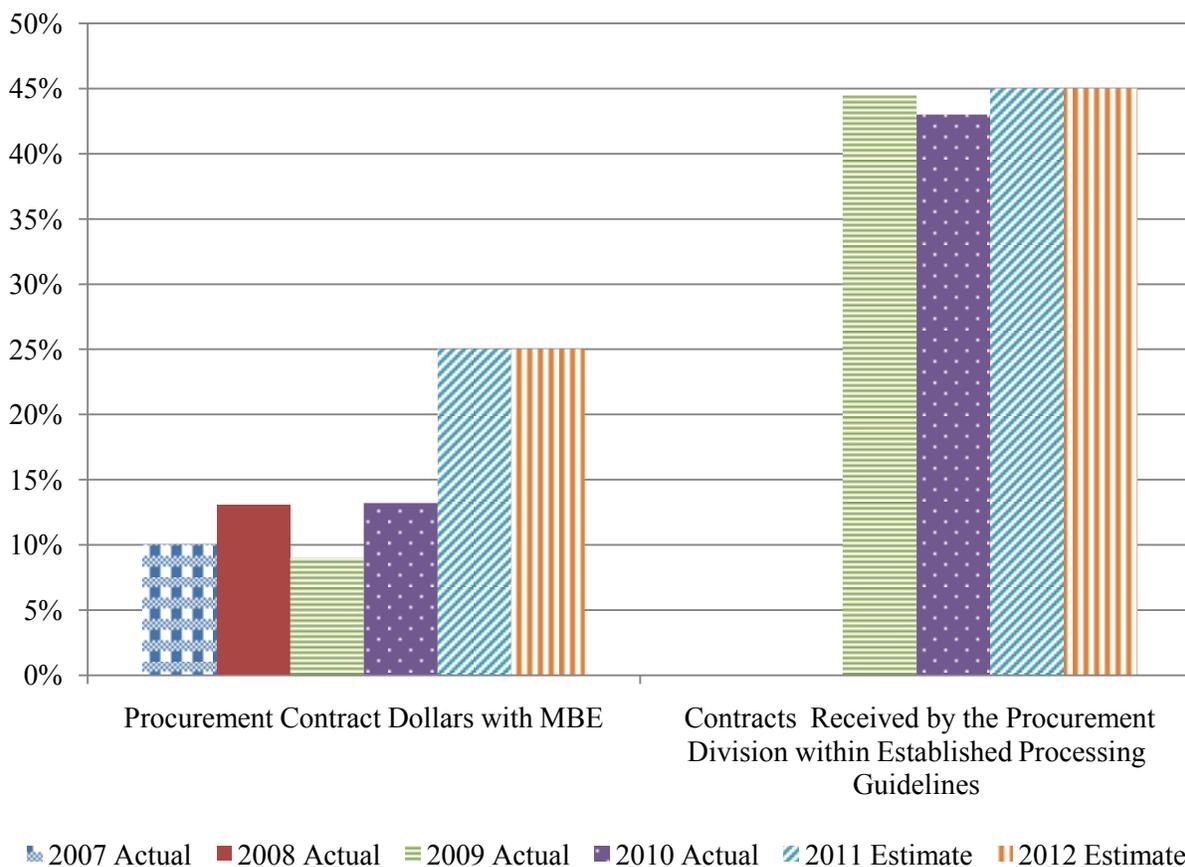
LDSS are situated in each county and Baltimore City; the administrative budgets of LDSS are combined into the local department operations unit for the purposes of the State budget.

The local general administration program provides essential support services and staff to operate the 24 LDSS, including the management of staff, finance, statistical reporting, general services, central records, fleet operations, buildings and grounds, equipment, supplies, procurement, and inventory. The key goal of Local General Administration (LGA) is to provide excellent customer service in each LDSS.

Performance Analysis: Managing for Results

DHR’s goal for the Office of the Secretary is to comply with statewide requirements for agency performance. One of the measures for this goal is the percent of procurement dollars with Minority Business Enterprise; the statewide goal for this measure is 25%. As shown in **Exhibit 1**, DHR’s performance in this area has been well below 25% in each year from fiscal 2007 to 2010. However, between fiscal 2009 and 2010, DHR’s performance in this area improved, increasing by 4.2 percentage points, to 13.2%. It should be noted that each year DHR projects it will meet the 25% goal, and yet actual performance continually falls short.

Exhibit 1
Procurement
Fiscal 2007-2012



MBE: Minority Business Enterprise

Source: Department of Human Resources; Governor’s Budget Books

Beginning with the Managing for Results (MFR) submission during the 2010 session, DHR has reported on the percentage of contracts received by the Procurement Division within established guidelines for the number of days required to process the contract. DHR has a goal of having 50% of contracts meet the required processing date by fiscal 2012. As shown in Exhibit 1, DHR's performance was under its goal in fiscal 2009 and 2010, and in fact, decreased between these years. **DHR should comment on the steps it plans to take in fiscal 2011 and 2012 to work toward meeting the goals for each of these measures.**

Revisions were made to the MFR submission during the 2010 session for most of the DHR Administration programs; changes in two programs were of particular concern. In CRBC, the MFR submission eliminated a number of measures including the percent of applicable cases reviewed in which children are protected from abuse and neglect and the percent of applicable cases reviewed in which children are safely maintained in their homes when possible. The CRBC measures instead focused on measures of the number of cases reviewed and the timeliness of report submission. In the Office of Grants Management, the MFR submission eliminated measures of the outcomes of programs, such as the number of bednights of emergency shelter provided for homeless persons and the numbers of victims of crime receiving community-based services to alleviate an immediate crisis, and instead focused on the management of contracts.

While measures of program management are useful, the budget committees were concerned that focusing on the activities of the programs, rather than outcomes of those programs, limits the ability of the General Assembly to ensure that the programs are achieving the overall goals of the program. As a result, the budget committees included committee narrative in the 2010 *Joint Chairmen's Report* (JCR) requesting DHR include additional or alternative performance measures for these two programs to reflect the outcomes that these programs are designed to achieve.

