

N00B
Social Services
Department of Human Resources

Operating Budget Data

(\$ in Thousands)

	<u>FY 11</u> <u>Actual</u>	<u>FY 12</u> <u>Working</u>	<u>FY 13</u> <u>Allowance</u>	<u>FY 12-13</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Fund	\$334,239	\$348,251	\$344,060	-\$4,191	-1.2%
Adjusted General Fund	\$334,239	\$348,251	\$344,060	-\$4,191	-1.2%
Special Fund	3,648	2,799	4,309	1,510	53.9%
Adjusted Special Fund	\$3,648	\$2,799	\$4,309	\$1,510	53.9%
Federal Fund	220,832	253,020	249,718	-3,302	-1.3%
Adjusted Federal Fund	\$220,832	\$253,020	\$249,718	-\$3,302	-1.3%
Adjusted Grand Total	\$558,718	\$604,071	\$598,087	-\$5,984	-1.0%

- The fiscal 2013 allowance for the Department of Human Resources (DHR) Social Services is \$6.0 million (-1%) less than the working appropriation. General funds decrease by \$4.2 million (-1.2%), special funds increase by \$1.5 million (53.9%), and federal funds decrease by \$3.3 million (-1.3%). The allowance includes \$500,000 in foster care education special funds as authorized in the Budget Reconciliation and Financing Act of 2011. These funds represent reimbursement by local education agencies for a portion of the costs associated with providing educational services to children in State care.

Personnel Data

	<u>FY 11</u> <u>Actual</u>	<u>FY 12</u> <u>Working</u>	<u>FY 13</u> <u>Allowance</u>	<u>FY 12-13</u> <u>Change</u>
Regular Positions	2,945.61	2,905.61	2,899.61	-6.00
Contractual FTEs	<u>6.16</u>	<u>1.00</u>	<u>1.00</u>	<u>0.00</u>
Total Personnel	2,951.77	2,906.61	2,900.61	-6.00

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	197.75	6.82%
Positions and Percentage Vacant as of 12/31/11	178.15	6.13%

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

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- DHR Social Services loses 6 regular positions in the allowance as a cost containment measure.
- Budgeted turnover of 6.82% is slightly higher than the vacancy rate as of December 31, 2011. This means the agency will need to maintain its current level of vacancies through fiscal 2013.
- DHR Social Services had 62.5 fewer filled positions on December 31, 2011, than it had a year earlier.

Analysis in Brief

Major Trends

Children Reside in Permanent Homes: Foster care placement stability and timely adoptions performance are close to the goals for these measures, but additional improvement in timely reunifications and re-entries into care are needed to meet the goals.

Children Are Safe from Abuse and Neglect: For several years now DHR Social Services has met or exceeded the goal with respect to no recurrence of maltreatment, but after exceeding the goal for children not being victims of abuse/neglect while in care for the previous three years, it fell short of the goal in 2011.

Issues

Federal Child Welfare Programs Reauthorized through Fiscal 2016: On September 30, 2011, President Barack H. Obama signed the Child and Family Services Improvement and Innovation Act which makes changes to and extends programs funded under Title IV-B of the Social Security Act through federal fiscal 2016. These include the Child Welfare Services and Promoting Safe and Stable Families programs.

Declining Caseloads Provide an Opportunity to Shift Resources to Prevention: Declining caseloads have resulted in most jurisdictions meeting or exceeding the minimum child welfare caseworker and supervisor staffing ratios. The excess capacity provides an opportunity to focus on preventative services which could help reduce the caseload further.

Recommended Actions

1. Add language to N00G00.01 restricting the general fund appropriation for Foster Care Maintenance Payments to that purpose only or for transfer to Child Welfare Services.
2. Add language to N00G00.03 restricting the general fund appropriation for Child Welfare Services to that purpose only or for transfer to Foster Care Maintenance Payments.
3. Adopt committee narrative requesting a report on child welfare caseload data.

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 2006 through 2010. There were 16 such fatalities in 2010.

Workgroup Recommends That an Alternative Process to Appointing Temporary Limited Guardians for Hospitalized Adult Disabled Persons Be Developed: A workgroup established to develop a statewide policy on the appointment of temporary limited guardians for hospitalized adult disabled persons recommends instead that an alternative process be developed.

N00B – DHR – Social Services

N00B
Social Services
Department of Human Resources

Operating Budget Analysis

Program Description

The Social Services Administration (SSA) supervises child welfare social service programs provided through Maryland's Local Departments of Social Services that are intended to prevent or remedy neglect, abuse, or exploitation of children; preserve, rehabilitate, or reunite families; help children to begin or continue to improve their well-being; prevent children from having to enter out-of-home care when services can enable them to remain safely in their own homes; and for children who need out-of-home care, provide appropriate placement and permanency services. The administration is responsible for Child Welfare policy development, training and staff development, monitoring and evaluation of local department programs, oversight of development and maintenance of the child welfare information system (Maryland Children's Electronic Social Services Information Exchange), and all other aspects of program management.

SSA supervises adult social services programs for vulnerable adults and individuals with disabilities. This service delivery system protects vulnerable adults, promotes self-sufficiency, and avoids unnecessary institutional care. These services are delivered in a manner that maximizes a person's ability to function independently.

