

D18A18
Governor's Office for Children and Interagency Fund

Operating Budget Data

(\$ in Thousands)

	<u>FY 13</u> <u>Actual</u>	<u>FY 14</u> <u>Working</u>	<u>FY 15</u> <u>Allowance</u>	<u>FY 14-15</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Fund	\$14,730	\$23,188	\$23,799	\$612	2.6%
Contingent & Back of Bill Reductions	0	-1,476	-17	1,459	
Adjusted General Fund	\$14,730	\$21,711	\$23,783	\$2,071	9.5%
Special Fund	7	0	0	0	
Adjusted Special Fund	\$7	\$0	\$0	\$0	
Federal Fund	458	0	0	0	
Adjusted Federal Fund	\$458	\$0	\$0	\$0	
Nonbudgeted Fund	7,309	2,657	1,581	-1,076	-40.5%
Adjusted Nonbudgeted Fund	\$7,309	\$2,657	\$1,581	-\$1,076	-40.5%
Reimbursable Fund	1,867	900	60	-840	-93.3%
Adjusted Reimbursable Fund	\$1,867	\$900	\$60	-\$840	-93.3%
Adjusted Grand Total	\$24,373	\$25,269	\$25,423	\$155	0.6%

- The allowance grows \$154,755, or 0.6%, after accounting for withdrawn appropriations in fiscal 2014 and across-the-board reductions assumed in the Governor's fiscal 2015 budget plan.
- General funds increase \$2.1 million, \$1.1 million of which makes up for a reduction in nonbudgeted funds from local agency fund balances. Reimbursable funds decline \$840,000 in the allowance.

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

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Personnel Data

	<u>FY 13 Actual</u>	<u>FY 14 Working</u>	<u>FY 15 Allowance</u>	<u>FY 14-15 Change</u>
Regular Positions	16.50	16.50	16.50	0.00
Contractual FTEs	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Personnel	16.50	16.50	16.50	0.00

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	0.90	5.43%
Positions and Percentage Vacant as of 12/31/13	3.40	20.61%

- The Governor’s Office for Children (GOC) has a budgeted turnover rate of 5.4%, or 0.9 positions but a vacancy rate of 20.6%, or 3.4 positions.

Analysis in Brief

Major Trends

Out-of-state Placements: Maryland’s goal is to be able to provide needed services to Maryland’s children within the State. On a single day count on January 31, 2013, 298 Maryland children were receiving services outside the State. This is down from 377 on the same date in 2010.

Out-of-home Placements: Since 2009, the number of children residing in an out-of-home placement has declined at an average annual rate of 8.9%. The rate of out-of-home placements per 1,000 children also decreased between January 31, 2010 and 2013 by 3.0%. Jurisdictions with low population density tend to have higher out-of-home placement rates. **GOC should comment on the decline of Baltimore City’s out-of-home placement rate per 1,000 children and how it was achieved.**

Recommended Actions

	<u>Funds</u>
1. Increase turnover rate from 5.4 to 9.0%. The agency has a vacancy rate of 20.6%.	\$ 46,383
2. Adopt committee narrative to request an out-of-home placement report.	
Total Reductions	\$ 46,383

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Governor's Office for Children and Interagency Fund

Operating Budget Analysis

Program Description

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

GOC promotes the State's vision for a stable, safe, and healthy environment for children and families. GOC supports the implementation of the Child and Family Services Interagency Strategic Plan including interagency policies to carry out the plan and efficient interagency use of federal and State funds. GOC also facilitates the work of the Children's Cabinet and promotes child well-being by:

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

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

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The key goals of GOC are to:

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

The key goals of the Interagency Fund are to:

