

N00A01
Administration
Department of Human Resources

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	\$101,800	\$95,455	\$99,446	\$3,992	4.2%
Contingent & Back of Bill Reductions	0	-2,368	-498	1,870	
Adjusted General Fund	\$101,800	\$93,087	\$98,949	\$5,862	6.3%
Special Fund	4,129	3,334	4,037	702	21.1%
Contingent & Back of Bill Reductions	0	0	-8	-8	
Adjusted Special Fund	\$4,129	\$3,334	\$4,029	\$695	20.8%
Federal Fund	77,348	85,733	84,089	-1,644	-1.9%
Contingent & Back of Bill Reductions	0	0	-382	-382	
Adjusted Federal Fund	\$77,348	\$85,733	\$83,708	-\$2,025	-2.4%
Adjusted Grand Total	\$183,278	\$182,154	\$186,685	\$4,531	2.5%

- A proposed deficiency appropriation for the Department of Human Resources (DHR) Administration would provide an additional \$2.1 million of general funds to the Maryland Legal Services Program (MLSP) to address a prior year shortfall and an overestimation of available federal funds.
- The fiscal 2015 allowance of DHR Administration increases by \$4.5 million, or 2.5%, after accounting for withdrawn appropriations in fiscal 2014 and across-the-board and contingent reductions in fiscal 2015. Increases of \$5.9 million in general funds and \$0.7 million in special funds are partially offset by a decrease of \$2.0 million in federal funds. The decrease in federal funds is primarily the result of a fund swap with general funds in MLSP to reflect recent experience.

Note: Numbers may not sum to total due to rounding

For further information contact: Tonya D. Zimmerman

Phone: (410) 946-5530

Analysis of the FY 2015 Maryland Executive Budget, 2014

N00A01 – DHR – Administration

- Major changes in the fiscal 2015 allowance occur in the area of personnel, the grant programs in the Office of Grants Management, and activities associated with emergency operations.

Personnel Data

	<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>
Regular Positions	892.00	888.50	881.50	-7.00
Contractual FTEs	<u>32.57</u>	<u>2.90</u>	<u>2.90</u>	<u>0.00</u>
Total Personnel	924.57	891.40	884.40	-7.00

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	63.03	7.15%
Positions and Percentage Vacant as of 12/31/13	72.50	8.16%

- The fiscal 2015 allowance abolishes 7.0 vacant regular positions in DHR Administration (2.0 positions in each of the Office of the Secretary; the Office of Technology for Human Services; and the Division of Budget, Finance, and Personnel; and 1.0 position in the Division of Administrative Services).
- As of December 31, 2013, DHR Administration had a vacancy rate of 8.2%, or 72.5 positions. After accounting for the 7.0 positions abolished in the fiscal 2015 allowance, the vacancy rate is 7.4%. To meet the turnover expectancy of 7.2%, DHR Administration needs to maintain 63.0 vacant positions in fiscal 2015.

Analysis in Brief

Major Trends

DHR Continues to Struggle with Procurement Goals: Although the percent of procurement contract dollars with Minority Business Enterprises improved slightly in fiscal 2013, the department failed to meet the statewide goal.

DHR Fails to Meet Goals in Two of Three Areas of Services Provided to Children in Out-of-home Placement Reviews: In its Managing for Results submission, DHR reports on several measures of outcomes that are captured in the out-of-home placement reviews conducted by the Citizen's Review Board for Children (CRBC). While these measures do not reflect the work of CRBC, the measures reflect the services provided by the local departments of social services. In fiscal 2013, the department did not meet its goals for the percent of cases receiving appropriate physical and mental health services or the percent of children with an identified permanent connection.

Funding Impacts Some Outcomes in the Office of Grants Management: In recent years, the number of meals provided to hungry Marylanders through the grant programs of DHR has increased dramatically. These increases are largely attributable to increased funding for the Maryland Food Bank, in the Maryland Emergency Food Program, and additional bonus foods available in The Emergency Food Assistance Program.

Issues

Maryland Legal Services Program Funding and Contracts: As part of fiscal 2013 closeout actions, DHR recorded an unprovided-for payable of approximately \$1.1 million in total funds in MLSP, the second consecutive year for which an unprovided-for payable was recorded for the program and the fourth since fiscal 2007. The fiscal 2015 budget appears to address the difficulties that led to prior year overexpenditures. In August 2013, DHR brought planned new contract awards and a temporary extension of some current contracts for legal services to the Board of Public Works (BPW). The new contracts and contract extension related to legal representation in Children in Need of Assistance and Termination of Parental Rights cases was denied by BPW, and the board requested a study of the procurement of legal services. The requested study is ongoing with a report expected to be submitted during the 2014 session.

Recommended Actions

	<u>Funds</u>
1. Add language restricting general funds for the Maryland Legal Services Program to that purpose.	
2. Delete a new grant for Roberta's House.	\$ 100,000
3. Reduce the grant for the Maryland Food Bank.	500,000
4. Reduce funding for pre-wiring State shelter locations for emergency generators.	315,000
5. Reduce funding for additional and replacement data processing mainframe equipment by 10%.	277,425
6. Reduce funding for positions related to Affordable Care Act implementation.	250,594
7. Add language restricting the general fund deficiency appropriation for the Maryland Legal Services Program to that purpose.	
Total Reductions	\$ 1,443,019

Updates

Information Technology Project Status: The fiscal 2014 budget contained funding for two major information technology projects. One of these was a new project for the replacement of the Automated Financial System, which is in the planning phase. The other project (the Enterprise Content Management System) had been ongoing for several years with implementation largely complete. Funding is available for both projects in fiscal 2015.

N00A01
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. Other programs contained within the Office of the Secretary are:

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

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 (1) to improve business processes to better serve the DHR central office, local departments of social services (LDSS), and community partners; and (2) 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; 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;
- the Client Automated Resource and Eligibility System (CARES);
- the Maryland Children's Electronic Social Services Information Exchange;
- the Office of Home Energy Programs data system; and
- WORKS, the computer system for the Work Opportunities Program.

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 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.

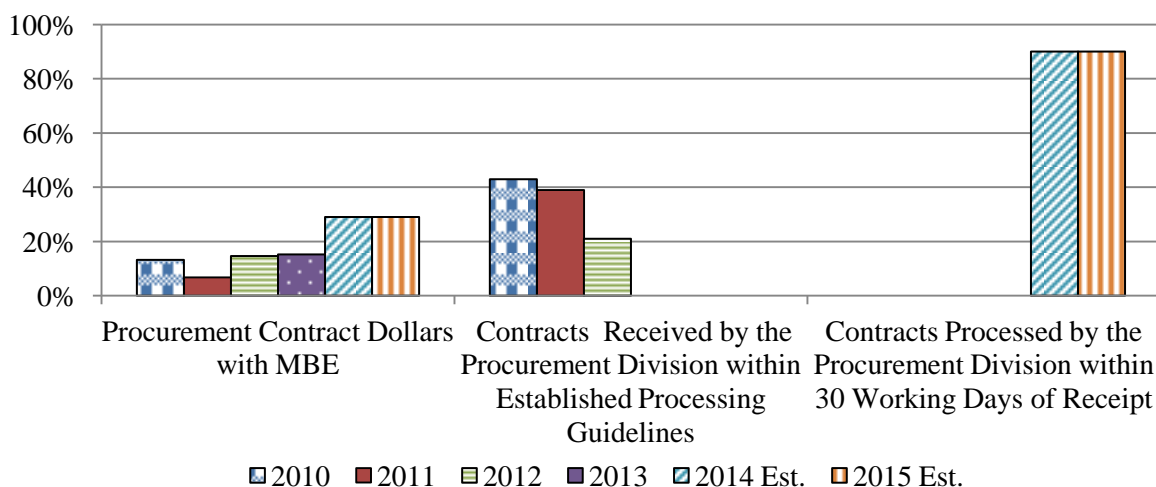
Performance Analysis: Managing for Results

1. DHR Continues to Struggle with Procurement Goals

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 percentage of procurement dollars with Minority Business Enterprise (MBE). Chapter 154 of 2012 eliminated the statewide 25% MBE goal, instead requiring the Special Secretary of Minority Affairs, in consultation with the Office of the Attorney General and the Secretary of the Department of Transportation, to establish a percentage goal on a biennial basis and apply the previous year's goal for any year that a percentage goal is not established. The 25% MBE goal remained in effect during fiscal 2013, but in August 2013, a new goal of 29% was announced for fiscal 2014 and 2015.