The key goals of SSA are that:

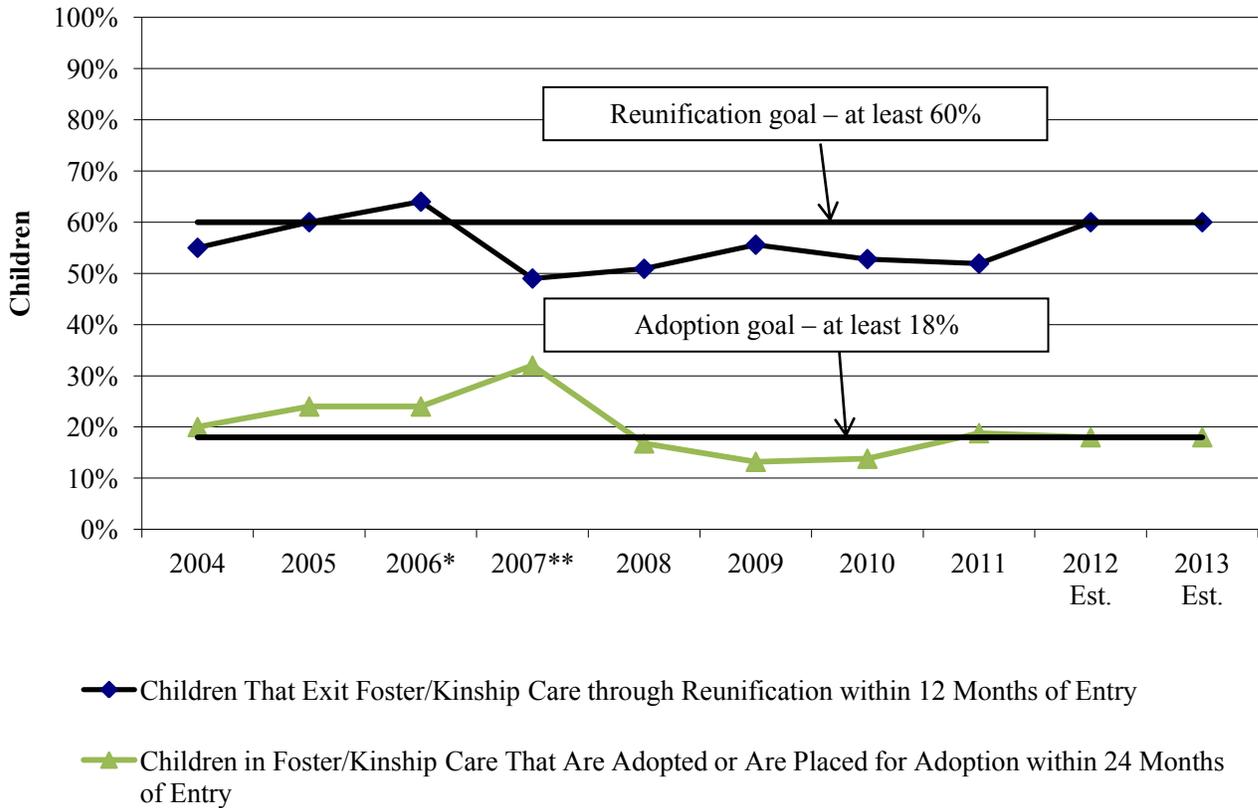
- children served by the Department of Human Resources (DHR) reside in permanent homes;
- children served by the department are safe from abuse and neglect;
- individuals served by Adult Services are safe from abuse (including neglect, self-neglect, and exploitation); and
- individuals served by Adult Services achieve their maximum level of independence.

Performance Analysis: Managing for Results

Children Reside in Permanent Homes

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

**Exhibit 1
Exits from Foster Care through Reunification or Adoption
Fiscal 2004-2013**



*Data shown does not include Harford County due to conversion to the Maryland Children’s Electronic Social Services Information Exchange (MD CHESSIE).

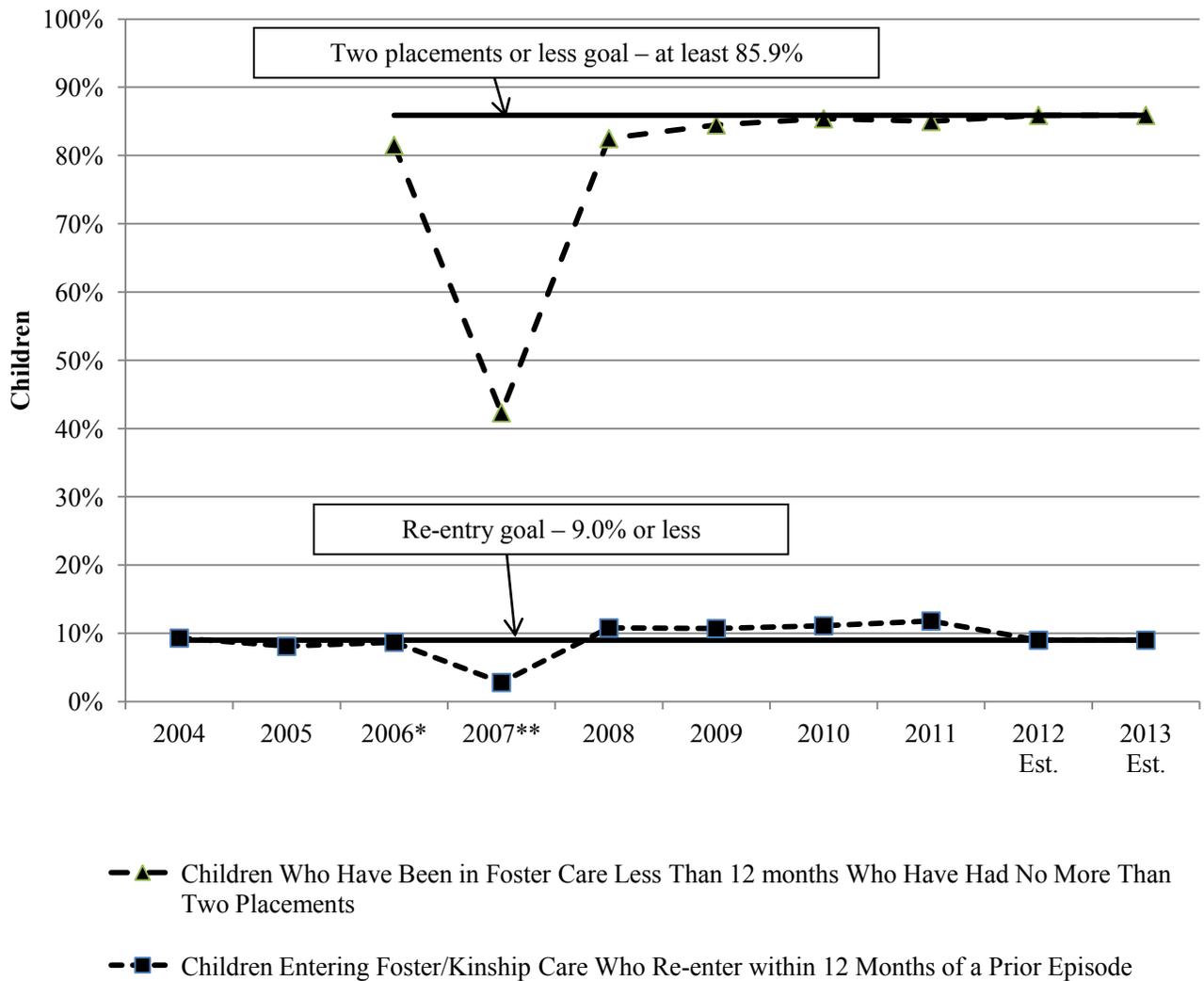
**Based on MD CHESSIE data (October 2007) and due to problems during the conversion effort, this data should be considered unreliable.