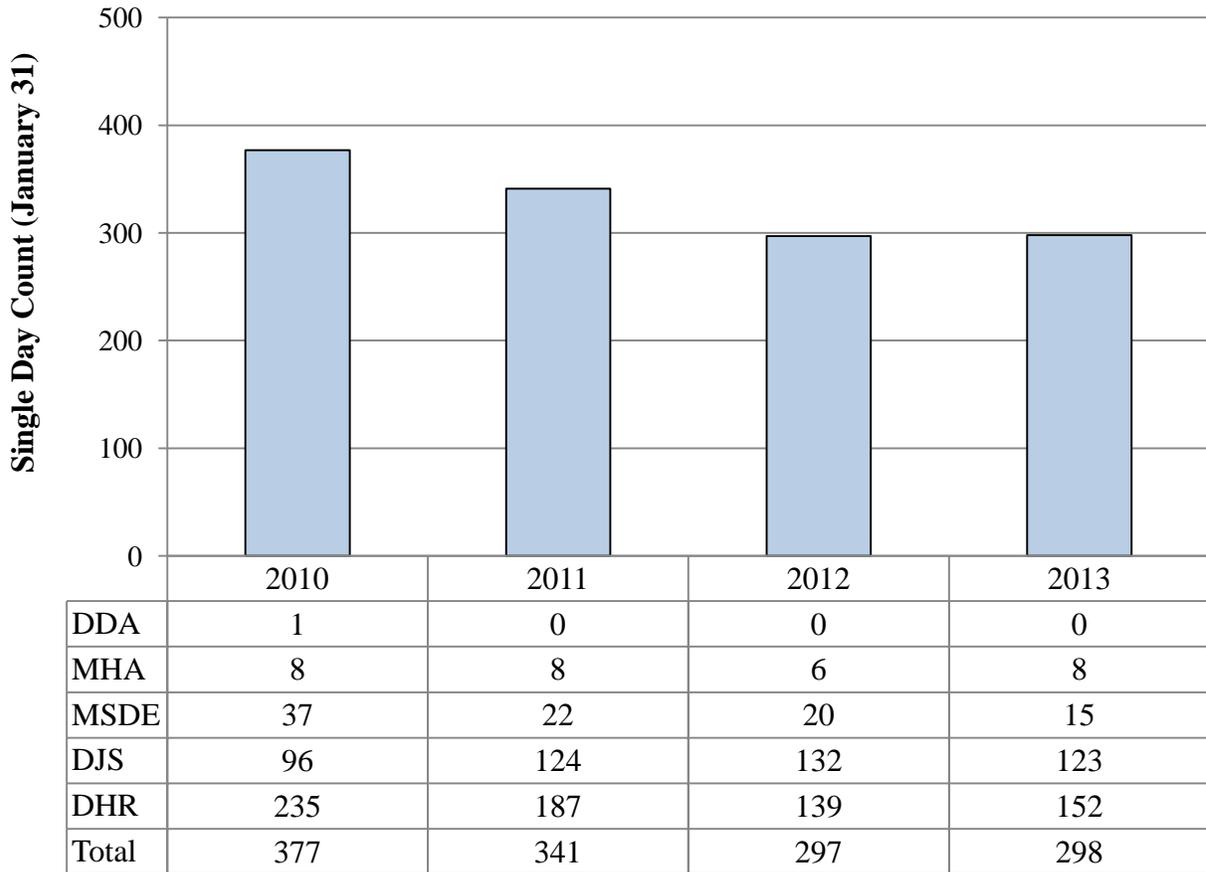
- use a collaborative, results-oriented accountability framework to track and evaluate the well-being of children across the State and in each jurisdiction through eight identified *Results for Child Well-being*; and
- work collaboratively to ensure a safe, stable, and healthy environment for children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

Performance Analysis: Managing for Results

1. Out-of-state Placements

Except in instances when children are placed with relatives out-of-state, Maryland’s goal is to be able to provide the services that children need within the State. **Exhibit 1** shows single day counts of out-of-state placements taken on January 31 each year, 2010 to 2013. Out-of-state placements declined from 377 in 2010 to 298 in 2013, one higher than 2012 but a 21% decline over the period. DJS reversed a trend of having more out-of-state placements, with 9 fewer in 2013, though DHR had the opposite result, increasing by 13 after several years of declines.

