

Department of Legislative Services
 Maryland General Assembly
 2003 Session

FISCAL AND POLICY NOTE

House Bill 1013 (Delegate Zirkin, *et al.*)
 Ways and Means

Residential Child Care Programs - Direct Care Staff - Qualifications

This bill raises the educational requirements for direct care staff in residential child care programs licensed by the Department of Human Resources (DHR), the Department of Juvenile Justice (DJJ), and the Department of Health and Mental Hygiene (DHMH).

Fiscal Summary

State Effect: No impact is expected in FY 2004 because provider rates are already set for that year and direct care staff would need some time to earn an associate of arts degree to comply with the bill. General fund and federal fund expenditures could increase by \$4.3 million in FY 2005, 25% of the full implementation costs. It is assumed the bill will be gradually implemented with an additional 25% of direct care staff earning higher wages each following fiscal year, resulting in higher wages for which the State must reimburse providers. Full implementation is expected in FY 2008. Future years also reflect inflation. No effect on general fund revenues.

(\$ in millions)	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	0	4.1	8.2	12.5	16.8
FF Expenditure	0	.3	.5	.8	1.1
Net Effect	\$0	(\$4.3)	(\$8.8)	(\$13.3)	(\$17.9)

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

Local Effect: None.

Small Business Effect: Significant impact on residential child care programs whose staff must meet the higher educational standards and receive higher wages as a result.

Analysis

Bill Summary: At a minimum, the regulations must require direct care staff to be at least 21 years old and have an Associate of Arts degree from an accredited college based on a curriculum approved by the Maryland Higher Education Commission; or have a Bachelor's degree from an accredited university in a human service field.

Residential child care programs are defined as entities that provide children with 24-hour per day care within a structured set of services and activities that are designed to achieve specific objectives related to the children's needs that include providing food, clothing, shelter, education, social services, health, mental health, recreation, or any combination of these services and activities. These programs include alternative living units, group homes, child care institutions, therapeutic group homes, shelter care programs, and residential facilities for children with developmental disabilities.

The Special Secretary for the Governor's Office of Children, Youth, and Families (OCYF) must adopt regulations that require all direct care staff of a residential child care program licensed by an agency to meet qualifications established as a result of this bill by July 1, 2008 (fiscal 2009). The regulations must include regulations relating to licensing residential child care programs and regulations establishing qualifications for the direct care staff of those programs.

Current Law: The Special Secretary of OCYF oversees the general policy for children, youth, and family services in Maryland.

The Developmental Disabilities, Mental Health, Child Welfare, and Juvenile Justice Workforce Tuition Assistance Program provides assistance of up to \$3,000 annually for human services students who are working or agree to work as direct service employees in any community programs licensed by DHMH's Developmental Disabilities Administration or approved by the Mental Hygiene Administration. Beginning in October 2003, the assistance also applies to any residential child care program licensed by DHR or DJJ. The fiscal 2004 budget allowance for the program is \$900,000. A student may receive tuition assistance for up to five years. A student must repay assistance received under the program if the student fails to earn at least 12 credit hours in an academic year, including summer session, in which assistance was received, fails to make satisfactory progress toward earning a degree, or fails to complete the employment obligation. Funding for the tuition assistance program is as provided in the State budget.

Background: Current regulations require direct care staff to be either 21 years old and hold a high school diploma or 18 years old and hold an associate's degree. Most staff affected by this bill have only a high school diploma.

The Maryland Association of Resources for Families and Youth (MARFY) Workforce Development Task Force's report *Child and Youth Care Staff Qualifications* proposed updating the regulations requiring training requirements for child care workers. The report recommended requiring residential child care staff to earn an Associate of Arts degree by 2008 and encourages staff to earn a Bachelor's of Arts or a Bachelor's of Science degree by 2013. MARFY recommended that existing staff should be exempted from the educational requirements when the new standards become effective.

State Fiscal Effect: No effect in fiscal 2004 because residential child care provider rates are already set for that year and direct care staff would need some time to earn an Associate of Arts degree to comply with this bill. General and federal fund expenditures could increase by \$4,342,320 in fiscal 2005 (\$4,079,041 in general funds and \$263,279 in federal funds) as provider rates increase to reflect higher salaries for direct care staff whose educational qualifications increased. Of this amount, the expenditures by department are as follows: \$3,030,000 in general funds for DHR; \$412,741 in general funds and \$263,279 in federal funds for DHMH; and \$636,300 in general funds for DJJ. It is assumed that 25% of direct care staff will meet the new requirements in fiscal 2005, 50% in fiscal 2006, 75% in fiscal 2007, and 100% in fiscal 2008. Future years also assume 1% inflation.

The estimate for DHR's expenditures also includes the following assumptions:

- for fiscal 2003, provider contracts for group care and independent living total approximately \$132 million;
- 50% of the \$132 million reflects providers' salary expenditures (\$66 million) and 60% of the salary expenditures are for direct care staff (\$40 million); and
- a 30% increase in direct care staff salaries to reflect the additional educational credentials means expenditures for salaries could increase by approximately \$12 million.

The estimate for DHMH's expenditures also includes the following assumptions:

- 30% increase in wages and benefits for 275 direct care staff who work with the developmentally disabled, which would total \$2,482,594 if there were full implementation of the bill in fiscal 2004; and
- federal fund reimbursement of 42% of expenditures for 255 of those direct care staff who work for community providers, which would total \$1,042,689 if there were full implementation of this bill in fiscal 2004.

The estimate for DJJ's expenditures also includes the following assumptions:

- fiscal 2003, provider contracts for group care and independent living total approximately \$28 million;
- 50% of the \$28 million reflects providers' salary expenditures (\$14 million) and 60% of the salary expenditures are for direct care staff (\$8.4 million); and
- a 30% increase in direct care staff salaries to reflect the additional educational credentials means expenditures for salaries could increase by approximately \$2.5 million.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Human Resources; Governor's Office (Children, Youth, and Families); Department of Health and Mental Hygiene; Department of Juvenile Justice; Department of Legislative Services

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