

Department of Legislative Services
Maryland General Assembly

FISCAL NOTE

Revised

House Bill 1133 (Delegate McIntosh. *et al.*)

Appropriations

Child Welfare Workforce Initiative of 1998

This bill requires the Department of Human Resources (DHR) to develop and implement a plan by December 31, 1998 for the recruitment, training, and retention of child welfare service caseworkers and supervisors. On or after January 1, 1999, DHR must hire only "human services professionals" as caseworkers and require that all new casework staff pass a competency test before being granted permanent employment status. DHR may retain existing permanent employees without "human services professional" qualifications if the Secretary finds that the employees are satisfactorily performing their duties. DHR is to develop a mandatory competency testing program for caseworkers employed as of December 31, 1998; caseworkers must pass the competency test by January 1, 1999 as a requirement of continued employment. The bill prohibits DHR from hiring contractual caseworkers or supervisors after June 30, 1999, and from employing contractual caseworkers or supervisors after June 30, 2000, except to meet an unanticipated need, in which case no contractual position is to last longer than one year.

The bill takes effect July 1, 1998.

Fiscal Summary

State Effect: Expenditures increase by an estimated \$8 million (\$4 million general funds and \$4 million federal funds) in FY 2000 for new child protective service positions, upgrade of existing positions, conversion of contractual positions, and training. Actual expenditure increases will depend on federal foster care fund attainment as well as the level and number of salary adjustments, caseload ratios, and the phase-in period determined by DHR and the Department of Budget and Management (DBM). FY 2001 expenditures increase due to new foster care worker positions and additional training. Future year expenditures increase with annualization and inflation. Revenues would not be affected.

(in millions)	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003
GF Revenues	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
GF Expenditures	0.00	4.00	6.70	6.80	6.95
FF Expenditures*	0.00	4.00	6.70	6.80	6.95
Net Effect	(\$0.00)	(\$8.00)	(\$13.40)	(\$13.60)	(\$13.90)

Note: () - decrease; GF - general funds; FF - federal funds; SF - special funds

*Federal fund expenditures are reimbursed by the federal government. The actual general/federal fund split will depend on federal foster care fund attainment.

Local Effect: None.

Small Business Effect: Indeterminate.

Fiscal Analysis

Bill Summary: The bill requires DHR and DBM to develop appropriate caseload ratios for each local jurisdiction using the ratios recommended by the Child Welfare League of America (CWLA). DHR and DBM are to report by November 1, 1998 to various legislative committees on the proposed caseload ratios for child protective services, family preservation, foster care, kinship care, and preadoption care services.

DHR and DBM are to review caseworker and supervisor salaries in child protective services, family preservation, foster care, kinship care, and preadoption services, and recommend salaries that will be adequate to recruit and retain caseworkers and supervisors by October 1, 1998. The plan is to include a phase in of appropriate salary adjustments.

Through June 30, 2000, DHR is authorized to transfer a contractual caseworker or supervisor to a permanent position if the contractual employee meets the minimum qualifications, has performed satisfactorily, and the transfer is approved by DBM. Contractual conversions are to be phased in according to a plan developed by DHR and DBM, that is consistent with DBM's December 1997 report *Long-Term Contractual Employment and Recommended Policy Options*.

Background: CWLA was contracted by DHR to analyze the policies and practices of Maryland's child welfare system. CWLA published its report, *A Review of the Maryland Child Welfare System*, in January 1997. The report recommends that, in the area of foster care services, DHR develop a strategy to reduce the average caseload for foster care to the CWLA standard of 15 children per worker and phase out contractual direct service worker positions. The report noted that core training for new child welfare staff is not mandatory in the local departments of social services, except for the Baltimore City Department of Social Services in which it is mandated under the L.J. vs. Massinga Consent Decree. Therefore, it

recommends that core training for new child welfare caseworkers be mandatory statewide and that child welfare staff be required to attend a minimum of 20 hours of inservice training each year.