**Exhibit 1
Out-of-state Placements – Single Day Count
January 31, 2010-2013**



DDA: Developmental Disabilities Administration
 DHR: Department of Human Resources
 DJS: Department of Juvenile Services
 MHA: Mental Hygiene Administration
 MSDE: Maryland State Department of Education

Source: The Governor’s Office for Children, *State of Maryland Out-of-home Placement and Family Preservation Plan: Fiscal Year 2013*

2. Out-of-home Placements

The number of out-of-home placements counted during the one-day census has decreased or stayed even in every placement category since 2010, as shown in **Exhibit 2**. The largest percent decrease came from those in family home settings with a 10.7% average annual decrease. Overall, the number of children in placement during the one-day census has steadily decreased by 8.9% annually since 2010.

Exhibit 2
All Agency Out-of-home Placement Trends
Calendar 2010-2013

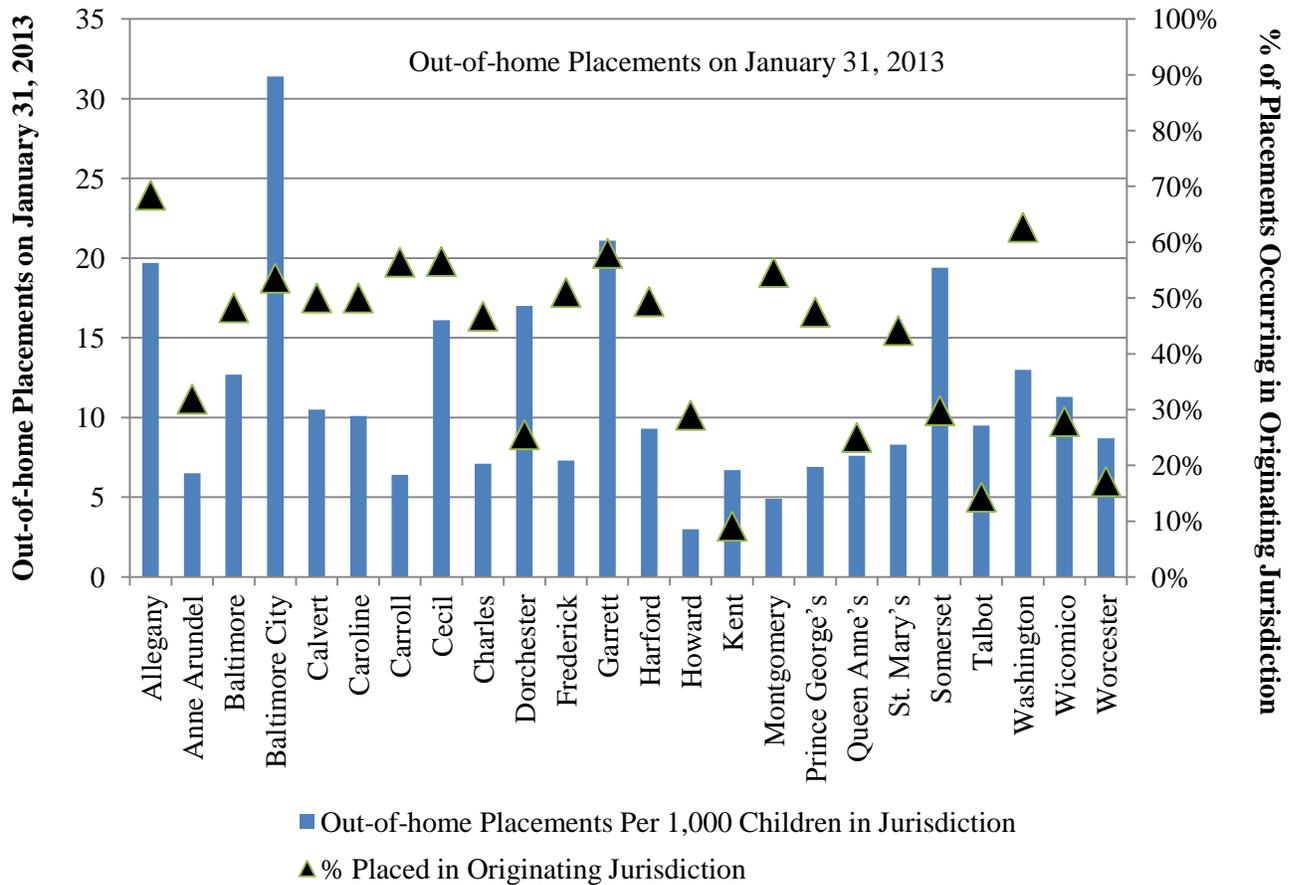
<u>Category</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>Average Change</u>	<u>Last Year Change</u>
Community-based Residential Placement	1,718	1,514	1,465	1,335	-8.1%	-8.9%
Family Home Settings	6,490	5,840	5,359	4,619	-10.7%	-13.8%
Hospitalization	31	43	18	31	0.0%	72.2%
Noncommunity Based Residential Placement	1,686	1,646	1,531	1,514	-3.5%	-1.1%
Placement Category Not Available	435	336	302	324	-9.4%	7.3%
All Categories	10,360	9,379	8,675	7,823	-8.9%	-9.8%