As shown in **Exhibit 1**, although DHR's performance in the percentage of procurement dollars with MBE improved slightly in fiscal 2013, from 14.7 to 15.2%, the performance remained well below even the 25.0% goal of that year. DHR, in collaboration with other State agencies, including the Governor's Office of Minority Affairs, the Department of Juvenile Services, and the Department of Health and Mental Hygiene, has developed a strategy to increase participation of MBEs in small procurements as one way of improving total performance, including designating more procurements as Small Business Reserve. DHR also plans to work with the Department of General Services to increase the use of MBEs on short term contracts for building repair and upkeep.

Exhibit 1
Procurement
Fiscal 2010-2015 Est.



MBE: Minority Business Enterprise

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

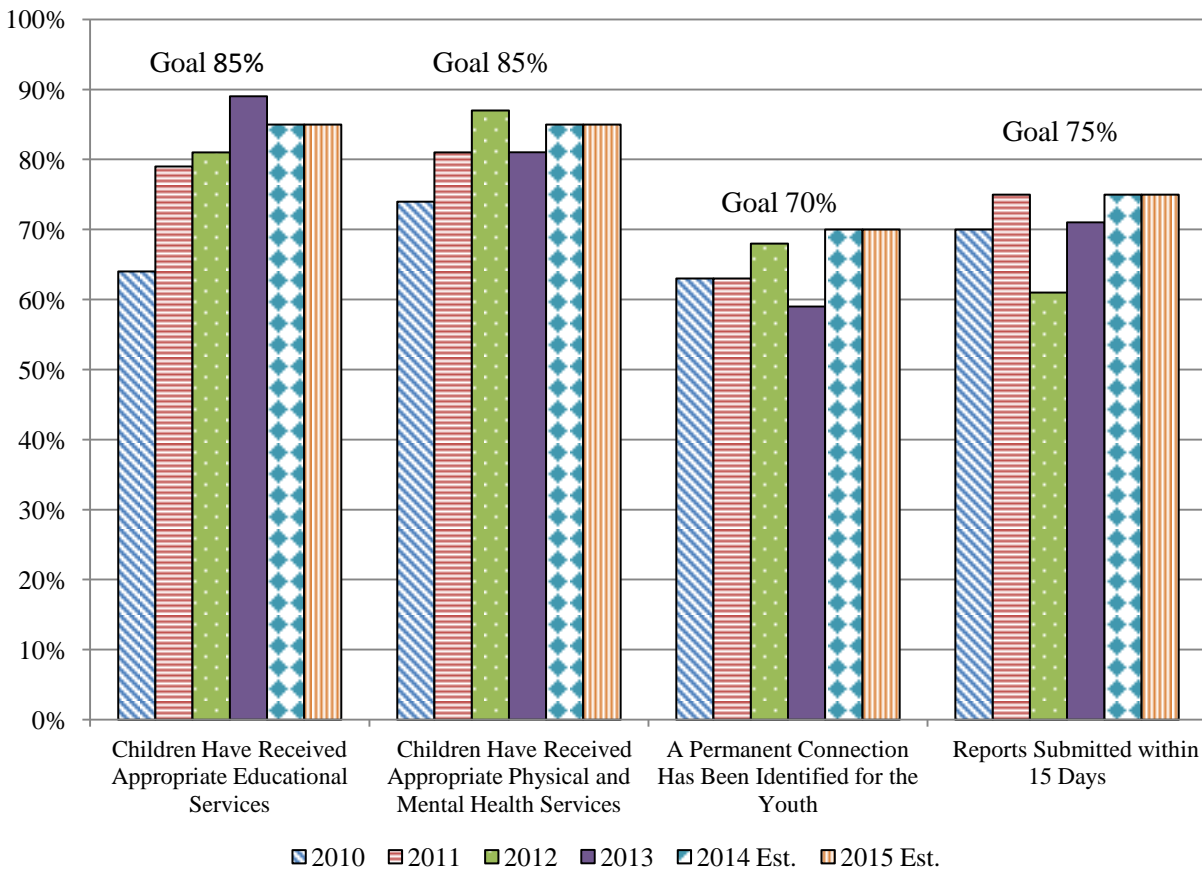
For several years, DHR has reported on the percent of contracts received by the Procurement Division within established guidelines for the number of days required to process the contract. DHR's goal for this measure was 50%. In each year from fiscal 2009 (the first year of data availability) to 2012, DHR's performance in this measure declined. In fiscal 2012, DHR achieved less than half of its goal (21%). In the 2014 session, DHR revised its procurement goal in the Managing for Results (MFR) submission to instead measure the percent of contracts processed by the Procurement Division within 30 working days of receipt from the program. DHR indicates that this change was made to focus on the performance of the Procurement Division rather than activity outside the division's control. While it is valuable to measure the processing timeliness of the Procurement Division, it is also important to understand whether there may be other delays in the procurement process, such as delays in sending contracts to the procurement division. Reporting both measures would allow for a more complete picture of the department's ability to procure services timely. **The Department of Legislative Services (DLS) recommends that DHR resume monitoring and reporting the previous measure in addition to tracking performance in the new measure.**

2. DHR Fails to Meet Goals in Two of Three Areas of Services Provided to Children in Out-of-home Placement Reviews

DHR presents a series of performance measures in its MFR submission related to CRBC, some of which track performance of the program and some of which track outcomes of work done by local departments in cases reviewed by CRBC. CRBC reviews particular out-of-home placement cases in accordance with an agreement with the Social Services Administration; the agreement currently calls for a review of cases with plans of adoption, Another Planned Permanent Living Arrangement, or reunification.

Exhibit 2 contains information on three outcome measures as determined by CRBC. While these outcome measures are not directly impacted by activities of CRBC, the measures provide a means of evaluating the local departments' child welfare activities. Based on cases reviewed by CRBC, local departments have substantially improved performance in the percent of children receiving appropriate educational services. From fiscal 2010 to 2013, the performance in this measure has improved from 64 to 89%.

Exhibit 2
Citizen’s Review Board for Children
Fiscal 2010-2015 Est.