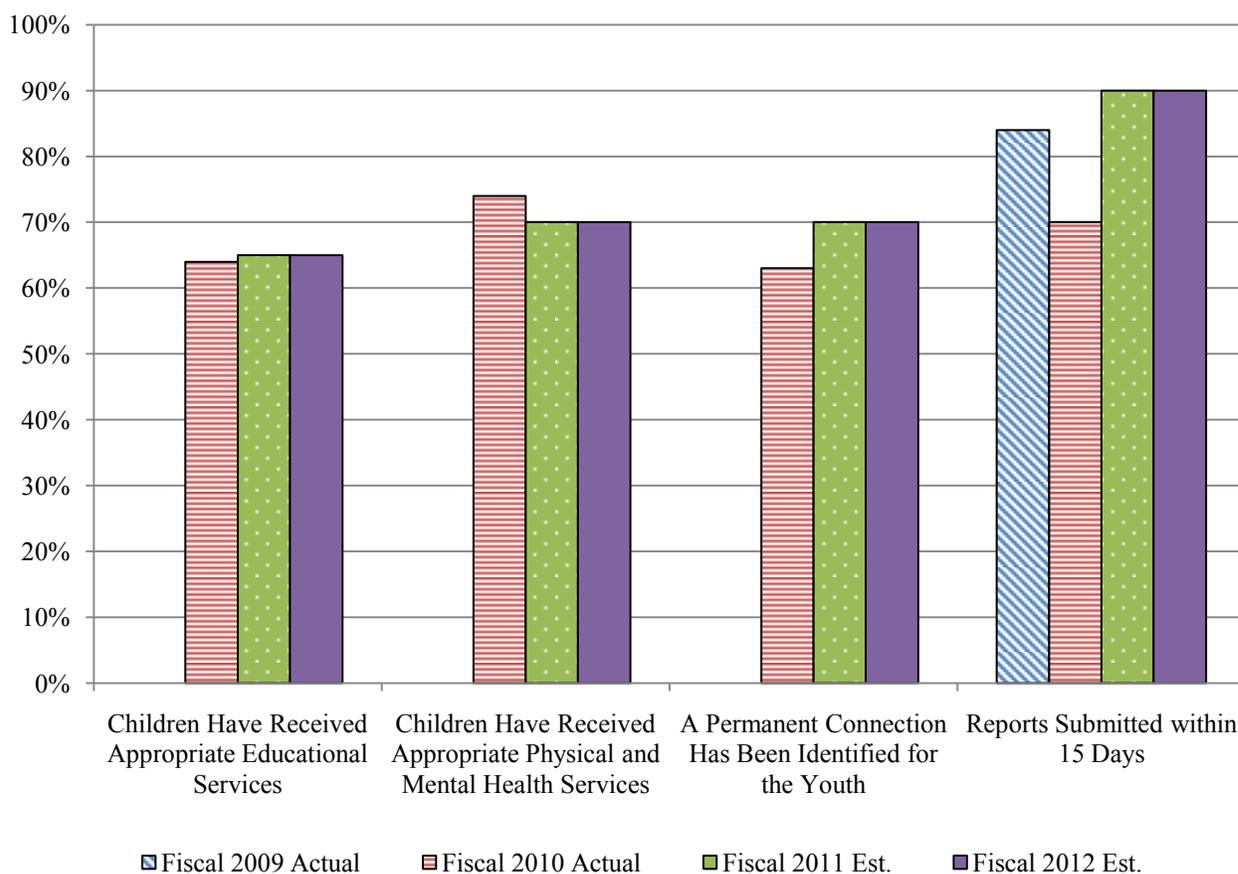
In response, DHR added additional measures in both programs with the MFR submission this session. DHR added six new measures for CRBC, including three outcome measures. The new measures are:

- the statewide percentage of eligible adoption cases that were reviewed;
- the statewide percentage of eligible another planned permanent living arrangement (APPLA) cases that were reviewed;
- the percentage of CRBC's recommendations agreed with by the local departments;
- the percent of applicable cases reviewed in which children have received appropriate educational services;
- the percent of applicable cases reviewed in which children have received appropriate physical and mental health services; and
- the percent of applicable cases reviewed in which a permanent connection has been identified for the youth.

Because these are new measures, limited data is available. While the outcome measures are not directly impacted by activities of CRBC, the measures provide a means of evaluating the local departments’ child welfare activities.

Exhibit 2 provides information on the three new outcome measures and a measure of CRBC’s activities. As shown in Exhibit 2, the timeliness of out-of-home placement case review submission declined from fiscal 2009 to 2010. DHR reports that CRBC’s supervisors plan to implement monthly reporting that will allow the supervisors to track individual employee compliance with report submission. In addition, the recommendation forms were revised, which is expected to reduce the amount of time spent completing each report.

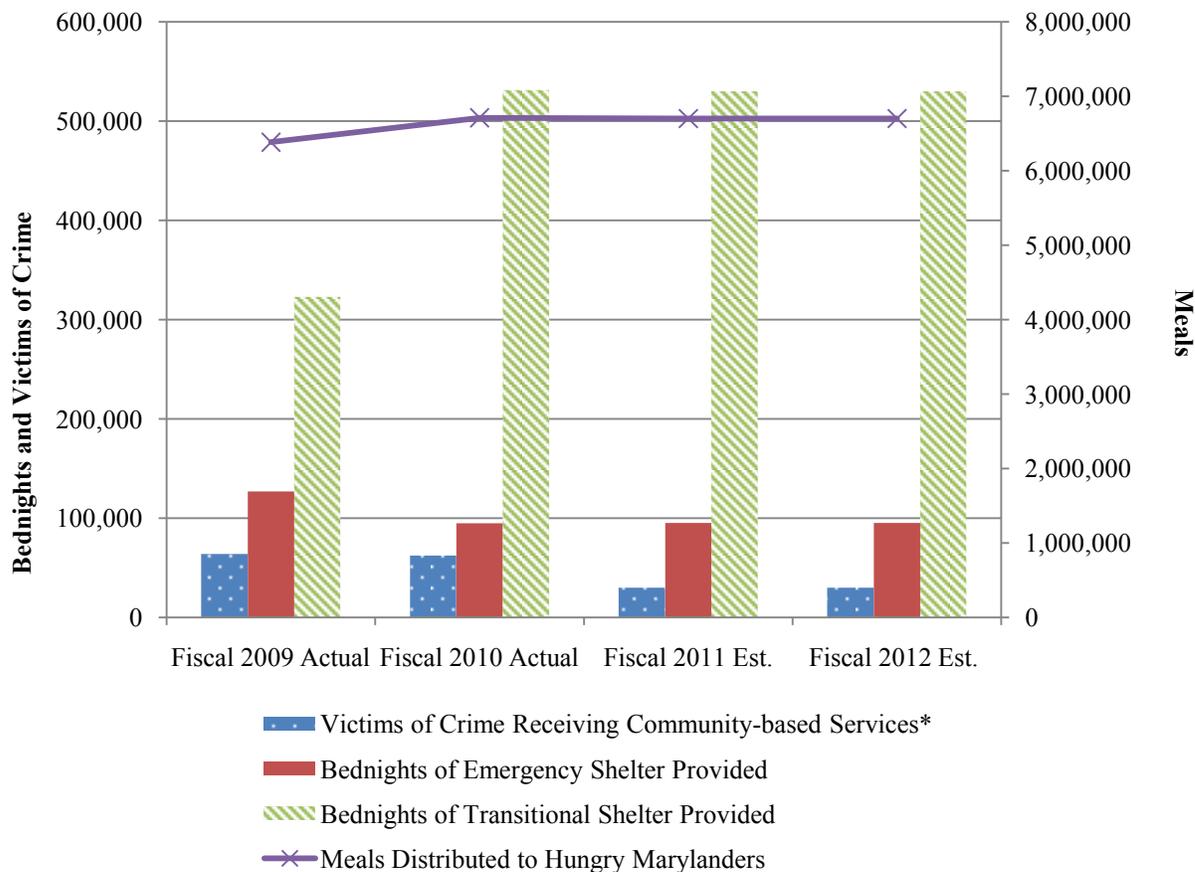
**Exhibit 2
Citizen’s Review Board for Children
Fiscal 2009-2012**



Source: Department of Human Resources; Governor’s Budget Books

For the Office of Grants Management, DHR’s MFR submission once again includes the measures reported in the 2009 session, as well as one of the two measures introduced in the 2010 session. **Exhibit 3** provides information on four of these measures.