Note: The one-day count is taken each year on January 31.

Source: The Governor’s Office for Children, *State of Maryland Out-of-home Placement and Family Preservation Plan: Fiscal Year 2013*

Similar to the one-day count, the rate of new out-of-home placements per 1,000 children also decreased between 2010 and 2013, but at a slower rate of 3% to an average across jurisdictions of 11.2 new placements per 1,000 children in 2013. **Exhibit 3** shows the rate of new out-of-home placements per 1,000 children in each jurisdiction and the percentage placed in the originating jurisdiction. With the exception of Baltimore City, the jurisdictions with the highest rates of out-of-home placements are low-population density jurisdictions and not adjacent to urban counties. While remaining the jurisdiction with the State’s highest rate of out-of-home placement, Baltimore City decreased its placement per 1,000 children rate from 50.7 in 2012 to 31.4 in 2013. **GOC should comment on the decline of Baltimore City’s out-of-home placement rate per 1,000 children and how it was achieved.**

**Exhibit 3
New Out-of-home Placement Rates by Jurisdiction
Fiscal 2013**



Source: The Governor’s Office for Children, *State of Maryland Out-of-home Placement and Family Preservation Plan: Fiscal Year 2013*

Fiscal 2014 Actions

Cost Containment

The Governor’s fiscal 2015 budget plan includes two withdrawn fiscal 2014 appropriations for GOC and the CCIF. First, to account for the agency’s elevated vacancy rate, \$24,976 in general funds is withdrawn from regular position turnover. An additional \$1.4 million general fund reduction withdraws a part of the CCIF appropriation for the Care Management Entity (CME) contract, which

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manages community-based services provided to youth with intensive needs to avoid placements. The contract is based on the number of children enrolled in the program, and that number has been lower than projected so far in fiscal 2014.

In addition, there are three across-the-board withdrawn appropriations. This includes reductions to employee/retiree health insurance, funding for a new Statewide Personnel information technology (IT) system, and retirement reinvestment. These actions are fully explained in the analyses of the DBM – Personnel, the Department of Information Technology (DoIT), and the State Retirement Agency, (SRA) respectively. For GOC, this totals \$35,928 in general funds.

Proposed Budget

After accounting for the withdrawn appropriations in fiscal 2014 and across-the-board reductions in fiscal 2015, the GOC and the CCIF budget increases \$0.2 million, or 0.6%, as shown in **Exhibit 4**. A \$2.1 million increase in general funds is offset by a \$1.1 million reduction in nonbudgeted funds and \$0.8 million reduction in reimbursable funds. The nonbudgeted funds are from the LMBs’ earned reinvestment accounts, which have been used to support services for children as the balances are spent down. Earned reinvestment dollars are State general funds that LMBs accrued through earned savings on allocations from the CCIF that were not spent. It is anticipated that \$1.6 million in nonbudgeted funds will be available for use by Prince George’s County in fiscal 2015, \$1.1 million less than was appropriated for six counties in fiscal 2014. As the LMB accounts become exhausted, general funds are appropriated to make up the difference. The reimbursable funds are from the Department of Health and Mental Hygiene and are declining due to the conclusion of a grant program through the State’s Medicaid waiver.