Source: Governor’s Budget Books, Fiscal 2007-2013

The solid lines show the goals for each of these measures, and the chart indicates a slight drop in the percent of children exiting through reunification within 12 months of entry but an improvement in the percent of children adopted or placed for adoption within 24 months of entry.

Exhibit 2 shows the percent of children who have been in foster care less than 12 months who have had no more than two placement settings and the percent of children re-entering care within 12 months of exiting care to reunify with their family of origin. For placement stability, DHR Social Services has been close to the goal, although there was a slight decrease in performance in fiscal 2011. Re-entries into care have consistently been higher than desired since fiscal 2006.

**Exhibit 2
Placement Stability and Permanent Exit from Care
Fiscal 2004-2013**



*Data shown does not include Harford County due to conversion to the Maryland Children’s Electronic Social Services Information Exchange (MD CHESSIE).

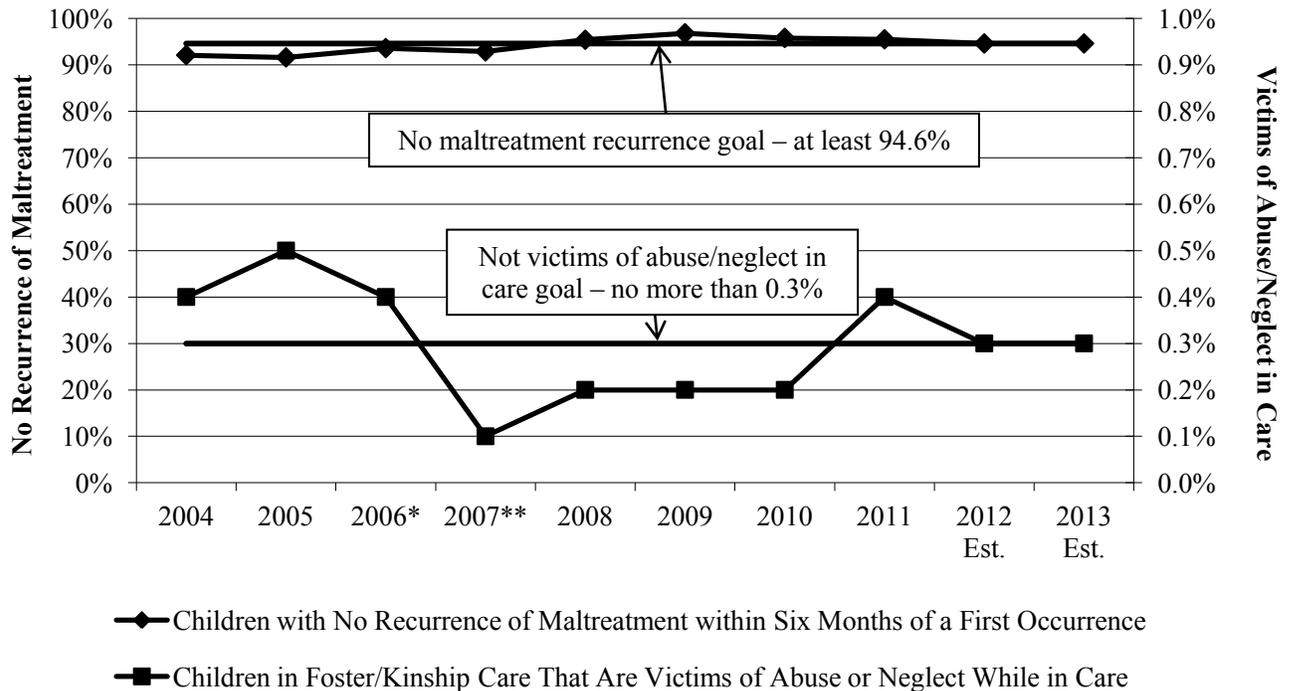
**Based on MD CHESSIE data (October 2007) and due to problems during the conversion effort, this data should be considered unreliable.

Source: Governor’s Budget Books, Fiscal 2007-2013

Children Are Safe from Abuse and Neglect

Exhibit 3 shows the percent of children with no 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. DHR Social Services has exceeded the goal for the percent of children with no recurrence of maltreatment within six months of a first occurrence since fiscal 2008. Following three years in which DHR Social Services exceeded the goal pertaining to the percent of children that are victims of abuse or neglect while in care, it did not meet the goal in fiscal 2011. **DHR should comment on the challenges it faces in meeting all of its child welfare Managing for Results goals and the steps it is taking to improve performance.**

Exhibit 3
Children Served by DHR Are Safe from Abuse and Neglect
Fiscal 2004-2013



DHR: Department of Human Resources

*Data shown does not include Harford County due to conversion to the Maryland Children’s Electronic Social Services Information Exchange (MD CHESSIE).