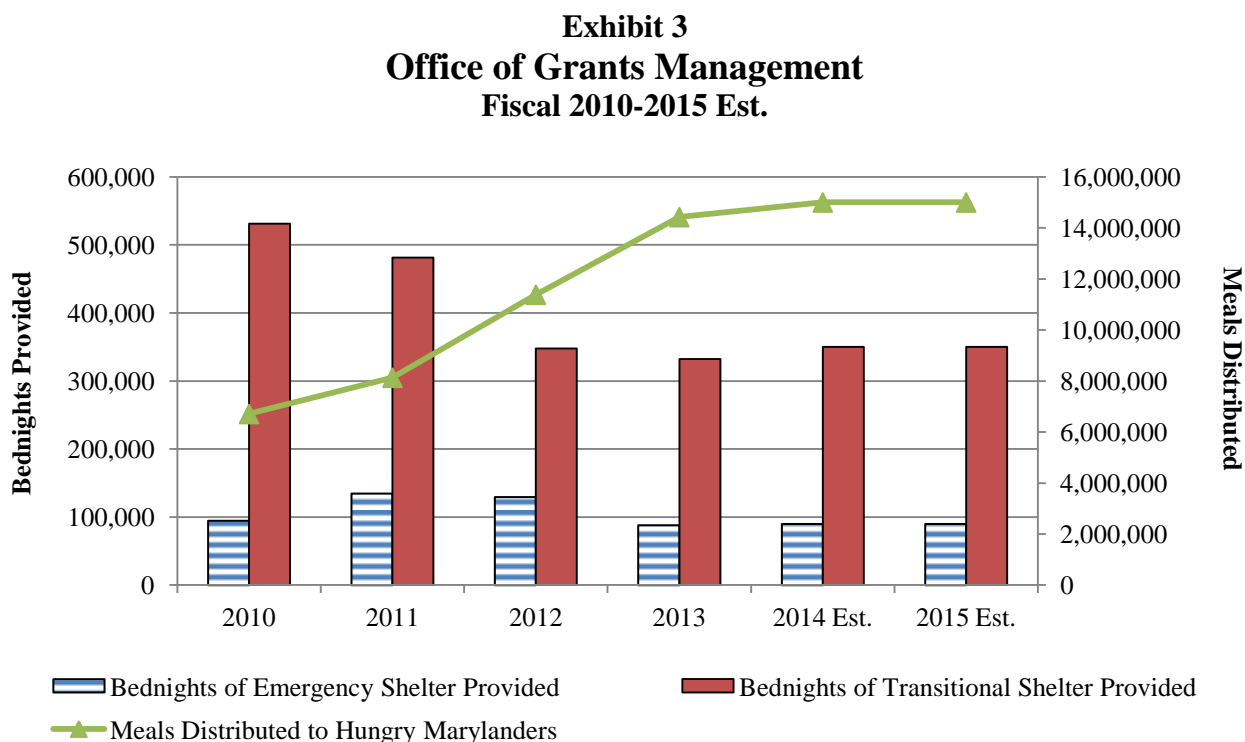
Source: Department of Human Resources; Governor’s Budget Books

After improvements in the percent of children receiving appropriate physical and mental health services and the percent of children for which a permanent connection has been identified in fiscal 2012, performance worsened in fiscal 2013. For example, in fiscal 2013, only 59% of children had a permanent connection identified in cases reviewed by CRBC, 11 percentage points below the goal. DHR notes that it is undertaking efforts to promote connections for youth, including a Family Finding Initiative, which supports case management services to assess family members or significant caring adults who would be willing to maintain a meaningful relationship with the youth. DHR also explained that it has begun surveying youth when they exit care to allow the department to track the percent of youth that report having a stable adult in their life or report being a part of a support network such as a church group or fraternity/sorority.

CRBC has a goal of submitting 75% of reports on the out-of-home placement case reviews within 15 days of the review. After meeting the goal in fiscal 2011, CRBC's performance decreased in fiscal 2012 by 14 percentage points. In fiscal 2013, performance improved to 71%. Vacancies in positions related to compiling the board recommendations into the reports that are submitted to the LDSS and vacancies in the board itself slowed performance. DHR reports that the positions were, in part, filled in fiscal 2013 and are now all filled which should lead to further improvements in performance. DHR is also working to recruit additional board members.

3. Funding Impacts Some Outcomes in the Office of Grants Management

Exhibit 3 provides information on the number of meals provided to hungry Marylanders and the number of bednights of emergency and transitional shelter provided through grant programs funded in the Office of Grants Management. The number of meals distributed to hungry Marylanders has increased dramatically since fiscal 2011, with increases of 40.0% and 26.7% in fiscal 2012 and 2013. In fiscal 2013, the grant to the Maryland Food Bank doubled to \$2.0 million. In addition, DHR reports that in that year a higher amount of bonus food from The Emergency Food Assistance Program (TEFAP) was available.



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

However, the number of bednights of emergency shelter and the number of bednights of transitional shelter provided declined in fiscal 2012 and 2013. Bednights of transitional shelter decreased by 27.8% in fiscal 2012, and bednights of emergency shelter decreased by 32.0% in fiscal 2013. In fiscal 2012, the Emergency Transitional Housing Services Program had a 20.5% reduction in expenditures, likely impacting outcomes in that year; however, expenditures slightly increased in fiscal 2013. **DHR should comment on other factors that have impacted the number of bednights of emergency and transitional shelter provided.**

Fiscal 2014 Actions

Proposed Deficiency

One deficiency appropriation is proposed in the fiscal 2015 budget for DHR Administration. The deficiency appropriation would provide \$2.1 million of general funds to MLSP to address a prior year unprovided-for payable (the general fund portion of which was \$0.8 million) and to correct an overestimation of federal funds likely to be available to the program in fiscal 2014 (\$1.3 million). The funding issues addressed by this deficiency appropriation are more fully discussed in Issue 1.

Cost Containment

There are three across-the-board withdrawn appropriations that offset the increase in deficiency appropriations. These include reductions to employee/retiree health insurance, funding for a new Statewide Personnel Information Technology system, and retirement reinvestment. These actions are fully explained in the analyses of the Department of Budget and Management – Personnel, the Department of Information Technology, and the State Retirement Agency, respectively.

Proposed Budget

As shown in **Exhibit 4**, the fiscal 2015 allowance of DHR Administration increases by \$4.5 million, or 2.5%, compared to the fiscal 2014 working appropriation after accounting for withdrawn appropriations in fiscal 2014 and across-the-board and contingent reductions in fiscal 2015. Increases in general funds (\$5.9 million) and special funds (\$0.7 million) are partially offset by a decrease in federal funds (\$2.0 million).

A portion of the general fund increase (\$1.3 million) and federal fund decrease (\$1.3 million) is the result of a shift in funding for MLSP for legal representation for Children in Need of Assistance (CINA) and Termination of Parental Rights (TPR) cases. The change in funding more closely reflects recent experience with the availability of Title IV-E funding for this program. Title IV-E funding is the primary federal fund source for child welfare activities but is only available for certain cases.

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

How Much It Grows:	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Total</u>
2014 Working Appropriation	\$93,087	\$3,334	\$85,733	\$182,154
2015 Allowance	<u>98,949</u>	<u>4,029</u>	<u>83,708</u>	<u>186,685</u>
Amount Change	\$5,862	\$695	-\$2,025	\$4,531
Percent Change	6.3%	20.8%	-2.4%	2.5%

Where It Goes:

Personnel Expenses

Annualization of fiscal 2014 cost-of-living adjustments and increments	\$1,971
Regular earnings including fiscal 2015 planned increments.....	375
Employee retirement.....	305
Accrued leave payout.....	183
Overtime.....	52
Social Security contributions partially offset by unemployment and reclassification	21
Turnover adjustments.....	-94
Abolition of 7 vacant positions	-406
Employee and retiree health insurance	-993

N00A01 – DHR – Administration

Where It Goes:

Cost Allocations

Statewide Personnel System allocation.....	552
Department of Information Technology Services allocation	53
Office of Attorney General administrative fee.....	-2
Retirement administrative fee	-15
Annapolis Data Center	-35

Program Changes

Maryland Food Bank	1,000
Office of Emergency Operations for shelter supplies, pre-wiring of two State shelter locations, and maintenance of emergency generators	765
Meal Delivery for HIV/AIDS Patients Program for Moveable Feasts	159
New grant for Roberta's House.....	100
Family Day Care Program in Frederick County funded with local funds.....	68

Information Technology

Electronic Benefits Transfer System contract due to increased caseload	627
Enterprise Project Management Office contract	540
Software licenses.....	318
Second year of planning for the Automated Financial System Major Information Technology Development Project	72
Audit fees	30
Purchase of emergency radios for the Office of Emergency Operations	24
Hardware maintenance and computer equipment maintenance contracts.....	-215
Data carrier monthly charges due to the conversion to NetworkMaryland and a decrease in the purchase of routers and switches	-440
Information technology hosting and maintenance contracts.....	-758
Enterprise Content Management System Major Information Technology Development Project as it moves into a maintenance only phase.....	-1,346

Administrative Expenses

Rent and rent paid to the Department of General Services primarily for Saratoga State Center partially offset by other building charges.....	806
Transfer of lease payments from Department of General Services after close of print shop....	332
Department of Budget and Management paid telecommunications	194
Montgomery County block grant primarily for personnel expenses.....	179
Contract for printers for Central Distribution Center	125
Supplies primarily to reflect recent experience.....	94
Utilities.....	49
Staff training for Microsoft Office and Leadership Development Program	44
Postage, telephone, and cell phone primarily to align with recent experience	35

Where It Goes:

Consultant fees for an Institutional Time Study, L.J. vs. Massinga, and Thompson vs. Donald	-81
Insurance	-91
Printing	-112
Other changes.....	46
Total	\$4,531

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.