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

How Much It Grows:	General Fund	Nonbudgeted Fund	Reimb. Fund	Total
2014 Working Appropriation	\$21,711	\$2,657	\$900	\$25,269
2015 Allowance	<u>23,783</u>	<u>1,581</u>	<u>60</u>	<u>25,423</u>
Amount Change	\$2,071	-\$1,076	-\$840	\$155
Percent Change	9.5%	-40.5%	-93.3%	0.6%

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Where It Goes:

Personnel Expenses

Workers’ compensation premium assessment	\$50
Annualized fiscal 2014 salary adjustments	43
Employee retirement	9
Other fringe benefit adjustments	-1
Turnover adjustments, net of withdrawn appropriation	-4
Increments and other compensation	-27
Employee and retiree health insurance.....	-39

Other Changes

Payments to Care Management Entity, net of withdrawn appropriation	348
Hunger Free Communities Grant	75
Telecommunications expenses	2
Personnel System allocation	1
Transfer of State Children, Youth, and Family Information System development to Department of Information Technology.....	-307
Other.....	5

Total **\$155**

Note: The fiscal 2014 working appropriation reflects negative deficiencies and contingent reductions. The fiscal 2015 allowance reflects back of the bill and contingent reductions. Numbers may not sum to total due to rounding.

The biggest change in the GOC and the CCIF budget is support for the CME contract for child services, which grows \$348,460. The major decrease somewhat offsets that increase, by \$307,200 as development costs for improvements to the State Children, Youth, and Family Information System are transferred to DoIT. The allowance also adds \$75,000 in general funds to continue the Hunger Free Communities Grant, a federal program that concluded in fiscal 2013. The program helps local agencies and nonprofit organizations address hunger in rural communities.

Regarding GOC personnel, the annualization of fiscal 2014 salary adjustments (cost-of-living adjustments (COLA) and merit increases) grow the budget by \$42,762, and a workers’ compensation claim increases spending by \$49,937. These increases are offset by a reduction in regular salaries that accounts for the elevated vacancy rate (\$27,010), and reductions to health insurance spending (\$39,473).

Exhibit 5 shows the county-by-county distribution of funding for local programs and from the CCIF in fiscal 2015. The majority of the appropriation supports programmatic spending, but \$2.4 million is dedicated to administrative costs. The figure for Prince George’s County includes \$1.6 million in nonbudgeted funds, accrued from prior year appropriations.

Exhibit 5
Distribution of Local Funding from the Interagency Fund
Fiscal 2015

<u>Juisdiction</u>	<u>Programmatic Support</u>	<u>Administrative Support</u>	<u>Total</u>
Allegany County	\$313,177	\$65,000	\$378,177
Anne Arundel County	998,964	115,788	1,114,752
Baltimore City	2,090,791	388,187	2,478,978
Baltimore County	900,156	201,807	1,101,963
Calvert County	184,422	65,000	249,422
Caroline County	435,525	65,000	500,525
Carroll County	448,102	65,000	513,102
Cecil County	312,865	65,000	377,865
Charles County	318,826	65,000	383,826
Dorchester County	305,513	65,000	370,513
Frederick County	407,192	65,000	472,192
Garrett County	439,067	65,000	504,067
Harford County	417,994	65,000	482,994
Howard County	383,049	65,000	448,049
Kent County	248,458	65,000	313,458
Montgomery County	888,328	199,373	1,087,701
Prince George’s County*	1,464,551	259,845	1,724,396
Queen Anne’s County	521,886	65,000	586,886
St. Mary’s County	336,718	65,000	401,718
Somerset County	223,755	65,000	288,755
Talbot County	205,743	65,000	270,743
Washington County	641,675	65,000	706,675
Wicomico County	699,487	65,000	764,487
Worcester County	472,947	65,000	537,947
Total	\$13,659,191	\$2,400,000	\$16,059,191

* Prince George’s County includes \$1.6 million in nonbudgeted funds from prior year appropriations.