**Based on MD CHESSIE data (October 2007) and due to problems during the conversion effort, this data should be considered unreliable.

Source: Governor’s Budget Books, Fiscal 2007-2013

Fiscal 2012 Actions

Section 47 of the fiscal 2012 budget bill required the Governor to abolish 450 positions as of January 1, 2012. This agency's share of the reduction was 14.5 positions. The annualized salary savings due to the abolition of these positions is expected to be \$423,119 in general/special/federal/reimbursable funds.

Proposed Budget

As shown in **Exhibit 4**, the fiscal 2013 allowance for DHR Social Services decreases by \$6.0 million. Overall, personnel expenses increase by \$1.3 million over the current year working appropriation, due primarily to increases in employee and retiree health insurance contributions, employee retirement contributions, and the workers' compensation premium assessment. These increases are partially offset by removal of the one-time employee bonuses and annualization of positions lost through the voluntary separation program and through Section 47 abolitions. The increase in personnel expenses is more than offset by decreases in foster care maintenance payments due to a continued shift in the caseload to less expensive placements and a decrease in the amount of budgeted flex funds. Flex funds are used to pay for supportive services for children in State care.

The fiscal 2013 allowance includes \$500,000 in foster care education special funds. This represents the estimate of the amount the Local Education Agencies (LEAs) will reimburse DHR for providing educational services to children in State supervised care. Authority to receive these reimbursements was established by Chapter 397 of 2011, the Budget Reconciliation and Financing Act of 2011. The fiscal 2012 budget as enacted anticipated just over \$1 million in reimbursements from LEAs, but DHR indicates that closer examination of the caseload led to a reduction in the estimate to the \$500,000 requested in the fiscal 2013 budget.

The fiscal 2013 allowance also includes funding for a 1% rate increase for foster care providers which have rates set through the Interagency Rates Committee (IRC). This funding conforms to Section 17 of SB 152, the Budget Reconciliation and Financing Act of 2012, which limits provider rates set by the IRC from increasing more than 1%.

**Exhibit 4
Proposed Budget
DHR – Social Services
(\$ in Thousands)**

How Much It Grows:	General Fund	Special Fund	Federal Fund	Total
2012 Working Appropriation	\$348,251	\$2,799	\$253,020	\$604,071
2013 Allowance	<u>344,060</u>	<u>4,309</u>	<u>249,718</u>	<u>598,087</u>
Amount Change	-\$4,191	\$1,510	-\$3,302	-\$5,984
Percent Change	-1.2%	53.9%	-1.3%	-1.0%
Contingent Reductions	\$0	\$0	\$0	\$0
Adjusted Change	-\$4,191	\$1,510	-\$3,302	-\$5,984
Adjusted Percent Change	-1.2%	53.9%	-1.3%	-1.0%

Where It Goes:

Personnel Expenses

Employee and retiree health insurance.....	\$2,684
Employee retirement contributions	1,797
Workers' compensation premium assessment	1,188
Turnover adjustments.....	-74
Abolished/transferred positions.....	-246
Reduced reclassifications	-282
Annualization of voluntary separation program, abolished positions and Section 47 position reductions	-1,519
Remove one-time employee bonuses.....	-2,230
Other fringe benefit adjustments	-14

Protecting Children and Adults

Rate increase for institutional care vendors	1,949
Rent increases.....	596
Vehicle expenses – gas and oil.....	134
Montgomery County grant.....	83
Health and fire inspection, attorney fees, and other contractual services	-341
Reduction in flex funding.....	-2,500
Shift in foster care caseloads to lower cost placements	-7,156

Other	-53
Total	-\$5,984

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

Foster Care/Adoption Caseload and Expenditure Trends

Exhibit 5 shows foster care and adoption caseload and expenditure data for fiscal 2011 and the Department of Legislative Services’ (DLS) estimates for fiscal 2012 and 2013. The DLS estimates differ from the DHR assumptions upon which the budgets for fiscal 2012 and 2013 were built. The budgetary changes noted in Exhibit 4 reflect the budget as submitted.

Exhibit 5 Foster Care and Subsidized Adoption Caseload and Expenditure Trends Fiscal 2011-2013

	<u>2011</u>	DLS Estimate <u>2012</u>	DLS Estimate <u>2013</u>	<u>% Change 2012-2013</u>
Monthly Caseload				
Foster Care	6,860	6,926	6,926	0.0%
Adoptions	7,800	7,761	7,761	0.0%
Total	14,660	14,687	14,687	0.0%
Monthly Cost Per Case	\$1,570	\$1,549	\$1,570	1.3%
Expenditures (in Millions)				
General Funds	\$212.3	\$220.6	\$223.4	1.3%
Total Funds	\$299.4	\$298.3	\$301.9	1.2%
Surplus (Compared to Budgeted) –				
Total Funds		\$26.8	\$14.5	
Surplus – General Funds		\$17.1	\$12.3	

DLS: Department of Legislative Services

Source: Department of Human Resources; Department of Legislative Services

DLS is projecting that the combined foster care/adoption caseload will remain stable through fiscal 2013. The average cost per case is projected to increase slightly between fiscal 2012 and 2013 due to the inclusion of a 1% rate increase for group home and institutional care providers. Based on these projections, the fiscal 2012 and 2013 budgets for foster care maintenance payments have surpluses of \$26.8 million and \$14.5 million, respectively (\$17.1 million and \$12.3 million in general fund surpluses, respectively). However, there are two risk factors associated with the foster care maintenance payments and child welfare services budgets that argue against making reductions based on the projected surpluses. First is the volatility in the foster care caseloads. Over the past five years, the caseload has experienced a single-year increase in the average monthly caseload of nearly 1,000 and single-year decreases in several years in the range of 500. Second, the budgets for foster care