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 the Department of Budget and Management – Personnel and the State Retirement Agency.

Personnel

Personnel expenditures increase by \$1.4 million after accounting for across-the-board and contingent reductions. The largest increase occurs as a result of the annualization of the cost-of-living adjustment (COLA) provided to State employees in January 2014 and the increments to be provided in April 2014 (\$2.0 million).

The fiscal 2015 allowance decreases by \$406,379 as a result of the abolition of 7 vacant regular positions in the following areas:

- 2 positions in the Office of the Secretary;
- 2 positions in the Division of Budget, Finance, and Personnel;
- 2 positions in OTHS; and
- 1 position in the Division of Administrative Services.

Office of Grants Management

Funding in the Office of Grants Management increases by \$1.2 million, or 10.2%, in the fiscal 2015 allowance compared to the fiscal 2014 working appropriation. The largest increase occurs in the Maryland Emergency Food Program, an increase of \$1.0 million, providing total

funding of \$4.0 million. The Maryland Emergency Food Program provides grants to emergency food providers to assist in purchasing food for needy individuals and families. The increase will be used for the Maryland Food Bank, which will receive a total of \$3.0 million from this program. The Maryland Food Bank began receiving a separate grant through this program in fiscal 2011. At that time the grant was \$1.0 million. The grant increased to \$2.0 million in fiscal 2013.

The Meal Delivery to HIV/AIDS Patients Program supports two organizations (Moveable Feasts and Food & Friends) that provide home delivered meals and nutrition counseling to individuals with HIV/AIDS or cancer. The program's expenditures were \$731,250 from fiscal 2007 to 2013. In fiscal 2014 total program funding increased to \$1.1 million, a \$350,000 increase, which was provided entirely to Food & Friends (a total grant of \$840,625). The funding for Moveable Feasts remained at \$240,625 at that time; however, the fiscal 2015 allowance proposes an increase of \$159,375 for Moveable Feasts (for a total grant of \$400,000), bringing total program funding to \$1.2 million. In calendar 2013, Moveable Feasts served 1,501 clients with 115,135 meals and 2,430 supplemental meals, and Food & Friends served 1,183 clients with 387,763 meals.

The fiscal 2015 allowance also adds one new grant in the Office of Grants Management, a \$100,000 grant to Roberta's House. Roberta's House provides free programs and services for low income school age children and their families. Services are targeted to those that have experienced the death of a loved one, have had a friend or family member that have been homicide victims, those that live in high crime areas in Baltimore City, or those that are under the supervision of juvenile corrective services. This organization has received grants totaling \$95,510 from the Governor's Office of Crime Control and Prevention (GOCCP) between fiscal 2012 and 2014. The organization also received a grant of \$22,656 in fiscal 2013 from the Judiciary Family Administration. Grants from GOCCP and Judiciary Family Administration for fiscal 2015 have not yet been determined.

Emergency Response

The fiscal 2015 allowance provides new funding to support DHR's emergency response role in the area of sheltering. In the State of Maryland Emergency Response Plan, DHR is responsible for Emergency Support Function number 6 (mass care, sheltering, feeding, housing, and emergency assistance).

The fiscal 2015 allowance includes a new Office of Emergency Operations in DHR Administration, with total funding of \$873,784. A portion of these expenses (\$108,712) would have occurred in the agency without the creation of the new program because the functions and personnel were already part of agency operations. However, this new office includes \$765,073 of new spending in fiscal 2015 to support:

- the pre-wiring of two State shelter locations for emergency generators (\$630,000);

N00A01 – DHR – Administration

- the purchase of additional shelter supplies to increase the portion of the population that could be served at State shelters (\$90,000); and
- maintenance for emergency generators at State supply containers (\$45,073).

In addition to the new Office of Emergency Operations, the DHR Administration budget includes funding in DHR's Major Information Technology Development program for the purchase of 700mHz emergency radios. The radios would be used by DHR personnel if needed in emergency/disaster response. The radios will connect to a statewide network. The fiscal 2015 allowance includes a total of \$47,118 for this project, \$23,559 in each the Major Information Technology Development Project Fund (MITDPF) and in federal funds in DHR Administration.

Affordable Care Act Implementation

DHR Administration has begun to capture the personnel costs it incurs as part of the implementation of the Affordable Care Act (ACA) in OTHS. The costs are supported entirely by general funds in the fiscal 2015 allowance. It is unclear why costs associated with ACA would have no federal match. **DHR should comment on why no federal funds are available for this program. DLS recommends a reduction in the general funds for these positions based on the anticipated availability of federal funds for these costs.**

Automated Financial System Replacement

The fiscal 2015 allowance contains a second year of planning funding for the replacement of DHR's Automated Financial System. The project is currently in the initiation phase, and DHR is procuring a project manager. Despite schedule delays, DHR anticipates that the Automated Financial System Replacement project will move into the implementation phase during fiscal 2015. The fiscal 2015 allowance provides only funds to continue in the planning phase for this project. **DHR should comment on the impact of having only planning phase funds for this project in fiscal 2015.**

Issues

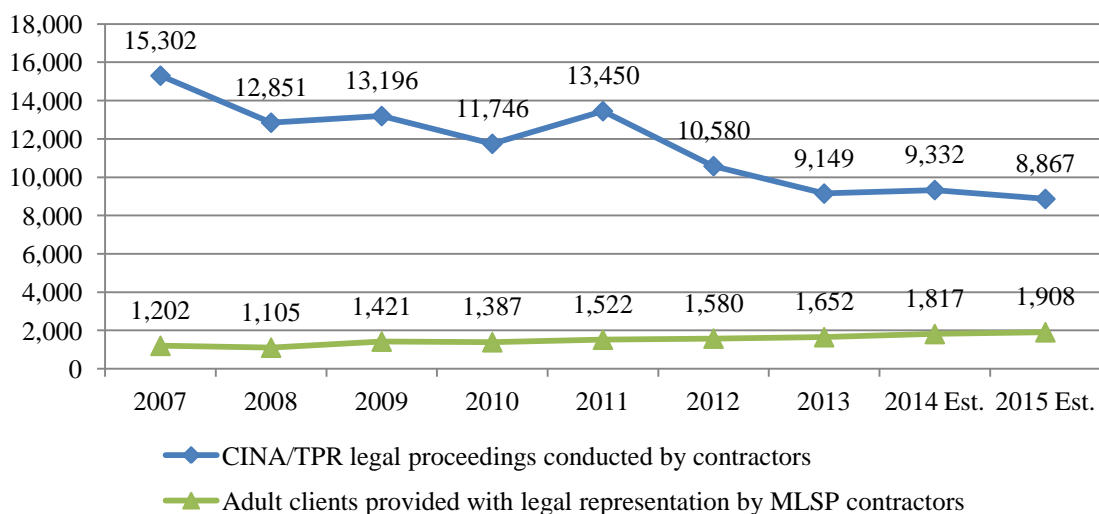
1. Maryland Legal Services Program Funding and Contracts

MLSP provides legal representation for CINA and TPR cases and indigent adults in adult public guardianship cases. This legal representation is primarily provided through contractors. The legal representation for CINA and TPR cases is funded with a mixture of general funds and federal funds (Title IV-E – the primary federal fund source for child welfare activities). Federal funds are available only for certain cases. Legal representation in adult cases is funded entirely with general funds.

Caseload

Exhibit 5 provides information on the number of adult legal services clients and the legal proceedings for CINA and TPR cases. As shown in this exhibit, although fluctuating year to year, in general, the number of CINA and TPR legal proceedings conducted by legal services contractors has substantially decreased since fiscal 2007. These decreases generally reflect the overall trend in the child welfare caseload. The number of adult legal services clients, however, has increased in nearly all recent years, an increase of 37.4% between fiscal 2007 and 2013.