**Exhibit 3
Office of Grants Management
Fiscal 2009-2012**



*Victims of crime receiving community-based services to alleviate the immediate crisis, ensure safety, and help stabilize their lives

Source: Department of Human Resources; Governor’s Budget Books

The number of victims of crime receiving community-based services decreased slightly between fiscal 2009 and 2010 and is expected to decrease by approximately half in fiscal 2011. The sharp decrease in fiscal 2011 is the result of the transfer of the Victims of Crime Assistance (VOCA)

Program to the Governor's Office of Crime Control and Prevention (GOCCP), effective October 1, 2010. That agency should see a commensurate increase in persons served.

Although the number of bednights of emergency shelter provided decreased between fiscal 2009 and 2010, the number of bednights of transitional housing increased by approximately 65%. DHR attributes the increase in bednights of transitional housing to current economic conditions. Economic conditions also contributed to an increase of approximately 5.1% in the number of meals distributed to hungry Marylanders. DHR also explained that some of the increase in meals distributed can be attributed to the additional funds available through the Temporary Emergency Food Assistance Program (TEFAP) from the American Recovery and Reinvestment Act of 2009 (ARRA).

DHR should comment on how it expects to use the new measures of performance in CRBC and the Office of Grants Management to improve service provision in the Social Services Administration and in the grant programs receiving funding through the Office of Grants Management.

Fiscal 2011 Actions

Proposed Deficiency

There is one deficiency appropriation in DHR Administration totaling \$706,638 to be used for fiscal 2010 rent owed to the Department of General Services (DGS) for DHR headquarters. The deficiency appropriation includes \$360,385 in general funds and \$346,253 in federal funds. DHR Administration had two fiscal 2010 deficiency appropriations to pay for fiscal 2009 and 2010 rent owed to DGS for DHR headquarters. One component of the fiscal 2010 rent calculation was inadvertently not accounted for in the previous appropriations for fiscal 2010.

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. The positions and the funds associated with them have been removed from the fiscal 2011 working appropriation. DHR Administration's share of the reduction was 4 full-time equivalent positions and \$111,802 in fiscal 2011, which represents an ongoing annualized savings of \$307,730 for employee salary and fringe benefit expenditures. DHR indicates that it has been able to absorb the loss of the positions within DHR Administration without an impact on the delivery of services.

Proposed Budget

As shown in **Exhibit 4**, the fiscal 2012 allowance of DHR Administration decreases by approximately \$17.3 million, or 8.7%, compared to the fiscal 2011 working appropriation after accounting for across-the-board and contingent reductions and a contingent transfer of funds from the Office of Grants Management to GOCCP. Decreases of \$14.7 million in federal funds and \$3.1 million in general funds are partially offset by a modest increase in special funds.

Exhibit 4
Proposed Budget
DHR – Administration
(\$ in Thousands)

How Much It Grows:	General Fund	Special Fund	Federal Fund	Reimb. Fund	Total
2011 Working Appropriation	\$95,879	\$3,578	\$97,892	\$375	\$197,723
2012 Allowance	<u>95,967</u>	<u>4,107</u>	<u>85,757</u>	<u>375</u>	<u>186,206</u>
Amount Change	\$88	\$529	-\$12,134	\$0	-\$11,517
Percent Change	0.1%	14.8%	-12.4%		-5.8%
 Contingent Reduction	 -\$3,209	 -\$12	 -\$2,538	 \$0	 -\$5,759
Adjusted Change	-\$3,121	\$517	-\$14,672	\$0	-\$17,276
Adjusted Percent Change	-3.3%	14.5%	-15.0%	0.0%	-8.7%

Where It Goes:

Personnel Expenses

Employee and retiree health insurance largely due to fiscal 2011 underfunding (as reduced by Sections 18, 19, and 20).....	\$1,613
Regular earnings primarily due to restoration of furlough reductions and salary annualization.....	1,412
Employee retirement (as reduced by Section 21).....	550
Accrued leave payout, additional assistance, reclassifications, and unemployment	137
Social Security contributions.....	92
Workers' compensation premium assessment.....	-120
Turnover adjustments	-156
1 position transferred to DGS and 2 filled positions abolished due to the consolidation of lease management functions.....	-183

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Information Technology

IT maintenance and enhancement contract.....	3,309
IT changes due to federal health care reform	900
Web security and contract to extend the life of various IT equipment.....	127
OHEP Data System maintenance contract	-27
Research and advisory contract to assist OTHS in planning for the purchase of goods and services	-117
Quality assurance and quality control contract.....	-390
Completion of WORKS system upgrades for MD RISE	-1,133
Network engineering and technology integration and voice communication contract.....	-1,133
Replacement of computer peripheral equipment partially offset by increased purchase of computers and printers.....	-1,196
Network connection charges.....	-1,370
Completion of project to link OWRA tool to WORKS.....	-1,486
Enterprise Content Management/Business Process Management System	-12,586

Office of Grants Management

Restoration of funding for various housing programs	602
ARRA funding for TEFAP not available in fiscal 2012.....	-349
Emergency Transitional Housing Services.....	-770
Reduction in general and federal funds in the Office of Grants Management contingent on the enactment of legislation transferring the Domestic Violence and Rape Crisis Services programs to GOCCP	-4,708

Other Program Changes

Restoration of contract funding in the LGA program.....	220
Legal services program contracts for Children in Need of Assistance and Termination of Parental Rights cases due to decreased number of children in care	-596

Administrative Expenses

Medicaid rehabilitation option contract typically funded in the closeout process.....	1,250
Statewide personnel system allocation	404
Increase in printing partially offset by a decrease in office supplies for printed forms to align with recent experience following the closing of DHR's print shop	209
Replacement of desk telephones at DHR headquarters	103
Completion of capital lease payments for Xerox equipment.....	-103
Fuel and utilities expenditures primarily due to electricity	-114
Rent.....	-145
Insurance as determined by the State Treasurer's Office.....	-403
Telephone, postage, and cell phone expenditures to align with recent experience	-982
Other	-138

Total **-\$17,276**

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ARRA: American Recovery and Reinvestment Act of 2009
DGS: Department of General Services
DHR: Department of Human Resources
IT: information technology
LGA: Local General Administration
MD RISE: Maryland Reaching Independence and Stability through Employment
OTHS: Office of Technology for Human Resources
OWRA: Online Work Readiness Assessment
TEFAP: Temporary Emergency Food Assistance Program

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

Impact of Cost Containment

The fiscal 2012 budget reflects several across-the-board actions. In fiscal 2012, DHR Administration's share of the reduction is \$149,246 in general funds, \$146,874 in federal funds, and \$4,566 in special funds for changes in employee health insurance. Reductions contingent upon statutory changes include \$247,021 in general funds, \$243,103 in federal funds, and \$7,557 in special funds for retiree prescription drug benefits and \$253,535 general funds for retirement benefits. To the extent that DHR Administration has positions abolished under the Voluntary Separation Program, additional reductions will be implemented by the Administration.