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maintenance payments and child welfare services in fiscal 2012 and 2013 rely on a combined total of \$114.0 million and \$107.0 million of federal Title IV-E funds. In fiscal 2011, total IV-E attainment for the entire DHR budget was only \$109.2 million. In order to cover IV-E shortfalls in child welfare services in fiscal 2011, DHR transferred \$19.0 million from the foster care maintenance payments budget to child welfare services. DHR hopes to receive the authority from the federal Department of Health and Human Services to begin claiming IV-E reimbursement for pre-placement services provided to try to prevent children from coming into care, and having this ability will boost the department's efforts at increasing IV-E attainment, but it is uncertain when this authority might be forthcoming. Additionally, the Foster Care Maintenance Payments budget includes \$6.9 million in Temporary Assistance for Needy Families (TANF) funds. To the extent these funds are not utilized in this budget, they can be used to address the overall TANF shortfall facing the department.

DHR should brief the committees on the status of its efforts to obtain authority to claim IV-E reimbursement for pre-placement services. Annual budget bill language which would restrict the transfer of funds from the Foster Care Maintenance and Child Welfare Services accounts is included in the Recommended Actions section of this analysis.

Issues

1. Federal Child Welfare Programs Reauthorized through Fiscal 2016

On September 30, 2011, President Barack H. Obama signed the Child and Family Services Improvement and Innovation Act which makes changes to and extends programs funded under Title IV-B of the Social Security Act through federal fiscal 2016. These include the Child Welfare Services and Promoting Safe and Stable Families programs.

Child Welfare Services

For Child Welfare Services, the Act maintains annual funding at \$325 million nationally and changes requirements for the Title IV-B State Plans that responsible state agencies must develop and submit for approval. The fiscal 2013 allowance includes \$4.9 million from this source. As part of their health care coordination plan under the title IV-B plan, agencies must now include an outline of:

- how the agency will monitor and treat emotional trauma associated with a child's maltreatment and removal, in addition to other health needs identified through screenings; and
- protocols for the appropriate use and monitoring of psychotropic medications as part of its current oversight of prescription medicines.

Two new plan requirements are also imposed. The responsible agency must describe:

- activities it undertakes to reduce the length of time that children under age five are without a permanent family; and address the developmental needs of children served under titles IV-B and IV-E; and
- the sources used to compile information on child maltreatment deaths.

Promoting Safe and Stable Families

For Promoting Safe and Stable Families, the Act changes requirements and authorizes annual national mandatory funding of \$345 million and discretionary funding of up to \$200 million. The fiscal 2013 allowance includes \$6.7 million from this source. The following changes are made:

- as part of the state plan, the responsible agency must now describe how it identifies which populations are at the greatest risk of maltreatment and how it targets services to those populations;
- several definitions are amended including adding mentoring as part of "family support services" which will allow federal funds to be used for certain mentoring services; and

- new standards are imposed for monthly caseworker visits as follows:
 - for each of fiscal 2012 through 2014, agencies must ensure that the total number of monthly caseworker visits to children in foster care is not less than 90% of the total number of visits that would occur if each child is visited once per month;
 - for fiscal 2015 and each fiscal year thereafter, agencies must ensure that the total number of monthly caseworker visits to children in foster care is not less than 95% of the total number of visits that would occur if each child is visited once per month; and
 - from fiscal 2012 on, at least 50% of monthly caseworker visits must occur in the child's residence.

Failure to meet any of the new caseworker visitation standards will result in a reduction in the federal financial participation rate for this program which means a state would have to apply additional state funds to obtain the same level of federal funding.

DHR should brief the committees on its timeline for amending Maryland's State IV-B Plan and on any challenges it foresees in meeting the new requirements under the Act.

2. Declining Caseloads Provide an Opportunity to Shift Resources to Prevention

Child welfare casework is a staff intensive process. Ensuring the safety and wellbeing of children in the State's custody involves a multitude of activities, and challenging cases can consume an enormous amount of a caseworker's time and energy. It is imperative, therefore, that caseworker caseloads be maintained at a reasonable level.

In 1998, the General Assembly passed the Child Welfare Workforce Initiative requiring DHR and the Department of Budget and Management to ensure that staffing levels adhere to recommendations developed by the Child Welfare League of America (CWLA). In most years since that time, the budget committees have adopted committee narrative or added language to DHR's budget requiring DHR to report on the number of filled child welfare caseworker and supervisor positions it had at various points during the year.

For much of this period, many of Maryland's jurisdictions did not have sufficient filled positions to meet the CWLA recommended staffing ratios. Implementation of the Place Matters Initiative in 2007 with its emphasis in keeping children in families, reducing reliance on out-of-home care, and minimizing the length of stay when removal from the home is necessary, along with adoption of the Family Centered Practice model, have resulted in caseload declines to the point where only two jurisdictions (Baltimore and St. Mary's counties) currently do not meet the staffing levels for caseworkers, and only four jurisdictions (Baltimore, Calvert, Prince George's, and St. Mary's counties) are not meeting the staffing levels as it relates to supervisors. Furthermore, on an aggregate

statewide basis, there are nearly 400 more filled caseworker and over 62 more supervisor positions than needed to meet the CWLA recommended levels. **Exhibit 6** shows, by jurisdiction, the number of filled positions as of December 1, 2011, and the number required to meet the CWLA standards based on the caseload reported for September 2011.

Although continued efforts are needed to adequately staff the few jurisdictions not meeting the CWLA standards, jurisdictions with staffing levels above the CWLA recommended levels should now have the capacity to shift more resources to in-home preventative services that will allow more at-risk children to safely remain in their homes and further drive down the out-of-home care caseload. Furthermore, should caseload levels stabilize or continue their downward trend, Maryland will be in the enviable position of being able to reduce staffing levels through attrition or otherwise to reflect the reduced need for personnel to adequately handle child welfare activities.