Source: Governor’s Office for Children

Cost Containment

There is one across-the-board reduction and one contingent reduction reflected in the Governor’s spending plan for the fiscal 2015 allowance. This affects funding for employee/retiree health insurance and retirement reinvestment. These actions are fully explained in the analyses of DBM – Personnel and SRA. For GOC, this totals \$16,961 in general funds.

Recommended Actions

- | | <u>Amount
Reduction</u> | |
|---|------------------------------------|----|
| 1. Increase the Governor’s Office for Children (GOC) turnover rate to 9.0%. GOC has a current vacancy rate of 20.6% but is budgeted with a turnover rate of 5.6%. | \$ 46,383 | GF |
| 2. Adopt the following narrative: | | |

Out-of-home Placements: To facilitate evaluation of Maryland’s family preservation programs in stemming the flow of children from their homes, the Governor’s Office for Children (GOC), on behalf of the Children’s Cabinet, is requested to prepare and submit to the budget committees a report on out-of-home placements containing data on the total number of out-of-home placements and entries by jurisdiction over the previous three years and similar data on out-of-state placements. The report should also provide information on the costs associated with out-of-home placements, the reasons for new placements, and an evaluation of data derived from the application of the Maryland Family Risk Assessment. Data should also be collected concerning indicated findings of child abuse and neglect occurring while families are receiving family preservation services or within one year of case closure. Each agency or administration that funds or places children and youth in out-of-home placements is requested to work closely with GOC and comply with any data requests necessary for the production of the report. The report should be submitted to the committees by December 15, 2014.

Information Request	Author	Due Date
Report on out-of-home placements	GOC	December 15, 2014
Total General Fund Reductions		\$ 46,383

Current and Prior Year Budgets

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

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2013					
Legislative Appropriation	\$18,547	\$0	\$550	\$4,481	\$23,578
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	-70	10	0	0	-60
Reversions and Cancellations	-3,747	-3	-92	-2,614	-6,455
Actual Expenditures	\$14,730	\$7	\$458	\$1,867	\$17,063
Fiscal 2014					
Legislative Appropriation	\$23,162	\$0	\$0	\$900	\$24,062
Budget Amendments	26	0	0	0	26
Working Appropriation	\$23,188	\$0	\$0	\$900	\$24,088

Note: The fiscal 2014 working appropriation does not include deficiencies or contingent reductions. Numbers may not sum to total due to rounding.

Fiscal 2013

The legislative appropriation included \$2,149,098 for GOC and \$21,429,059 for the Interagency Fund. The amount appropriated for GOC increased by \$7,419 in special funds from the Budget Restoration Fund for an employee COLA, and \$2,968 in special funds to be able to fully expend funding received through an agreement with the Forum for Youth Investment. Finally, an executive department realignment of health benefits spending resulted in a decrease of \$70,000 in general funds.

At the close of the fiscal year, both GOC and the Interagency Fund had appropriated funds that had been either unexpended or unencumbered. In terms of general funds, \$225,183 reverted to the general fund from GOC due to salary savings from vacant positions. From the Interagency Fund, \$3,516,907 reverted to the general fund as actual expenses from the CME were lower than budgeted. Similarly, \$2,613,795 in reimbursable funds was cancelled with lower than budgeted CME expenditures.

GOC cancelled \$2,968 in special funds that were to be spent on the Credentialed by 25 projects, delayed to fiscal 2014, and \$91,553 in federal funds as the Hunger Free Communities Grant was lower than expected. Finally, in fiscal 2013, State agencies were assessed a fee for development of a new Statewide Personnel system. That year, the State spent approximately 48% of this major IT project’s appropriated budget, with the remainder reverted to the general fund. For GOC, that amount was \$4,853.