Personnel

The fiscal 2012 allowance for personnel increases by approximately \$4.4 million. Of the \$4.4 million, approximately \$1.6 million is for employee and retiree health insurance, primarily as a result of underfunding in these areas in DHR in fiscal 2011, offset by the cost containment noted above.

The fiscal 2011 allowance contained a series of negative entries in salaries, wages, and fringe benefits throughout DHR's budget, approximately \$2.6 million in DHR Administration, which essentially served as an unallocated budget reduction. Section 42 of the fiscal 2011 budget bill required DHR to submit a plan to allocate the reductions to the objects, programs, and subprograms in which the reductions were to actually occur to the Department of Budget and Management (DBM). After reviewing and approving the plan, DBM was to reflect the allocation of the reduction in the appropriations included in the Fiscal Digest. These reductions were largely allocated to the employee and retiree health insurance appropriations. DHR Administration's share of this allocation was approximately \$1.9 million.

DHR Administration has 1 position transferred to DGS and 2 filled positions abolished in the fiscal 2012 allowance as part of the statewide consolidation of lease management functions into DGS. These position changes reduce DHR's fiscal 2012 personnel expenditures by \$182,965.

Regular earnings increase by approximately \$1.4 million in DHR Administration, largely due to the restoration of furlough reductions.

Information Technology

The Board of Public Works approved a new Application Maintenance/Operations and Enhancement Services contract in May 2010. This contract includes the major IT systems of DHR. The contract has a base period of five years with two option periods of two years. The fiscal 2012 allowance increases by approximately \$3.3 million to account for the contract costs in that year. The fiscal 2012 estimated cost for the contract is approximately \$24.9 million; however, DHR Administration's fiscal 2012 allowance includes only \$24.3 million. DHR will need to either reduce the contract expenditures in fiscal 2012 or reallocate funding to fully support the contract cost in that year.

Language in the fiscal 2011 budget bill restricted \$2.0 million in OHEP to support the OHEP data system maintenance contract to be used in OTHS for the same purpose. These funds were transferred by budget amendment in fiscal 2011 to OTHS. The fiscal 2012 allowance decreases the funding for this contract by \$26,923.

The fiscal 2012 allowance contains funding for two major IT projects. One of these projects is a continuation of two projects (Enterprise Content Management and Business Process Management System) initially funded in fiscal 2011 and later combined into one project for total funding of \$14.0 million. Under this project, DHR will implement an enterprise-wide content management system, including document imaging, and implement processes to allow for ease of information sharing and to assist in the development of workflow efficiencies and procedures. An additional \$1.4 million of federal funds is provided for this project in fiscal 2012. Although listed in the Governor's Budget Books as being provided from the Medical Assistance Program, DHR advises the additional funds to support this project will be provided through Temporary Assistance for Needy Families (TANF).

The fiscal 2012 allowance also contains \$900,000 in DHR Administration and an additional \$100,000 in the Major Information Technology Development Project Fund (MITDPF) to begin to make changes to CARES and the Service Access and Information Link (SAIL) and create a rules engine to determine and manage eligibility to accommodate the federal health care reform. This project is in the pre-planning phase, which limits the detail about the specific changes that will be made. Changes made to accommodate federal health care reform in eligibility systems are eligible for a 90% federal matching rate.

This project is expected to continue in fiscal 2013, with total funding in that year of \$28.0 million, primarily federal funds (\$25.2 million). The fiscal 2012 allowance also provides funding in the Department of Health and Mental Hygiene (DHMH) to support an eligibility determination tool. DHR has expressed concern about how changes that DHMH might make will complicate the activities being undertaken by DHR to accommodate the federal health care reform.

The fiscal 2012 allowance also recognizes the completion of two major information technology projects funded in fiscal 2011 related to the WORKS system, the computer system for the Work Opportunities Program.

Victim Services Programs

Chapter 186 of 2009, as amended by Chapter 72 of 2010, transferred the administration of the grant funding under the VOCA Program to GOCCP. DHR's fiscal 2011 legislative appropriation contained approximately \$7.4 million for this program. A fiscal 2011 budget amendment transferred \$7.2 million of the funding to GOCCP. Two positions were also transferred to GOCCP. DHR retained a portion of the funding for salary and wages expenditures occurring prior to the transfer.

DHR anticipates that local departments that currently receive funding under the VOCA Program will continue to receive funding through grants or contracts from GOCCP. This funding will then be used for expenditures for salaries and wages for the local department positions previously funded from VOCA. The fiscal 2012 allowance contains \$410,507 and 6.5 positions for this purpose.

Contingent upon the enactment of legislation authorizing the transfer of sexual assault, domestic violence, and rape crisis programs to GOCCP, the general fund appropriation (approximately \$2.6 million) and federal fund appropriation (approximately \$2.1 million) for these programs will be transferred to GOCCP as a result of fiscal 2012 budget bill language. Of the \$4.7 million reduction, approximately \$3.6 million is related to the Domestic Violence Program and \$1.1 million is related to the Rape Crisis Services Program.

Issues

1. Implementation of Consolidation of Local Department Administrative Functions

LDSS are situated in each county and Baltimore City. For the purpose of the State budget, the administrative budgets of LDSS are combined into the local department operations unit, known as LGA.

LGA provides essential support services and staff to operate the 24 LDSS, including the management of staff, finance, statistical reporting, general services, central records, fleet operations, buildings and grounds, equipment, supplies, procurement, and inventory. This program supports the positions working in the various areas of LDSS (local child welfare services, local adult services, local family investment services, and local child support). However, LGA does not support the independent Offices of Child Support Enforcement that operate separately from LDSS in Anne Arundel, Baltimore, Montgomery, and Prince George's counties, and Baltimore City. Montgomery County operations' administrative functions are supported through LGA, but through a grant and with only one State position.

Section 24 of the fiscal 2011 budget bill contained a reduction of \$2 million to account for savings associated with consolidation of administrative functions throughout State government. DHR's share of the \$2 million reduction was \$450,000. Section 24 also specifically required that DHR develop a plan to consolidate local department administrative functions by June 1, 2010, including procurement, budget, and human resources and training functions. DHR was expected to provide a schedule for the abolition of at least 15 local department administrative positions by October 1, 2010.

Plan for Implementation

The 2010 JCR requested that DHR provide the budget committees with a copy of the required plan for the implementation of the consolidation of administrative functions. In May 2010, DHR submitted a copy of this plan to the budget committees.