State Expenditures: Expenditures could increase by an estimated \$8 million (\$4 million general funds and \$4 million federal funds) in fiscal 2000, assuming that caseload ratios and salary adjustments take effect starting in fiscal 2000 (given the fiscal 1999 reporting dates). The actual expenditure increase will depend upon the caseload ratios, salary adjustments, and phase-in period determined by DHR and DBM.

The \$8 million estimate reflects the cost of: (1) providing a two-grade increase to the current child welfare workforce of 1,562 (\$3.8 million); (2) 28 new child protective service positions (24 caseworkers and 4 supervisors) and associated operating expenses to meet a child protective services caseload staffing ratio of 1 caseworker for 12 families (\$1.2 million); (3) contractual conversion of 422.6 contractual positions, including a two-grade increase (\$2.1 million); and (4) training expansion of \$0.85 million. No start-up delay is assumed. The estimate includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Salaries and Fringe Benefits	\$6,993,000
Other Operating Expenses	<u>973,000</u>
Total FY 2000 State Expenditures	\$7,966,000

The two-grade promotion for existing permanent and contractual staff results in a 6% salary increase, which represents the grade and step allowed under State personnel rules.

With regard to training, current staff who have not earned a master's degree in social work (MSW) could be retained (consistent with the bill's provision that the Secretary of Human Resources finds that these employees are satisfactorily performing their duties), but could not advance above grade 15 without earning an MSW. Hence, training funds could be applied towards tuition reimbursement, work-study, and paid internships. Within the total child welfare workforce of around 2,000, approximately one-third are licensed social workers; most of the remaining two-thirds could be eligible for training funds.

Fiscal 2001 expenditures increase by \$13.4 million to reflect the cost of: (1) 112 new foster care worker positions (96 caseworkers and 16 supervisors) and associated operating expenses to meet a foster care caseload ratio of one caseworker for 20 children (\$4.8 million); (2) training expansion of \$0.85 million; and (3) continuation of fiscal 2000 expenditures (\$7.8 million). The estimate includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Salaries and Fringe Benefits	\$11,365,000
Other Operating Expenses	<u>1,989,000</u>
Total FY 2001 State Expenditures	\$13,354,000

Future year expenditures reflect: (1) full salaries with 3.5% annual increases and 3% employee turnover; and (2) 1% annual increases in ongoing operating expenses.

The child welfare services of the local departments of social services receive several sources of federal funds, some of which are block grants (Social Services Block Grant and the Temporary Assistance for Needy Families) which are capped and some of which are entitlements (Foster Care Title IV-E and Medicaid), which are not capped. Therefore, the fund split for increased child welfare service expenditures will vary depending on whether the increased expenditures are eligible for federal entitlement funds or not. Fiscal 2000 and subsequent years reflect a 50% general fund/50% federal fund split, since an estimated half of expenditures would be eligible for federal Foster Care Title IV-E funds. On the other hand, if DHR does not succeed in improving its federal fund attainment levels for foster care cases, the fund split could be closer to 70% general funds and 30% federal funds.

Small Business Effect: The bill's provisions regarding employment qualifications, staffing ratios, training, and competency testing could adversely affect any small business outside entity with which DHR contracts for the provision of casework services. Conversely, small businesses that either provide training for caseworkers or are the beneficiaries of paid internships could be favorably affected.

Information Source(s): Department of Human Resources; Child Welfare League of America, *A Review of the Maryland Child Welfare System*, January 1997; Department of Legislative Services

Fiscal Note History:
 Inc First Reader - March 12, 1998
 Revised - House Third Reader - April 7, 1998
 Revised - Updated Information - April 8, 1998
 Revised - Updated Information - April 9, 1998
 Revised - Enrolled Bill - May 12, 1998

Analysis by: Sue Friedlander	Direct Inquiries to:
Reviewed by: Christine Scott	John Rixey, Coordinating Analyst
	(410) 841-3710
	(301) 858-3710