Exhibit 6
Child Welfare Position Status by Local Department
As of December 1, 2011

<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	21.96	52.00	30.04	4.39	7.00	2.61
Anne Arundel	59.31	94.30	34.99	11.86	20.00	8.14
Baltimore City	498.99	697.00	198.01	99.80	130.50	30.70
Baltimore	131.10	128.60	-2.50	26.22	22.00	-4.22
Calvert	19.49	20.50	1.01	3.90	3.00	-0.90
Caroline	12.74	21.00	8.26	2.55	4.00	1.45
Carroll	20.15	30.00	9.85	4.03	7.00	2.97
Cecil	32.89	40.00	7.11	6.58	7.00	0.42
Charles	28.15	35.00	6.85	5.63	9.00	3.37
Dorchester	11.72	21.00	9.28	2.34	4.00	1.66
Frederick	36.07	39.50	3.43	7.21	12.00	4.79
Garrett	9.83	18.00	8.17	1.97	3.00	1.03
Harford	43.45	58.00	14.55	8.69	9.00	0.31
Howard	24.77	33.00	8.23	4.95	7.00	2.05
Kent	3.26	8.00	4.74	0.65	2.00	1.35
Prince George's	134.81	149.00	14.19	26.96	24.00	-2.96
Queen Anne's	8.16	12.00	3.84	1.63	2.00	0.37
St. Mary's	36.16	30.20	-5.96	7.23	5.00	-2.23
Somerset	11.66	19.00	7.34	2.33	3.00	0.67

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<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>
Talbot	7.67	11.80	4.13	1.53	6.00	4.47
Washington	61.09	71.80	10.71	12.22	15.00	2.78
Wicomico	24.24	36.00	11.76	4.85	8.00	3.15
Worcester	16.00	21.50	5.50	3.20	4.00	0.80
Total	1,253.69	1,647.20	393.51	250.74	313.50	62.76
"Hold Harmless" Shortfall			-8.47			-10.31

CWLA: Child Welfare League of America

Note: The "Hold Harmless" shortfall reflects the fact that filled positions cannot be transferred from jurisdictions exceeding the CWLA standards to those jurisdictions experiencing a shortfall. Therefore, an additional 8.47 caseworker and an additional 10.31 supervisor positions would need to be filled in jurisdictions not meeting the standards in order for all jurisdictions to have the requisite number of filled positions.

Source: Department of Human Resources; Department of Legislative Services

DHR should brief the committees on the status of efforts to ensure that all jurisdictions meet the CWLA recommended staffing levels. DHR should further brief the committees on its efforts to increase in-home preventative services and how the above recommended staffing levels can aid in this effort.

Recommended Actions

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

Further provided that these funds 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. Funds not expended or transferred shall revert to the General Fund.

Explanation: This language restricts general 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 to the general fund appropriation:

. provided that these funds 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. Funds not expended or transferred shall be reverted to the General Fund.

Explanation: This language restricts general funds appropriated for child welfare services to that use only or for transfer to N00G00.01 Foster Care Maintenance Payments.

3. Adopt the following narrative:

Child Welfare Caseload Data: The committees believe that maintaining an adequate child welfare workforce is essential to improving outcomes for children entering the State’s care. Therefore, in order to maintain oversight of this important issue, the committees request that the Department of Human Resources, on December 1, 2012, report to the committees on the actual number of cases and filled positions assigned, by jurisdiction, for the following caseload types using data current within 70 days:

1. Intake Screening;
2. Child Protective Investigation;
3. Continuing Child Protective Services;
4. Intensive Family Services;
5. Families NOW Levels II – III;
6. In-home Family Services;

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7. Foster Care;
8. Kinship Care;
9. Adoption Services;
10. Interstate Compact for the Placement of Children;
11. Court-ordered Home Studies;
12. Resource Family Development and Support – New Applicants;
13. Resource Family Development and Support – Ongoing and License Renewals/Kinship Caregivers; and
14. Casework Supervisors.

Information Request	Author	Due Date
Report on caseload data and filled positions assigned by jurisdiction for specified caseload types	Department of Human Resources	December 1, 2012

Updates

1. Child Fatalities Involving Abuse or Neglect Reported

Committee narrative included in the 2005 *Joint Chairmen's Report* 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 7** displays the data provided by the department for calendar 2006 through 2010.

Exhibit 7
Child Deaths Reported to DHR Where Child Abuse or Neglect Are Determined
by DHR Staff to Be a Contributing Factor
Calendar 2006-2010

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>Total</u>
Allegany	1			1		2
Anne Arundel	1	1	1	2	1	6
Baltimore City	5	5	2	4	2	18
Baltimore	3	4	6	1	3	17
Calvert						0
Caroline						0
Carroll	2	1	1	1		5
Cecil	3	1	2	1	1	8
Charles				1		1
Dorchester		2		2		4
Frederick	1	6	1	3	3	14
Garrett			1			1
Harford		2		1	2	5
Howard			1			1
Kent			1			1
Montgomery	2	5		2		9
Prince George's	6	5	1	1		13
Queen Anne's					1	1
St. Mary's		1			1	2
Somerset						0
Talbot						0
Washington		1	1	3	1	6
Wicomico	3			1		4
Worcester					1	1
Total	27	34	18	24	16	119

DHR: Department of Human Resources

Source: Department of Human Resources

2. Workgroup Recommends That an Alternative Process to Appointing Temporary Limited Guardians for Hospitalized Adult Disabled Persons Be Developed

During the 2011 legislative session, the budget committees adopted committee narrative requesting DHR to convene a workgroup to develop a uniform statewide policy relating to the appointment of temporary limited guardians for hospitalized adult disabled persons. The workgroup was to report its recommendations, including cost estimates and statutory changes that would be needed to implement the recommendations, by October 1, 2011. The workgroup requested an extension due to the depth of work to be completed by the workgroup and submitted its report on November 30, 2011.