The plan provided few details on how the implementation of the consolidation would occur or the impact on local departments. However, the plan provided a timeframe for completion of certain activities and general areas of review. By August 1, 2010, DHR intended to have recommendations for the implementation of a resource sharing process between contiguous LDSS and, where considered geographically appropriate, the central office of DHR. In addition, by October 1, 2010, DHR sought to identify opportunities for administrative, programmatic, and system operational efficiencies (such as an automated payroll and leave accounting system, streamlining the procurement process, and centralizing recruitment and orientation of new staff).

DHR intended to identify operational efficiencies in LGA that would not have an adverse impact on services, that aligned with the mission of DHR, and that aligned responsibility with authority.

The plan identified 15 vacant positions to be abolished (9 positions from Baltimore City and 1 each from Anne Arundel, Baltimore, Cecil, Charles, Prince George's, and Wicomico counties).

Implementation Actions

The 15 positions identified in the plan were abolished prior to the required October 1 date.

Although DHR expected to have recommendations on resource sharing processes by August 1, 2010, the agency felt it could not proceed with action on the resource sharing process until final determinations on the 500 position abolition under Section 44 of the fiscal 2011 budget bill and Voluntary Separation Program (VSP) are completed. As a result, no further action has occurred to implement a consolidation of local administrative functions. It should be noted that the reductions under Section 44 have now been made, and actions under the VSP are expected by mid-February. **The Department of Legislative Services (DLS) recommends committee narrative requesting a report describing actions planned and completed by DHR to implement a consolidation of local administrative functions.**

2. Fiscal 2011 Information Technology Projects

During the 2010 session, five new major IT projects were funded in DHR, totaling \$23.4 million (\$2.3 million in special funds and \$21.1 million in federal funds). One of these projects was funded through a fiscal 2010 deficiency appropriation with the remainder funded in the fiscal 2011 budget.

Child Support Enforcement System Modifications

DHR received \$6.8 million in a fiscal 2010 deficiency appropriation (\$2.3 million in special funds from the Child Support Reinvestment Fund and \$4.5 million in federal funds) to complete four modifications to CSES.

- **Transition to New Banking Institution** – the Child Support Enforcement Administration was in the process of rebidding its banking contract and anticipated modifications would need to be made to CSES to accommodate a transition to a new contract.
- **Unclaimed/Abandoned Property** – this modification was expected to improve the capacity to identify child support payments as unclaimed/abandoned and to create electronic processes necessary for the forwarding of these unclaimed/abandoned payments to the Maryland Comptroller of the Treasury. This issue had been the subject of State and federal audit findings.

- **Futures Payment Processing** – this modification was designed to improve futures payment processing through an enhanced distribution process. This project was necessary to meet a federal requirement and impacts performance reported to the federal office.
- **Medical Support Phase II** – this modification was the second phase of enhancements necessary to improve the capturing of medical support information. In this phase the ability to send, track, and receive medical support information from the employers of noncustodial parents was improved. This project was necessary to meet a federal requirement and impacts performance reported to the federal office.

DHR reports that implementation of the modifications was completed on June 25, 2010. However, DHR indicates that because the incumbent provider of banking services was awarded the new contract for these services, no modifications to CSES were necessary to account for a transition.

Linking the Online Work Readiness Assessment Tool to WORKS

One project funded in fiscal 2011 was a \$1.5 million project funded with TANF to connect the online work readiness assessment (OWRA) tool to the WORKS system. OWRA is a set of tools used by the State in assessing the readiness of a customer to obtain employment. OWRA can also be used to assist caseworkers in identifying barriers to employment and develop a plan for education, training, and work activities. The change was expected to allow OWRA to automatically populate certain fields and allow the data to be stored on the server for WORKS.

DHR reports this project is in the requirements gathering phase. Although DHR reported that there are no known changes to the scope, cost, or schedule, the project description included in the *Mid-Year Report on the Major Information Technology Development Projects* submitted by the Department of Information Technology (DoIT) indicates that the project has a larger scope than was initially planned. The revised project description also indicates that this project will support *Thompson v. Donald*, the case requiring improvements in DHR eligibility processing timeliness to certain compliance levels. **DHR should describe the additional modifications and how the additional modifications will benefit work participation rates and case processing timeliness.**

WORKS System Upgrades for Maryland Reaching Independence and Stability through Employment

DHR planned a \$1.1 million project funded with TANF to upgrade the WORKS system to provide functionality to track and measure the success of the Maryland Reaching Independence and Stability through Employment (MD RISE) project. This project also was designed to improve the registration function for children in foster care and allow for the direct download of information from CSES for noncustodial parents participating in MD RISE.

DHR reports this project is in the requirements gathering phase. There have been no changes to cost, scope, or schedule reported by the department.

Business Process Management System/Enterprise Content Management

DHR planned to use \$8.5 million of TANF available from the ARRA to begin to incrementally modernize CARES. This project would allow for the development of a web-based front end (referred to as common-access front-end) to improve the presentation layer and more closely match business processes. This project was expected to be driven by the aspects of case management (intake, determination, management and maintenance, and redetermination). The expected focus of the work included improving the access to relevant data, improving management to customer processes, and increasing the flexibility and functionality of current infrastructure.

A second project in fiscal 2011 was to use \$5.5 million of TANF available from the ARRA to enable DHR to capture, maintain, manage, and share documentation and information both within DHR and between DHR and its business partners. Primarily, DHR intended to implement a document imaging and storage system. At the time the project was funded, DHR had not determined the exact technology it would purchase. DHR received a \$550,000 deficiency appropriation for fiscal 2010 for consultant services to assist in the development of this system. This system was expected to be used by both the Family Investment Administration and the Child Support Enforcement Administration.

Although DHR initially intended to issue separate requests for proposal (RFP) for these projects and to complete these projects independently, the department later determined that much of the work for the Business Process Management System was related to workflow changes required with the Enterprise Content Management project. As a result, the projects were combined into one RFP. The RFP was issued on November 1, 2010, and closed on January 16, 2011. DHR anticipates some adjustments to the existing systems will be required as a result of these projects separate from this RFP. Those adjustments will be made under DHR's ongoing IT maintenance project.

The timeline for project implementation are unknown at this time. According to the mid-year report submitted by DoIT, DHR intends to have a contractor in place in the early part of the fourth quarter of fiscal 2011. Initially, both projects were expected to have the implementation completed and be in operations and maintenance mode before the end of fiscal 2011. Given the apparent delay in awarding a contract, it appears unlikely that DHR would be able to meet the initial timeline. DHR has submitted a revised timeline indicating that this project will be completed by the end of fiscal 2012.

In addition, DHR has received a second year of funding for the combined Enterprise Content Management and Business Process Management System project in fiscal 2012. This additional phase adds approximately \$1.4 million to the originally estimated project cost (slightly more than 10%). The fiscal 2012 allowance does not provide funding for project oversight. DHR has planned to provide its normal project management oversight with this project. **DHR should comment on how the additional funds provided for fiscal 2012 will be used.**

These projects are important to DHR's ability to sustain the improvements in case processing timeliness in the Family Investment Administration required under *Thompson v. Donald*.