Exhibit 5
Legal Services Program Representation
Fiscal 2007-2015 Est.



CINA: Children in Need of Assistance

TPR: Termination of Parental Rights

MLSP: Maryland Legal Services Program

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

Funding

As part of its fiscal 2013 closeout actions, DHR recorded an unprovided-for payable for MLSP. This was the fourth unprovided-for payable recorded by DHR in MLSP since fiscal 2007:

- \$3.7 million (\$2.6 million in general funds and \$1.1 million in federal funds) in fiscal 2007;
- \$1.1 million (\$0.7 million in general funds and \$0.4 million in federal funds) in fiscal 2008;
- \$3.3 million (\$2.4 million in general funds and \$0.9 million in federal funds) in fiscal 2012; and
- \$1.1 million (\$0.8 million in general funds and \$0.3 million in federal funds) in fiscal 2013.

In fiscal 2012, DHR recorded the unprovided-for payable after having transferred \$1.0 million of general funds out of the program for other agency expenditures through other closeout actions.

In fiscal 2013, DHR recorded the unprovided-for payable in MLSP despite having received a deficiency appropriation totaling \$1.7 million and closeout actions that transferred an additional \$1.7 million into the program. In part, the additional funds were offset by a cancellation of \$1.2 million in federal funds due to an overestimation of funds that would be available from Title IV-E. Program costs in that year were overstated because of the need to fund the fiscal 2012 unprovided-for payable.

The fiscal 2014 working appropriation for the program is \$13.3 million, a level essentially equivalent to the new spending in fiscal 2013. The federal fund share of the fiscal 2014 working appropriation is higher than is likely to be received based on recent experience, a difficulty that also occurred in prior years. However, a deficiency appropriation of \$2.1 million in general funds is proposed for the program that will address the unprovided-for payable from fiscal 2013 (\$0.8 million) and provide additional general funds to compensate for a lower attainment of Title IV-E funds than was expected in budget development (\$1.3 million).

The fiscal 2015 allowance provides \$13.5 million for MLSP, nearly identical to the fiscal 2014 working appropriation and the fiscal 2013 new spending. As with the proposed deficiency appropriation, the fiscal 2015 allowance corrects the general fund and federal fund share of the appropriation to a level more in line with recent history, an increase of \$1.3 million in general funds and decrease of the same amount in federal funds for legal representation costs for children.

With the fiscal 2014 deficiency and the adjustment to the fund split in fiscal 2015, it appears that the recent underfunding of the program has been addressed. **However, because a portion of the recent funding troubles resulted from a transfer of funds away from MLSP to other areas of need in DHR, DLS recommends language restricting general funds appropriated for this program to that purpose.**

Procurement Concerns

DHR has been in a process to procure legal services following the end of the base term of a 2007 contract award. According to DHR, under the most recent request for proposal, there were two significant changes compared to the prior contract. First, the evaluation of proposals provided equal weight to technical and financial proposals. Second, the department was seeking one price per case rather than separate prices for different types of legal proceedings (CINA, TPR, and appeals).

At an August 2013 Board of Public Works (BPW) meeting, DHR had two items on the agenda pertaining to MLSP. One item would have awarded three-year contracts under the most recent request for proposal with two one-year renewal options for the adult legal services program and certain contracts that were not under bid protest for legal representation for CINA and TPR cases. The second item would have provided for a six-month extension for the existing contracts for the legal representation for CINA and TPR cases contract awards that were under bid protest. Concerns were raised at the BPW meeting regarding DHR's procurement for these services, particularly related to the decision to award new contracts rather than use all option periods under the previous contracts, the weighting of technical and financial factors, and the transition of clients from the current attorneys to attorneys awarded the new contracts.

BPW voted to approve the award of the new contracts for the adult legal services program but deferred the decision on the contracts for legal representation for CINA and TPR cases with the idea to instead award a two-year extension/option for the existing contracts and conduct a study of the procurement process for legal services. At a November 2013 BPW meeting, BPW approved an emergency procurement to award two-year contracts to the existing contractors for legal representation in CINA and TPR cases while the legal services procurement process is studied and a new procurement is undertaken.

The chosen vehicle for studying the legal services procurement process is a subcommittee formed under the Council for the Procurement of Health, Educational, and Social Services. The council was created by Chapters 212 and 213 of 2012 to advise BPW on the implementation of recommendations made by the Task Force to Study the Procurement of Health, Educational, and Social Services and monitor the progress in the implementation of the recommendations. The council is chaired by the procurement advisor to BPW and is composed of appointees by the Governor, a Senate and a House of Delegates member, and representatives of the Office of the Attorney General, the State Treasurer, the Department of Budget and Management, the Maryland State Department of Education, the Department of Health and Mental Hygiene, the Department of Human Resources, the Department of Juvenile Services, the Governor's Office for Children, the Governor's Office of Crime Control and Prevention, the Governor's Grants Office, and the Governor's Office of Minority Affairs. The subcommittee has held one meeting (in November 2013) at which the concerns of the legal services providers regarding the procurement process were discussed. The subcommittee is expected to submit a report during 2014; however, the report has not been submitted as of this writing.

Recommended Actions

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

. provided that \$9,810,545 of this appropriation made for the purpose of the Maryland Legal Services Program may only be expended for that purpose. Funds not expended for this restricted purpose may not be transferred by budget amendment or otherwise to any other purpose and shall revert to the General Fund.

Explanation: During the fiscal 2013 closeout process, the Department of Human Resources (DHR) recorded an unprovided-for payable in the Maryland Legal Services Program (MLSP) of \$1.1 million (\$0.8 million in general funds and \$0.3 million in federal funds). This was the second consecutive year an unprovided-for payable was recorded and the fourth since fiscal 2007. In fiscal 2012, the unprovided-for payable was recorded after DHR transferred approximately \$1.0 million of general funds from MLSP to other agency purposes in the closeout process. The language restricts the general fund appropriation for MLSP to that purpose and if it is not needed for that purpose, requires the funds to revert to the general fund.

	<u>Amount Reduction</u>	
2. Delete a new grant for Roberta's House.	\$ 100,000	GF
3. Reduce the grant for the Maryland Food Bank. This action slows the growth in the grant received by the Maryland Food Bank through the Maryland Emergency Food Program. The Maryland Food Bank will still receive a grant of \$2.5 million from this program, an increase of \$500,000 compared to fiscal 2014.	500,000	GF
4. Reduce funds for pre-wiring State shelter locations for emergency generators. The fiscal 2015 allowance includes an increase of \$630,000 in the Office of Emergency Operations for pre-wiring two State shelter locations for emergency generators. This action reduces the increase by 50% and will allow one State shelter location to be pre-wired. The pre-wiring of State shelter locations could occur over a longer period of time than originally planned.	157,500 157,500	GF FF

N00A01 – DHR – Administration

- | | | |
|----|---|--------------------------|
| 5. | Reduce funding for additional and replacement data processing mainframe equipment by 10%. This action still allows the funding for this equipment to nearly double compared to the fiscal 2013 actual expenditures. | 156,889 GF
120,536 FF |
| | | |
| 6. | Reduce funding for positions related to Affordable Care Act implementation. The fiscal 2015 allowance funds 6 positions related to the Affordable Care Act implementation with general funds only. However, federal funds should be available for this work. This action reduces 65% of the funding for the positions, a typical match rate for these types of services, based on the assumption of federal fund availability. Federal funds or reimbursable funds from the Maryland Health Benefit Exchange may be brought in by budget amendment to support the remaining costs of the positions. | 250,594 GF |
| | | |
| 7. | Add the following language to the general fund appropriation: | |

. provided that \$2,130,852 of this appropriation made for the purpose of the Maryland Legal Services Program may only be expended for that purpose. Funds not expended for this restricted purpose may not be transferred by budget amendment or otherwise to any other purpose and shall revert to the General Fund.