The issue which led to the need for the creation of the workgroup was situations in which a hospitalized individual was medically ready for discharge but had been determined by a physician to be incapable of making their own decisions and for whom a surrogate decisionmaker was not available, thus preventing discharge to a less restrictive, more appropriate setting such as a rehabilitation, nursing, assisted living, or at times, the patient's own home. The workgroup reports that in these cases, the hospital generally initiates the process of having a guardian of the person appointed, but that it can take from 7 to 180 days for this process to be completed with 45 days being the average. Until a guardian is appointed, the patient remains in the hospital.

The workgroup and subcommittees of the workgroup met several times throughout the 2011 interim and concluded that implementing a temporary guardianship policy throughout the State was not the best solution to this problem since the current process for establishing guardianships substantially and often permanently restricts the rights of individuals, requires costly and lengthy processes when what is needed is "consent for placement" in the least restrictive, most appropriate setting upon discharge from a hospital. The workgroup, therefore, recommended that:

Maryland should establish a short-term surrogate decisionmaking mechanisms (sic) specifically for disabled adults in hospitals who are unable to make discharge and placement decisions. This policy should be implemented as a "less restrictive alternative" to the guardianship process. Any cases not meeting requisite criteria, or having a conflict or objection, would lead to a petition for guardianship with full safeguards. These less restrictive alternatives would:

- accelerate the discharge to appropriate settings of adult disabled persons who no longer require treatment in a hospital setting;
- provide the least restrictive setting that is in the best interest of the patient;
- include a thorough search for a willing surrogate decisionmaker under Health-General §5-605 (surrogate decisionmaking statute); and
- provide legal counsel to patients while minimizing the role of the courts.

The workgroup noted that legislation would be needed to develop such a system, and this legislation could be modeled on one of two Maryland statutes. The first is the Patient Care Advisory Committee Health-General §19-370, which establishes a hospital-based committee to offer advice in cases involving individuals with life-threatening conditions. The second is the Clinical Review Panel, Health-General §10-708, which establishes a panel to determine whether to approve administering psychiatric medication for the treatment of a mental disorder to an individual. The workgroup also identified the following 12 fundamental components necessary to implement such a policy:

- An explicit definition of a “discharge plan” is provided.
- A thorough clinical assessment of a patient’s ability to make discharge/placement decision is conducted.
- There is an extensive and thorough search for a family member or other surrogate.
- Individuals making the decision must have direct contact with the patient.
- The patient is provided representation by an attorney.
- The process is expedited and must adhere to certain timelines.
- The patient can refuse participation in the process.
- The least restrictive appropriate setting, which could be the patient’s or other’s home, is identified and that a provider, setting, agency, or program has agreed to provide services and/or funding to the patient.
- Any decision panel excludes anyone directly involved in the patient’s care.
- There is an end date to any authority of the decisionmaker(s).
- Provisions for financial decisionmaking related to the transition are established.
- The proposed legislation includes a provision to pilot the new law and evaluate it annually.

The workgroup believes that the decision to move from a temporary guardianship approach to a less restrictive alternative will not increase costs to the State since, if anything, the changes would likely reduce the number of cases in which the State or local government is appointed as guardian than would be the case without the change.

N00B – DHR – Social Services

DHR indicates that legislation was not developed by the workgroup for the 2012 session, but should legislation addressing this issue not be introduced and passed during the 2012 session, the workgroup would reconvene during the 2012 interim to draft recommended language for a bill for the 2013 legislative session.

Current and Prior Year Budgets

Current and Prior Year Budgets DHR – Social Services (\$ in Thousands)

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2011					
Legislative Appropriation	\$347,903	\$2,603	\$265,576	\$0	\$616,081
Deficiency Appropriation	-3,200	0	-15,296	0	-18,496
Budget Amendments	-10,464	1,091	1,154	0	-8,219
Reversions and Cancellations	0	-46	-30,602	0	-30,648
Actual Expenditures	\$334,239	\$3,648	\$220,832	\$0	\$558,718
Fiscal 2012					
Legislative Appropriation	\$346,974	\$2,770	\$252,096	\$0	\$601,841
Budget Amendments	1,277	29	924	0	2,230
Working Appropriation	\$348,251	\$2,799	\$253,020	\$0	\$604,071

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

Fiscal 2011

The budget for DHR Social Services closed out \$57.4 million lower than the legislative appropriation with deficiency appropriations removing \$18.5 million, budget amendments withdrawing a net \$8.2 million, and the remaining reduction of \$30.6 million consisting of end-of-the-year cancellations, primarily of federal funds.

General funds decreased by a net \$13.6 million with deficiency appropriations withdrawing \$3.2 million and decreases by budget amendment totaling \$10.5 million. Deficiency appropriations withdrew \$200,000 to limit funding for the Family Recovery Program to the fiscal 2010 level and withdrew \$3.0 million from the Foster Care Maintenance Payments program to reflect savings achieved through shifting foster care placements away from congregate and institutional placements and into lower cost family placements. Year-end close-out budget amendments transferred a net \$10.5 million to other areas of DHR's budget. Nearly \$7.0 million of this amount was replaced by federal funds (\$6,415,305) and additional special funds (\$534,780) with the remaining reduction of \$3.5 million representing savings achieved through holding positions vacant, particularly in Local Adult Services.

Special funds increased by \$1,045,447 comprising funds added via budget amendment (\$1,091,401) partially offset by an end-of-year cancellation of \$45,954. The additional special funds represent increased local government contributions (\$534,780), increased child support offset funds (\$551,966), and additional adoption registry search fees (\$4,655). The special fund cancellation of \$45,954 represents the unspent portion of local government contributions.