Recommended Actions

	<u>Amount Reduction</u>	
1. Reduce funding for additional and replacement data processing mainframe equipment in the Office of Technology for Human Services by 10%. The fiscal 2012 allowance includes approximately \$1.8 million for this purpose.	\$ 99,093	GF
	\$ 76,232	FF

2. Adopt the following narrative:

Implementation of Consolidation of Local Department Administrative Functions: Section 24 of the fiscal 2011 budget bill reduced funds, in part, to implement a consolidation of some administrative functions in the local departments of social services. Although the Department of Human Resources (DHR) produced the plan outlining the areas to be examined for consolidation and a timeframe for recommendations, no additional activity has occurred. The committees request that DHR provide additional information on:

- the actions planned and completed to implement a consolidation of administrative functions in the local departments;
- the impact of this consolidation on the local departments; and
- operational savings resulting from the consolidation of administrative functions including any additional reduction in positions.

Information Request	Author	Due Date
Report on the implementation of consolidation of local department administrative functions	DHR	August 1, 2011
Total Reductions		\$ 175,325
Total General Fund Reductions		\$ 99,093
Total Federal Fund Reductions		\$ 76,232

Updates

1. Plan to Alter Case Reviews in CRBC

Chapters 629 and 630 of 2009 altered the requirements for review of out-of-home placement cases for local boards. Under these new requirements, cases are to be reviewed based on priorities agreed upon by DHR and CRBC.

DHR initially anticipated that the changes would reduce the number of cases reviewed by 50%. As a result of fewer case reviews, a reduction in staffing and related expenditures was expected. The fiscal 2011 budget for CRBC did not appear to reflect this change, and DHR indicated that it had not determined how the case reviews would be conducted. Committee narrative in the 2010 JCR requested that DHR submit a report on the changes to case reviews as a result of Chapters 629 and 630 of 2009 and the related reductions in positions. DHR submitted information related to the committee narrative in August 2010 including:

- a case review work plan agreement signed in August 2010;
- a memorandum of agreement signed in April 2010;
- organizational charts reflecting the staff reduction; and
- a list of position reductions in CRBC.

Case Reviews

The work plan dated August 2010 explained that out-of-home placement case reviews will focus on children with a plan of APPLA and children with a plan of adoption. The work plan also explained that, as required, child protection panels will continue to review cases.

The work plan provided information on the types of out-of-home placement case reviews that will be conducted and how and when the reviews will be conducted. The work plan explained that reviews for children with a plan of adoption will seek to determine whether:

- the child is receiving appropriate services;
- the adoption is progressing to allow for permanency to be achieved in a timely manner;
- barriers preventing timely adoption are identified and removed; and
- any other needed indicators.

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The reviews for children with a plan of APPLA will seek to determine whether:

- the plan is appropriate;
- the child is receiving appropriate services;
- a plan is in place to identify a permanent connection;
- preparation to ensure a successful transition by age 21 is occurring; and
- any other needed indicators.

The work plan also described the reporting requirements of CRBC to the local departments, juvenile courts, and DHR. The local departments are expected to respond in writing to recommendations of CRBC with information on whether the department agrees or disagrees with the recommendations included in the report and action plans to remove barriers that are identified in the report. CRBC is also expected to provide an annual report to DHR on January 1 summarizing the previous fiscal year's case reviews.

The memorandum of agreement provided greater detail on the review process including the documents to be reviewed, responsibilities of the various parties involved in the review, and the reporting requirements discussed in the work plan. The agreement also describes CRBC's participation in the State and federal review process and other collaboration with DHR.

Staff Reduction

DHR also provided information on positions that have been reduced in CRBC, including organizational charts for CRBC from June 2009 (prior to any reductions) and from July 2010 (after the reductions). DHR also provided the staff position, classification, grade, and position identification number (PIN) of 10 positions that have been abolished or transferred from CRBC. Three of these PINS were abolished in cost containment actions during fiscal 2009, and 1 was abolished in the fiscal 2010 budget. Based on information provided by DHR in February 2010, 6 of these positions were transferred to other areas within DHR between September 28 and October 7, 2009.

Although these positions were transferred prior to fiscal 2011, the fiscal 2011 legislative appropriation for CRBC did not reflect this change. Changes due to the transfers would be expected to occur through the closeout process in fiscal 2011. The fiscal 2012 allowance recognizes the transfers and associated salary reductions, a decrease of \$314,421 in salaries and wages expenditures.

Current and Prior Year Budgets

Current and Prior Year Budgets DHR – Administration (\$ 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	\$99,238	\$2,638	\$92,873	\$375	\$195,125
Deficiency Appropriation	941	2,365	6,476	0	9,782
Budget Amendments	-141	-14	11,483	0	11,329
Cost Containment	-4,071	3,866	-1,660	0	-1,865
Reversions and Cancellations	-2	-532	-8,604	0	-9,138
Actual Expenditures	\$95,965	\$8,323	\$100,569	\$375	\$205,232
Fiscal 2011					
Legislative Appropriation	\$95,879	\$2,558	\$103,766	\$375	\$202,577
Budget Amendments	0	1,020	-5,874	0	-4,854
Working Appropriation	\$95,879	\$3,578	\$97,892	\$375	\$197,723

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

Fiscal 2010

The fiscal 2010 actual expenditures of DHR Administration were approximately \$10.1 million higher than the appropriation.

The general fund expenditures in fiscal 2010 were approximately \$3.3 million less than the legislative appropriation. The appropriation increased as a result of the general fund portion of a deficiency appropriation (\$941,453) to provide funding for fiscal 2009 and 2010 rent owed for DHR headquarters. The remaining increases occurred:

- in the Division of Administrative Services for salaries and wages and model office improvements in various local departments of social services (a net of approximately \$1.5 million);
- in the Office of Grants Management due to costs associated with the Service-Linked Housing Program, which did not end as expected as a result of the November cost containment actions (\$343,755); and
- in the Office of the Secretary to include the Baltimore County Department of Social Services in the call center contract (\$139,612).

These increases were more than offset by decreases including cost containment actions (approximately \$4.1 million), salary and wages adjustments (approximately \$2.1 million), and communication expenditures in CRBC (\$20,561). Cost containment actions included:

- delayed filling of vacant positions (approximately \$1.6 million);
- furlough savings (approximately \$1.1 million);
- elimination of general fund support of the VOCA Program (\$563,000);
- 50% reduction in funding for the Service-Linked Housing Program (\$548,862);
- abolition of 1 position in the Maryland Commission for Women (\$93,940);
- across-the-board reductions in telecommunications, out-of-state travel, motor vehicle operations, and replacement vehicles (\$78,692); and
- deleting the cost-of-living adjustments and increments from the Montgomery County grant (\$21,000).

DHR Administration also reverted approximately \$2,338 of the general fund appropriation.