Explanation: During the fiscal 2013 closeout process, the Department of Human Resources (DHR) recorded an unprovided-for payable in the Maryland Legal Services Program (MLSP) of \$1.1 million (\$0.8 million in general funds and \$0.3 million in federal funds). This was the second consecutive year an unprovided-for payable was recorded and the fourth since fiscal 2007. In fiscal 2012, the unprovided-for payable was recorded after DHR transferred approximately \$1.0 million of general funds from MLSP to other agency purposes in the closeout process. The language restricts the general fund deficiency appropriation for MLSP to that purpose and if it is not needed for that purpose, requires the funds to revert to the general fund.

Total Reductions	\$ 1,443,019
Total General Fund Reductions	\$ 1,164,983
Total Federal Fund Reductions	\$ 278,036

Updates

1. Information Technology Project Status

The fiscal 2014 budget funded two Major Information Technology Development Projects (MITDP) for DHR. One of these projects was a new project (Automated Financial System Replacement) and one was an ongoing project (the Enterprise Content Management System (ECMS)).

Automated Financial System Replacement

The Automated Financial System Replacement project will create a system used in LDSS to maintain the financial transaction history and generate checks for vendor payments, including for child care and foster care providers. The existing system is written in outdated language and, as a result, DHR indicates that it is difficult and expensive to find maintenance and support for the application. Consistent with the two-stage MITDP process, in fiscal 2014 the project was considered to be in the planning phase.

During the planning phase of a MITDP, agencies complete the initial steps of the Systems Development Life Cycle through the requirements analysis. This process must be completed before the agency can receive funding to move into the implementation phase.

The Information Technology Project Request (ITPR) submitted for this project during the 2013 session included a timeline for the planning phase of the project:

- identifying requirements and obtaining funding and approval in July and August 2013;
- creating the project charter and draft project management plan document between September and November 2013;
- creating the draft project schedule between October 2013 and January 2014; and
- defining requirements between January and March 2014.

Under the schedule outlined in the ITPR, the implementation phase of the project would begin March 2014, design and development would begin in June 2014, and implementation would begin in February 2015. Implementation phase costs were not estimated during the 2013 session.

Funding

The fiscal 2014 budget included \$350,000 (\$182,000 in the MITDPF and \$168,000 of federal funds in DHR Administration). The fiscal 2015 allowance includes total funding of \$480,000 (\$240,000 each in the MITDPF and DHR Administration). As with fiscal 2014, the fiscal 2015

funding is only for planning. The full project cost is not available; however, in the ITPR submitted for the 2014 session, DHR estimates the project cost at \$2.2 million.

Status of Implementation

DHR indicates that as of December 2013, the project was still in the planning phase, and that the department is in the process of concept development; gathering high-level requirements; and researching, identifying, and validating opportunities for the new system. DHR is procuring a project manager with a plan to have the individual on board in March 2014. The project manager will oversee the project through the entire project cycle.

DHR explains that it is still on schedule to begin the implementation phase of the project in fiscal 2015. However, the fiscal 2015 allowance only supports funding for the planning phase of the project.

Enterprise Content Management System

The ECMS/Business Process Management System was initially funded as two projects in fiscal 2011. Key components of the two projects were the implementation of a document imaging system for use by the Family Investment Administration (FIA) and Child Support Enforcement Administration (CSEA) and the beginning of an incremental modernization of CARES. These projects were later combined because much of the work for the two projects was related.

DHR awarded a contract to Policy Studies, Inc. (the company has since been purchased by Maximus) for this project, with a value of \$11.7 million between fiscal 2011 and 2014. In addition to this contract, DHR amended its existing IT hosting contract to add ECMS, at a cost of \$2.7 million between fiscal 2012 and 2014; an additional \$4.4 million will be required if the hosting contract is extended through a five-year contract option. Contract costs have ultimately risen because more equipment was determined to be needed in some of the offices than was originally planned.

Funding

In the fiscal 2011 budget, the two projects received total funding of \$14.0 million from Temporary Assistance for Needy Families (TANF) funds available through the American Recovery and Reinvestment Act of 2009. An additional \$1.4 million was appropriated in fiscal 2012, providing \$15.4 million for the combined project.

Due to the timing of the contract award, nearly all of the federal funds provided for the project in fiscal 2011 (\$13.75 million) were cancelled. The \$1.4 million of federal funds for the project initially appropriated in fiscal 2012 was not adequate to support the cost of the contract in that year. In addition, because the TANF balance was depleted, only \$0.8 million of TANF was available. In the fiscal 2012 closeout process, DHR realigned general funds to provide \$2.0 million and directed \$2.6 million Child Support Reinvestment Funds to the project.

Although the fiscal 2013 budget did not include funding to support the project, DHR was able to meet the funding needs for the project in that year by actions taken during the closeout process. DHR was able to realign \$1.9 million in general funds and \$2.4 million of federal funds, including funds from the Supplemental Nutrition Assistance Program, federal child support funding, Medical Assistance program funds, and Child Care Development Funds. However, only \$2.1 million of federal funds were needed for this purpose. In total, in fiscal 2013, DHR spent \$3.9 million for this project.

The fiscal 2014 budget included \$4.9 million (\$2.6 million in MITDPF and \$2.3 million in federal funds) for this project. The fiscal 2015 allowance includes approximately \$2.0 million for this project (\$986,461 in both the MITDPF and DHR Administration) for maintenance of this system.

Status of Implementation

The project began in early August 2011 with planning, and a pilot was conducted between December 9, 2011, and January 25, 2012, in the Anne Arundel County Department of Social Services (DSS) (Annapolis office) and Charles County DSS (in both the FIA and CSEA offices). Following the pilot, project workstations were implemented in a total of 59 FIA and CSEA sites. DHR reports that there are more than 3,000 users of the system statewide. The rollout to offices occurred over a longer period of time than was originally planned, but all sites have now received the system. **Exhibit 6** provides information on the rollout timeline. DHR is now in the process of implementing Advanced Reporting and Advanced Features for the ECMS which is scheduled to be completed by the end of May 2014.

Exhibit 6 Implementation of Enterprise Content Management System

	<u>Implementation Timeframe</u>
Pilot – Anne Arundel County DSS – Annapolis Charles County DSS	December 2011
Calvert County DSS* St Mary’s County DSS* and Satellite office Montgomery County OCSE*	February 2012
Anne Arundel County DSS – Glen Burnie Saratoga State Center* Baltimore City Central Office and FIA Customer Care Center Baltimore City DSS – Family Investment Bureau/Quality Assurance and Payment Integrity/Income Maintenance Operations/Job Resources Centers Baltimore City DSS – Southwest Center* Baltimore City DSS – Clifton Johnston Square* Baltimore City DSS – Harford North*	March 2012

**Implementation
Timeframe**

Baltimore City DSS – Dunbar Orangeville Center*	April 2012
Baltimore City DSS – Northwest Center*	
Baltimore City DSS – Penn North Center*	
Baltimore City DSS – Hilton Heights Center*	
Baltimore City DSS – Harbor View Center*	
Baltimore City DSS – Central Medical Assistance	
Baltimore County OCSE	May 2012
Baltimore County DSS – Catonsville*	
Baltimore County DSS – Dundalk*	
Baltimore County DSS – Essex*	
Baltimore County DSS – Reisterstown*	
Baltimore County FIA Long Term Care Center*	
Carroll County DSS*	
Harford County WAGE Connection (DLLR)	
Harford County OCSE*	
Harford County DSS	
Howard County DSS*	
Cecil County DSS	June 2012
Kent County OCSE	
Kent County DSS	
Queen Anne’s County OCSE	
Queen Anne’s County DSS	
Caroline County DSS and Satellite Office	August 2012
Dorchester County DSS	
Somerset County DSS	
Talbot County DSS	
Worcester County DSS	
Wicomico County DSS	
Wicomico County OCSE	
Allegany County DSS	September 2012
Frederick County DSS	
Garrett County DSS and Satellite office	
Washington County DSS	
Wicomico County DSS One Stop	October 2012
Prince George’s County DSS and OCSE Metro	
Prince George’s County OCSE Satellite offices (in Hyattsville and Landover)	