Fiscal 2014

The legislative appropriation included \$1,631,617 in general funds for GOC in addition to \$21,529,953 in general funds and \$900,000 in reimbursable funds for the Interagency Fund. Two budget amendments added \$26,084 in general funds for an employee COLA and increment increases to employee compensation.

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

<u>Object/Fund</u>	<u>FY 13 Actual</u>	<u>FY 14 Working Appropriation</u>	<u>FY 15 Allowance</u>	<u>FY 14 - FY 15 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	14.50	16.50	16.50	0.00	0%
Total Positions	14.50	16.50	16.50	0.00	0%
Objects					
01 Salaries and Wages	\$ 1,210,430	\$ 1,543,230	\$ 1,533,157	-\$ 10,073	-0.7%
02 Technical and Spec. Fees	2,640	0	0	0	0.0%
03 Communication	29,481	26,774	28,383	1,609	6.0%
04 Travel	7,640	13,627	13,627	0	0%
07 Motor Vehicles	2,111	6,340	6,231	-109	-1.7%
08 Contractual Services	36,108	46,234	279,239	233,005	504.0%
09 Supplies and Materials	2,913	10,000	10,000	0	0%
10 Equipment – Replacement	350	10,200	10,200	0	0%
11 Equipment – Additional	10,434	0	0	0	0.0%
12 Grants, Subsidies, and Contributions	23,066,291	25,087,322	23,555,041	-1,532,281	-6.1%
13 Fixed Charges	4,375	1,296	4,569	3,273	252.5%
Total Objects	\$ 24,372,773	\$ 26,745,023	\$ 25,440,447	-\$ 1,304,576	-4.9%
Funds					
01 General Fund	\$ 14,730,071	\$ 23,187,654	\$ 23,799,478	\$ 611,824	2.6%
03 Special Fund	7,419	0	0	0	0.0%
05 Federal Fund	458,447	0	0	0	0.0%
07 Nonbudgeted Fund	7,309,487	2,657,369	1,580,969	-1,076,400	-40.5%
09 Reimbursable Fund	1,867,349	900,000	60,000	-840,000	-93.3%
Total Funds	\$ 24,372,773	\$ 26,745,023	\$ 25,440,447	-\$ 1,304,576	-4.9%

Note: The fiscal 2014 appropriation does not include deficiencies. The fiscal 2015 allowance does not include contingent reductions.

Fiscal Summary
Governor's Office for Children and Interagency Fund

<u>Program/Unit</u>	<u>FY 13 Actual</u>	<u>FY 14 Wrk Approp</u>	<u>FY 15 Allowance</u>	<u>Change</u>	<u>FY 14 - FY 15 % Change</u>
01 Governor's Office for Children	\$ 1,764,929	\$ 1,657,701	\$ 1,960,406	\$ 302,705	18.3%
01 Children's Cabinet Interagency Fund	22,607,844	25,087,322	23,480,041	-1,607,281	-6.4%
Total Expenditures	\$ 24,372,773	\$ 26,745,023	\$ 25,440,447	-\$ 1,304,576	-4.9%
General Fund	\$ 14,730,071	\$ 23,187,654	\$ 23,799,478	\$ 611,824	2.6%
Special Fund	7,419	0	0	0	0.0%
Federal Fund	458,447	0	0	0	0.0%
Nonbudgeted Fund	7,309,487	2,657,369	1,580,969	-1,076,400	-40.5%
Total Appropriations	\$ 22,505,424	\$ 25,845,023	\$ 25,380,447	-\$ 464,576	-1.8%
Reimbursable Fund	\$ 1,867,349	\$ 900,000	\$ 60,000	-\$ 840,000	-93.3%
Total Funds	\$ 24,372,773	\$ 26,745,023	\$ 25,440,447	-\$ 1,304,576	-4.9%

Note: The fiscal 2014 appropriation does not include deficiencies. The fiscal 2015 allowance does not include contingent reductions.