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DHR Administration's fiscal 2010 special fund expenditures were approximately \$5.7 million higher than the legislative appropriation. The appropriation was increased by the special fund portion of two deficiency appropriations: (1) to complete enhancements for the CSES (approximately \$2.3 million); and (2) to assist in the development of a document management imaging system (\$46,750). Other increases were:

- to support the maintenance and hosting contracts for CSES (approximately \$2.5 million);
- to support salaries and wages in the LGA and the Division of Budget, Finance, and Personnel (\$786,022);
- to provide funding for enhancements to CARES with funds originally provided in fiscal 2009 but not expended (\$531,860); and
- for indirect costs associated with the Electric Universal Service Program (\$36,958).

These increases were partially offset by a decrease of \$13,623 to reflect furlough savings as a result of cost containment actions. In addition, DHR Administration cancelled approximately \$531,860 as a result of having no contract in place to proceed with an information technology project.

The fiscal 2010 federal fund expenditures of DHR Administration were approximately \$7.7 million greater than the legislative appropriation. The federal fund appropriation increased to reflect the federal fund portion of deficiency appropriations (1) to provide funding for enhancements to CSES (approximately \$4.5 million); (2) to provide funding to pay for fiscal 2009 and 2010 rent for DHR headquarters (approximately \$1.5 million); and (3) to assist in the development of a document imaging system (\$503,250). Other increases resulted from:

- the cost of commodities in TEFAP (approximately \$6.9 million);
- salaries and wages in the Division of Administrative Services; OTHS; and Division of Budget, Finance, and Personnel (approximately \$2.5 million)
- contractual services in the VOCA Program (\$907,100);
- contractual services for the Medicaid Rehab option (\$860,325); and
- salaries and wages and model office improvements in the Division of Administrative Services (\$313,205).

These increases were partially offset by cost containment actions to delay filling vacant positions (\$1.6 million) and deletion of funds for employee cost-of-living adjustments and increments from the Montgomery County grant (\$20,000). In addition, DHR cancelled approximately \$8.6 million of the federal fund appropriation due to:

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- an appropriation of funds for which there were no matching funds in the MITDPF, no contract in place to support, and no federal approval (approximately \$3.6 million);
- lower than anticipated TANF expenditures in OTHS for salaries, contracts, and telecommunications (approximately \$2.5 million);
- lower than anticipated Title IV-E attainment which reduced funding available for salaries in the CRBC and contracts in the Maryland Legal Services Program (approximately \$1.1 million);
- lower than anticipated Medicaid and TANF expenditures for salaries in the Division of Budget, Finance, and Personnel (\$718,676); and
- lower than anticipated expenditures of various federal fund sources for salaries in the Office of the Secretary and telecommunications and leases in LGA (\$597,973).

Fiscal 2011

DHR Administration's fiscal 2011 appropriation has decreased by approximately \$4.9 million in fiscal 2011. An increase of \$2.0 million (approximately \$1.0 million in special funds and \$980,000 in federal funds) is the result of language in the fiscal 2011 budget bill restricting funds budgeted for software maintenance and system support for the OHEP data system to be used in OTHS. The remaining increase (\$346,110 federal funds) supplements administrative funding for emergency food organizations and for the storage of food supplies. These funds are available from the ARRA for TEFAP.

These increases are more than offset by a decrease of \$7.2 million of federal funds. This decrease is the result of a transfer of VOCA Program funding to GOCCP. Chapter 186 of 2009, as amended by Chapter 72 of 2010, transferred the authority for those funds to GOCCP.

Audit Findings

Audit Period for Last Audit:	March 1, 2007 – November 16, 2009
Issue Date:	January 2011
Number of Findings:	9
Number of Repeat Findings:	2
% of Repeat Findings:	22.2%
Rating: (if applicable)	

- Finding 1:** Federal expenditure disallowances of \$9.6 million were paid with State general funds.
- Finding 2:** **Adequate procedures were not in place to ensure the propriety of the payments to legal firms.**
- Finding 3:** Grant expenditures were not adequately monitored.
- Finding 4:** State procurement regulations were circumvented with the purchase of 450 computers.
- Finding 5:** Deposit verification procedures were not adequate.
- Finding 6:** DHR had not established effective monitoring controls over certain users’ access.
- Finding 7:** Access and monitoring controls over critical production programs and data were inadequate.
- Finding 8:** DHR’s internal network and the vendor network hosting critical DHR systems were not adequately secured
- Finding 9:** **Adequate accountability and control was not established over equipment.**

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

Major Information Technology Projects

Department of Human Resources Enterprise Content Management/Business Process Management System

Project Description:	This project will enable the Department of Human Resources (DHR) to implement an enterprise-wide content management system to capture, maintain, manage, and share documentation both within DHR and between DHR and business partners. The project will include a document imaging system but will also include other solutions for the agency's business needs. The project will also complete workflow and reporting changes necessary to image, track, and retrieve case documentation across jurisdictions and DHR administrations. The project was designed to begin to incrementally modernize the Client Automate Resource and Eligibility System (CARES).		
Project Business Goals:	This project will allow DHR workers to access and store case information electronically. This project will also allow for the sharing of electronic verification and allow for centralized processing of cases. This project is also expected to reduce paper files and the costs associated with maintaining/storing those paper files. This project is also important to sustaining the success in case processing timeliness in DHR to comply with <i>Thompson v. Donald</i> .		
Estimated Total Project Cost:	Unknown (through fiscal 2012 DHR has been provided \$15,413,575 for this project).	New/Ongoing Project:	Ongoing.
Project Start Date:	Initiation was expected to begin for each project July 1, 2010.	Projected Completion Data:	Initially anticipated implementation for the Business Process Management System to be completed by June 1, 2011, and for the Enterprise Content Management project by June 15, 2011. A revised estimate delays implementation by a year.
Schedule Status:	The request for proposal for the combined project was not released until November 1, 2010, with a closing date in January 2011. DHR indicated it could not determine a timeframe for award until it was known how many proposals it received. The <i>Mid-Year Report on Major Information Technology Development Projects</i> submitted by the Department of Information Technology indicated DHR hoped to have a contractor on board by early in the fourth quarter of 2011. Given this timeframe and the additional funding provided in the fiscal 2012 allowance, it appears this project will not be completed by the originally anticipated completion date. DHR's revised timeline indicates that the project will be implemented by the end of fiscal 2012.		
Cost Status:	The Business Process Management System project was initially funded with \$8.5 million available from the Temporary Assistance for Needy Families (TANF) in the American Recovery and Reinvestment Act of 2009 (ARRA) with no planned funding beyond fiscal 2011. The Enterprise Content Management project was initially funded with \$5.5 million available from TANF in the ARRA with no planned funding beyond fiscal 2011. The combined project received \$1,413,575 in the fiscal 2012 allowance.		
Scope Status:	Unknown.		