**Implementation
Timeframe**

Baltimore County DSS – Towson
Anne Arundel County OCSE

November 2012

Montgomery County Up County Regional Center
Montgomery County Rockville Center
Montgomery County Silver Spring Regional Center
Montgomery County Suburban Washington Refugee Center
Montgomery County Medical Assistance Outreach

May 2013

DLLR: Department of Labor, Licensing and Regulation
DSS: Department of Social Services
FIA: Family Investment Administration
OCSE: Office of Child Support Enforcement

*Represents jurisdictions which later had additional equipment added

Source: Department of Human Resources

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 2013					
Legislative Appropriation	\$93,151	\$3,358	\$83,388	\$0	\$179,896
Deficiency Appropriation	1,230	0	432	0	1,662
Budget Amendments	9,352	1,270	10,442	0	21,064
Reversions and Cancellations	-1,933	-499	-16,913	0	-19,345
Actual Expenditures	\$101,800	\$4,129	\$77,348	\$0	\$183,278
Fiscal 2014					
Legislative Appropriation	\$94,661	\$3,320	\$85,111	\$0	\$183,091
Budget Amendments	794	14	622	0	1,431
Working Appropriation	\$95,455	\$3,334	\$85,733	\$0	\$184,522

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 fiscal 2013 expenditures of DHR Administration were \$3.4 million higher than the legislative appropriation. The general fund expenditures of DHR Administration were \$8.6 million higher than the legislative appropriation, as funds are realigned at closeout from areas with surpluses to areas with deficits. An increase of \$1.2 million was the general fund share of a deficiency appropriation for legal representation in CINA and TPR cases. Increases totaling \$11.5 million occurred by budget amendment largely for salary and wage adjustments (\$5.4 million). The remaining increases were in the following areas:

- the Division of Administrative Services for contractual support for risk management and inventory control, postage, costs associated with Hurricane Sandy in October 2012 and the June 2012 derecho, costs associated with the development of an emergency operations plan, model office improvements, vehicle repair and replacement, printing, printer rental, and equipment repair (\$2.3 million);
- the MITDP for the ECMS, which was underfunded in the fiscal 2013 budget (\$1.9 million);
- the MLSP for legal representation due to lower than anticipated Title IV-E attainment and a higher than expected caseload in the adult public guardianship program (\$1.7 million);
- the Office of the Secretary and the Office of Grants Management for technical and special fees for contractual full-time equivalents in the offices of the attorney general, communications, and inspector general in the Office of the Secretary, and for the promoting responsible fatherhood program (\$185,574); and
- various programs for telecommunications expenditures as part of a realignment of these expenditures between State agencies (\$17,263).

These increases are partially offset by decreases occurring by budget amendment totaling \$2.1 million in the OTHS and Division of Budget, Finance, and Personnel for contractual services, including the department's information technology hosting and maintenance contract. A reversion of \$1.9 million primarily results from a lower than anticipated cost of the new Statewide Personnel System in that year. In fiscal 2013, State agencies were assessed a fee for development of a new Statewide Personnel System. The State spent approximately 48% of this major information technology project's appropriated budget, with the remainder reverted to the general fund.

DHR Administration's fiscal 2013 special fund expenditures were \$771,415 higher than the legislative appropriation. Increases totaling \$1.3 million occurred by budget amendment primarily for salary and wage adjustments including indirect expenses of various funds (\$1.1 million). The remainder of the increase supported the cost-of-living adjustment (COLA) provided to State employees in January 2013 (\$174,402). These increases were partially offset by cancellations totaling \$498,957 related to application maintenance costs for the Office of Home Energy Programs data system.

N00A01 – DHR – Administration

Federal fund expenditures in DHR Administration were \$6.0 million less than the legislative appropriation. An increase of \$432,177 was the federal fund share of a deficiency appropriation to provide additional funding for legal representation in CINA and TPR cases. Increases totaling \$10.4 million occurred by budget amendment. The largest increase represented the value of the distribution of surplus commodities to the TEFAP (\$5.1 million). Other increases were in the following areas:

- the MITDP for the ECMS, which was underfunded in the fiscal 2013 appropriation (\$2.4 million);
- the Division of Administrative Services for contractual support for risk management and inventory control, postage, model office improvement, printing, printer rental, equipment repair, vehicle repair and replacement, and costs associated with Hurricane Sandy and the June 2012 derecho (\$2.3 million);
- salary and wage adjustments (\$283,804);
- the federal fund share of the COLA provided to State employees in January 2013 (\$243,559); and
- rent (\$120,234).

These increases are more than offset by cancellations totaling \$16.9 million as a result of lower than expected attainment of a variety of federal funds which were intended to support operating expenses throughout DHR Administration. In part, the underattainment of federal funds led to some increases in general funds discussed earlier.

The cancellation of \$1.2 million in the MLSP due to the lower than expected attainment of Title IV-E for CINA and TPR cases was particularly notable given that, in other closing actions, DHR transferred \$1.7 million of general funds to the MLSP for CINA and TPR and Adult Public Guardianship cases, and ultimately recorded an unprovided-for payable totaling \$1.1 million (\$0.8 million in general funds and \$0.3 million in federal funds).

Fiscal 2014

DHR Administration's fiscal 2014 appropriation has increased by \$1.4 million to support:

- the COLA provided to State employees in January 2014 (\$436,591 in general funds, \$7,311 in special funds, and \$388,628 in federal funds);
- the increments to be provided in April 2014 (\$180,073 in general funds, \$2,781 in special funds, and \$121,040 in federal funds); and
- the adjustments resulting from the annual salary review (\$177,039 in general funds, \$4,273 in special funds, and \$112,785 in federal funds).

Major Information Technology Projects

DHR – Administration Enterprise Content Management System

Project Status¹	Implementation	New/Ongoing Project:	Ongoing.
Project Description:	This project has enabled the Department of Human Resources (DHR) to implement an enterprise content management system to capture, maintain, manage, and share documentation both within DHR and between DHR and business partners. The project includes the implementation of a document imaging system, as well as other solutions for the agency's business needs. The project is standardized in hardware, software, business process, and conversion or "clean-up" activities. The project also provides workflow and reporting changes necessary to image, track, and retrieve case documentation across jurisdictions and DHR administrations. The statewide rollout also promotes workflow efficiencies and enables quicker sharing of application data.		
Project Business Goals:	The project allows DHR workers to access and store case information electronically. The project provides for the sharing of electronic verification and the centralized processing of cases. The project is expected to reduce paper files and the costs associated with maintaining/storing paper files. The project is also important to sustaining the success in case processing timeliness achieved with compliance with the <i>Thompson v. Donald</i> case.		
Estimated Total Project Cost¹:	\$16.5 million (including the first year of maintenance)	Estimated Planning Project Cost¹:	n/a
Project Start Date:	August 2011	Projected Completion Date:	Implementation in offices completed by May 31, 2013, Implementation of Advanced Reporting and Advanced Features expected to be completed May 31, 2014.
Schedule Status:	The schedule was delayed from the early plans, in part, due to the addition of some offices that had existing customized solutions to the project. The statewide rollout is complete and the final implementation phase of reporting is expected to be complete in fiscal 2014. Fiscal 2015 costs include the first year of maintenance.		
Cost Status:	The cost of the system has increased during implementation because more scanners were purchased than was initially planned.		
Scope Status:	As initially planned, the local offices with existing customized document imaging systems were expected to be integrated into the Statewide Electronic Data Repository but not necessarily have the existing system replaced. However, DHR later decided to include the offices in the statewide system. In addition, more scanners were purchased than was initially planned.		