Federal funds decreased by a net \$44.7 million. A deficiency appropriation withdrew \$15.3 million from the Foster Care Maintenance Payments program to reflect savings achieved through shifting foster care placements away from congregate and institutional placements and into lower cost family placements. A budget amendment added \$1,153,936 in additional Medicaid funding to the Foster Care Maintenance Payments program. Federal fund cancellations at the end of the year totaled \$30.6 million. The largest component of the cancellations (\$20,238,285) reflects lower than budgeted attainment of Title IV-E foster care funding in the Child Welfare Services program. The shift in the foster care caseload to lower cost placements also resulted in a cancellation of Title IV-E and Title XIX (Medicaid) funds (\$6,374,285). The remainder of the cancellations, (\$3,989,247), represents the unspent portions of the Promoting Safe and Stable Family funding which gets allocated to local departments of social services.

Fiscal 2012

The fiscal 2012 working appropriation is 2,230,159 higher than the legislative appropriation reflecting funds added by budget amendment for the one-time \$750 employee bonuses.

Audit Findings

Audit Period for Last Audit:	July 1, 2007 – January 3, 2010
Issue Date:	March 2011
Number of Findings:	6
Number of Repeat Findings:	3
% of Repeat Findings:	50%
Rating: (if applicable)	n/a

Finding 1: **Certain Children’s Electronic Social Services Information Exchange modules, including those for in-home/family preservation and abuse/neglect investigation, contained incomplete and unreliable data hampering SSA’s ability to effectively monitor child welfare activities performed by LDSSs and to accurately report information to the federal government.**

Finding 2: SSA did not establish procedures to effectively monitor foster and kinship care placements to ensure that children were not placed with certain providers.

Finding 3: **SSA had not ensured compliance with foster care service requirements established by certain State and federal regulations.**

Finding 4: SSA did not have a process in place to ensure that reports from foster care group home providers detailing the disposition of overpayments retained from prior years are obtained, as required.

Finding 5: SSA did not notify LDSSs when it identified certain children born to individuals who have had their parental rights terminated for abuse or neglect.

Finding 6: **SSA did not have a process in place to obtain supporting documentation for invoices totaling approximately \$3.4 million to ensure the propriety of the contractual services charged.**

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

**Object/Fund Difference Report
DHR – Social Services**

<u>Object/Fund</u>	<u>FY 11 Actual</u>	<u>FY 12 Working Appropriation</u>	<u>FY 13 Allowance</u>	<u>FY 12 - FY 13 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	2,945.61	2,905.61	2,899.61	-6.00	-0.2%
02 Contractual	6.16	1.00	1.00	0.00	0%
Total Positions	2,951.77	2,906.61	2,900.61	-6.00	-0.2%
Objects					
01 Salaries and Wages	\$ 203,738,271	\$ 197,504,376	\$ 198,808,099	\$ 1,303,723	0.7%
02 Technical and Spec. Fees	2,187,564	1,810,632	1,731,658	-78,974	-4.4%
03 Communication	2,144,530	1,842,834	1,877,557	34,723	1.9%
04 Travel	1,640,166	1,147,506	1,212,790	65,284	5.7%
06 Fuel and Utilities	504,312	497,504	551,798	54,294	10.9%
07 Motor Vehicles	1,633,033	1,348,198	1,479,998	131,800	9.8%
08 Contractual Services	40,568,167	39,791,861	38,292,628	-1,499,233	-3.8%
09 Supplies and Materials	1,153,778	773,169	756,850	-16,319	-2.1%
10 Equipment – Replacement	31,666	350,000	350,000	0	0%
11 Equipment – Additional	196,250	0	0	0	0.0%
12 Grants, Subsidies, and Contributions	293,469,896	345,474,705	338,900,940	-6,573,765	-1.9%
13 Fixed Charges	11,450,657	13,529,929	14,124,767	594,838	4.4%
Total Objects	\$ 558,718,290	\$ 604,070,714	\$ 598,087,085	-\$ 5,983,629	-1.0%
Funds					
01 General Fund	\$ 334,238,538	\$ 348,250,918	\$ 344,059,735	-\$ 4,191,183	-1.2%
03 Special Fund	3,648,068	2,799,441	4,309,114	1,509,673	53.9%
05 Federal Fund	220,831,684	253,020,355	249,718,236	-3,302,119	-1.3%
Total Funds	\$ 558,718,290	\$ 604,070,714	\$ 598,087,085	-\$ 5,983,629	-1.0%

Note: The fiscal 2012 appropriation does not include deficiencies.

**Fiscal Summary
DHR – Social Services**

<u>Program/Unit</u>	<u>FY 11 Actual</u>	<u>FY 12 Wrk Approp</u>	<u>FY 13 Allowance</u>	<u>Change</u>	<u>FY 12 - FY 13 % Change</u>
04 General Administration – State	\$ 17,728,098	\$ 27,655,583	\$ 26,794,712	-\$ 860,871	-3.1%
01 Foster Care Maintenance Payments	299,364,231	324,066,273	316,359,300	-7,706,973	-2.4%
03 Child Welfare Services	200,823,274	209,413,058	211,962,427	2,549,369	1.2%
04 Adult Services	40,802,687	42,935,800	42,970,646	34,846	0.1%
Total Expenditures	\$ 558,718,290	\$ 604,070,714	\$ 598,087,085	-\$ 5,983,629	-1.0%
General Fund	\$ 334,238,538	\$ 348,250,918	\$ 344,059,735	-\$ 4,191,183	-1.2%
Special Fund	3,648,068	2,799,441	4,309,114	1,509,673	53.9%
Federal Fund	220,831,684	253,020,355	249,718,236	-3,302,119	-1.3%
Total Appropriations	\$ 558,718,290	\$ 604,070,714	\$ 598,087,085	-\$ 5,983,629	-1.0%

Note: The fiscal 2012 appropriation does not include deficiencies.