Project Management Oversight Status:	No funding has been provided in the project cost in fiscal 2012 for project oversight. This project has been included in DHR’s portfolio review meetings. This project will also be reviewed through the department’s typical project oversight process, including its Enterprise Project Management Office contract, weekly status reviews, quality assurance reviews, scope, schedule, and change management.							
Identifiable Risks:	DHR has identified risks for this project including provision of sufficient funding, executive sponsorship, change management, creeping user requirements, and qualified staff.							
Additional Comments:	The Business Process Management System to begin to incrementally modernize CARES and improve the workflow of the system and the Enterprise Content Management projects were initially planned as separate projects. These projects were separately funded in fiscal 2011. However, DHR later determined that much of the work required under the Business Process Management System was to accommodate the Enterprise Content Management project and decided to combine the projects. Other changes required to complete the Business Process Management System project will be completed under DHR’s information technology maintenance and enhancement contract.							
Fiscal Year Funding (\$ in Thousands)	Prior Years	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	Balance to Complete	Total
Personnel Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Professional and Outside Services	14,000.0	1,413.6	0.0	0.0	0.0	0.0	0.0	15,413.6
Other Expenditures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Funding	\$14,000.0	\$1,413.6	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$15,413.6

Department of Human Resources Health Care Reform

Project Description:	This project will support policy, workflow, and system changes required to support federal health care reform under the Affordable Care Act. Specifically, the Department of Human Resources (DHR) intends to implement changes to the Client Automated Resource and Eligibility System, Service Access and Information Link, and create an overall rules engine to determine and manage eligibility under the federal health care reform.							
Project Business Goals:	To be in compliance with federal health care reform.							
Estimated Total Project Cost:	\$29.0 million (including \$26.1 million of federal funds and \$2.9 million of general funds).					New/Ongoing Project:	New.	
Project Start Date:	July 1, 2011.			Projected Completion Data:	Unknown, but implementation is required by October 1, 2014.			
Schedule Status:	This is a new project.							
Cost Status:	This is a new project.							
Scope Status:	This project is in the pre-planning phase, and the specific activities to be completed have not yet been identified.							
Project Management Oversight Status:	No funding has been provided in the project cost in fiscal 2012 for project oversight. This project will undergo DHR's typical project management oversight including DHR's portfolio review meetings, its Enterprise Project Management Office contract, weekly status reviews, quality assurance reviews, scope schedule and change management.							
Identifiable Risks:	DHR has identified several risks for this project: provision of sufficient funding, executive sponsorship, change management, staff, and changes in business process and policy. DHR has expressed concern about the need for two agencies (DHR and the Department of Health and Mental Hygiene (DHMH)) coordinating on this project without a clearly identified lead agency. Of particular concern to DHR was a grant that DHMH had submitted for technology that it felt could create problems with the federal government and could complicate the changes that DHR must make to its system.							
Additional Comments:	DHMH has also received funding for a new eligibility determination tool related to federal health care reform in the fiscal 2012 allowance. It is not clear at this time, given the concern expressed by DHR, the extent to which these efforts are coordinated.							
Fiscal Year Funding (\$ in Thousands)	Prior Years	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	Balance to Complete	Total
Personnel Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Professional and Outside Services	0.0	1,000.0	28,000.0	0.0	0.0	0.0	0.0	29,000.0
Other Expenditures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Funding	\$0.0	\$1,000.0	\$28,000.0	\$0.0	\$0.0	\$0.0	\$0.0	\$29,000.0

**Object/Fund Difference Report
DHR – Administration**

<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	977.00	935.00	932.00	-3.00	-0.3%
02 Contractual	38.10	2.90	2.90	0.00	0%
Total Positions	1,015.10	937.90	934.90	-3.00	-0.3%
Objects					
01 Salaries and Wages	\$ 67,409,753	\$ 63,493,681	\$ 67,890,268	\$ 4,396,587	6.9%
02 Technical and Spec. Fees	1,608,417	402,879	407,453	4,574	1.1%
03 Communication	8,541,890	10,178,698	7,812,629	-2,366,069	-23.2%
04 Travel	236,110	265,075	191,374	-73,701	-27.8%
06 Fuel and Utilities	723,120	869,130	755,462	-113,668	-13.1%
07 Motor Vehicles	224,105	395,089	380,258	-14,831	-3.8%
08 Contractual Services	81,509,932	94,833,231	82,521,932	-12,311,299	-13.0%
09 Supplies and Materials	1,310,550	1,290,728	1,157,650	-133,078	-10.3%
10 Equipment – Replacement	2,465,738	2,696,032	1,600,820	-1,095,212	-40.6%
11 Equipment – Additional	5,670,283	873,884	725,356	-148,528	-17.0%
12 Grants, Subsidies, and Contributions	25,620,281	12,083,216	13,003,458	920,242	7.6%
13 Fixed Charges	9,911,930	10,341,676	9,759,839	-581,837	-5.6%
Total Objects	\$ 205,232,109	\$ 197,723,319	\$ 186,206,499	-\$ 11,516,820	-5.8%
Funds					
01 General Fund	\$ 95,965,205	\$ 95,878,728	\$ 95,966,765	\$ 88,037	0.1%
03 Special Fund	8,322,994	3,577,956	4,107,264	529,308	14.8%
05 Federal Fund	100,568,910	97,891,635	85,757,470	-12,134,165	-12.4%
09 Reimbursable Fund	375,000	375,000	375,000	0	0%
Total Funds	\$ 205,232,109	\$ 197,723,319	\$ 186,206,499	-\$ 11,516,820	-5.8%

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

**Fiscal Summary
DHR – Administration**

<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 Office of the Secretary	\$ 12,014,361	\$ 12,084,137	\$ 12,100,524	\$ 16,387	0.1%
02 Citizen’s Review Board for Children	1,197,292	1,501,885	1,174,712	-327,173	-21.8%
03 Commissions	213,643	168,016	183,022	15,006	8.9%
04 Legal Services Program Management	15,540,153	16,375,112	15,809,872	-565,240	-3.5%
05 Office of Grants Management	33,819,594	17,655,302	17,480,631	-174,671	-1.0%
01 Division of Budget, Finance and Personnel	19,002,736	15,505,793	17,728,802	2,223,009	14.3%
02 Division of Administrative Services	11,101,346	8,273,993	8,825,446	551,453	6.7%
02 Major Information Technology Development Projects	6,818,121	16,618,411	2,313,575	-14,304,836	-86.1%
04 General Administration	65,226,543	67,967,384	67,794,868	-172,516	-0.3%
05 General Administration	40,298,320	41,573,286	42,795,047	1,221,761	2.9%
Total Expenditures	\$ 205,232,109	\$ 197,723,319	\$ 186,206,499	-\$ 11,516,820	-5.8%
General Fund	\$ 95,965,205	\$ 95,878,728	\$ 95,966,765	\$ 88,037	0.1%
Special Fund	8,322,994	3,577,956	4,107,264	529,308	14.8%
Federal Fund	100,568,910	97,891,635	85,757,470	-12,134,165	-12.4%
Total Appropriations	\$ 204,857,109	\$ 197,348,319	\$ 185,831,499	-\$ 11,516,820	-5.8%
Reimbursable Fund	\$ 375,000	\$ 375,000	\$ 375,000	\$ 0	0%
Total Funds	\$ 205,232,109	\$ 197,723,319	\$ 186,206,499	-\$ 11,516,820	-5.8%

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