Project Management Oversight Status:	In addition to the standard DHR project management oversight process, DHR has included the project in portfolio review meetings. The fiscal 2015 allowance includes \$98,646 for oversight. An independent verification and validation assessment was initiated for this project in May 2012.							
Identifiable Risks:	DHR previously identified three risks for the project: (1) organization change management and training including new business processes; (2) limited availability of subject matter experts, which are important to the process; and (3) the challenge of ensuring stakeholder involvement.							
Additional Comments:	DHR anticipates expenses will continue beyond fiscal 2015 for maintenance costs. Only the first year maintenance costs are typically included in the Major IT funding needs.							
Fiscal Year Funding (\$ in Thousands)	Prior Years	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	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	14,521.8	1,972.9	0.0	0.0	0.0	0.0	0.0	16,497.7
Other Expenditures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Funding	\$14,521.8	\$1,972.9	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$16,497.7

¹ In calendar 2011, a two-step approval process was adopted. Initially, an agency submits a Project Planning Request. After the requirements analysis has been completed and a project has completed all of the planning required through Phase Four of the Systems Development Lifecycle (Requirements Analysis), including a baseline budget and schedule, the agency may submit a Project Implementation Request and begin designing and developing the project when the request is approved. For planning projects, costs are estimated through planning phases. Implementation projects are required to have total development costs.

Major Information Technology Projects

DHR – Administration Automated Financial System

Project Status¹	Planning	New/Ongoing Project:	Ongoing.
Project Description:	Replace the Department of Human Resources' (DHR) existing Automated Financial System, which is used by the local departments of social services (LDSS) to record financial transactions of the LDSS; set up, print, and track vendor payments (including those for child care and foster care providers); and generate various financial reports. The project will lower costs of system support and maintenance because the existing system uses outdated language. The project will also improve security and performance, as well as improve ease of use.		
Project Business Goals:	The new Automated Financial System is expected to improve ease of use, eliminate workarounds necessitated by the difficulty of updating the current system, and reduce cost of maintenance and support of the system. The new system is also expected to consolidate financial information and reduce the time it takes to generate vendor payments. DHR indicates the new system will also allow for the system to be easier to modify and enhance as State and federal requirements change. This project also supports the goal of the agency to standardize the development environment and allow the agency to centralize hardware, functionality, and data.		
Estimated Total Project Cost¹:	DHR anticipates a cost of \$2.2 million.	Estimated Planning Project Cost¹:	\$830,000 (\$350,000 in fiscal 2014 and \$480,000 in fiscal 2015)
Project Start Date:	July 1, 2013	Projected Completion Date:	June 1, 2014 (planning only) but delays are likely to extend project planning.
Schedule Status:	During early fiscal 2014, DHR has been in the initiation/planning of the project and has focused on concept development, gathering high-level requirements, and researching, identifying, and validating opportunities for a new system. DHR is projecting a project manager. DHR expects that the project manager will be in place beginning in March 2014. DHR indicates that the project has missed some scheduled milestones, but that the project is still on schedule to begin the implementation phase in fiscal 2015. The Department of Information Technology <i>Fiscal 2014 Mid-year Report</i> stated that DHR does not have a fully defined project schedule.		
Cost Status:	DHR reports that no changes have occurred to the project cost during the planning phase.		
Scope Status:	DHR reports that there have been no changes to the scope during the planning process.		
Project Management Oversight Status:	The fiscal 2015 allowance includes \$24,000 for project oversight. DHR plans to use a project management contract to oversee the project implementation. The project is included in DHR's reviews portfolio.		
Identifiable Risks:	DHR has not identified any high risks for this project. The only medium risk identified was resource availability. DHR had plans to review the updated work plans on an ongoing basis to ensure that resources are sufficient to complete this project. However, the Department of Legislative Services notes that there is a risk of a schedule delay. DHR initially planned to complete planning in March 2014, but now will not be hiring a project manager until that time.		

Additional Comments:	The Department of Legislative Services notes that, because the project is still in the planning phase, no funds are available for implementation in fiscal 2015, even though the project is expected to begin implementation in that year.							
Fiscal Year Funding (\$ in Thousands)	Prior Years	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	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	350.0	480.0	0.0	0.0	0.0	0.0	0.0	830.0
Other Expenditures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Funding	\$350.0	\$480.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$830.0

¹ In calendar 2011, a two-step approval process was adopted. Initially, an agency submits a Project Planning Request. After the requirements analysis has been completed and a project has completed all of the planning required through Phase Four of the Systems Development Lifecycle (Requirements Analysis), including a baseline budget and schedule, the agency may submit a Project Implementation Request and begin designing and developing the project when the request is approved. For planning projects, costs are estimated through planning phases. Implementation projects are required to have total development costs.

**Object/Fund Difference Report
DHR Administration**

<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	892.00	888.50	881.50	-7.00	-0.8%
02 Contractual	32.57	2.90	2.90	0.00	0.0%
Total Positions	924.57	891.40	884.40	-7.00	-0.8%
Objects					
01 Salaries and Wages	\$ 68,503,094	\$ 69,765,503	\$ 71,332,617	\$ 1,567,114	2.2%
02 Technical and Spec. Fees	1,645,431	363,052	289,118	-73,934	-20.4%
03 Communication	8,461,107	8,296,159	8,086,041	-210,118	-2.5%
04 Travel	226,508	189,312	193,109	3,797	2.0%
06 Fuel and Utilities	449,611	420,285	469,367	49,082	11.7%
07 Motor Vehicles	294,197	413,019	413,712	693	0.2%
08 Contractual Services	78,419,599	83,867,709	83,347,614	-520,095	-0.6%
09 Supplies and Materials	1,328,421	1,279,176	1,372,754	93,578	7.3%
10 Equipment – Replacement	1,028,242	2,351,854	2,389,247	37,393	1.6%
11 Equipment – Additional	642,555	590,040	536,820	-53,220	-9.0%
12 Grants, Subsidies, and Contributions	12,933,120	7,841,687	9,310,868	1,469,181	18.7%
13 Fixed Charges	9,345,958	9,143,960	9,831,273	687,313	7.5%
Total Objects	\$ 183,277,843	\$ 184,521,756	\$ 187,572,540	\$ 3,050,784	1.7%
Funds					
01 General Fund	\$ 101,800,352	\$ 95,454,520	\$ 99,446,472	\$ 3,991,952	4.2%
03 Special Fund	4,129,068	3,334,274	4,036,743	702,469	21.1%
05 Federal Fund	77,348,423	85,732,962	84,089,325	-1,643,637	-1.9%
Total Funds	\$ 183,277,843	\$ 184,521,756	\$ 187,572,540	\$ 3,050,784	1.7%

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

N00A01 – DHR – Administration

**Fiscal Summary
DHR Administration**

<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 Office of the Secretary	\$ 12,586,085	\$ 13,498,782	\$ 13,960,752	\$ 461,970	3.4%
02 Citizen's Review Board for Children	1,085,869	901,824	895,412	-6,412	-0.7%
03 Commissions	194,184	199,616	206,138	6,522	3.3%
04 Legal Services Program Management	15,473,051	13,312,866	13,479,226	166,360	1.2%
05 Office of Grants Management	18,115,215	11,770,123	12,973,160	1,203,037	10.2%
01 Division of Budget, Finance and Personnel	19,714,536	22,104,020	21,678,034	-425,986	-1.9%
02 Division of Administrative Services	13,231,406	9,306,935	10,697,712	1,390,777	14.9%
02 Major Information Technology Development Projects	4,399,825	2,500,118	1,250,020	-1,250,098	-50.0%
04 General Administration	57,396,344	68,095,244	68,941,920	846,676	1.2%
05 General Administration	41,081,328	42,832,228	43,490,166	657,938	1.5%
Total Expenditures	\$ 183,277,843	\$ 184,521,756	\$ 187,572,540	\$ 3,050,784	1.7%
General Fund	\$ 101,800,352	\$ 95,454,520	\$ 99,446,472	\$ 3,991,952	4.2%
Special Fund	4,129,068	3,334,274	4,036,743	702,469	21.1%
Federal Fund	77,348,423	85,732,962	84,089,325	-1,643,637	-1.9%
Total Appropriations	\$ 183,277,843	\$ 184,521,756	\$ 187,572,540	\$ 3,050,784	1.7%

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