

Department of Legislative Services
 Maryland General Assembly
 2003 Session

FISCAL AND POLICY NOTE

House Bill 528 (Delegate Zirkin, *et al.*)
 Judiciary

Juvenile Causes - Children in Out-of-Home Placement - Uniform System of Outcomes Evaluation

This bill requires the Department of Juvenile Justice (DJJ), in cooperation with the Department of Human Resources (DHR), the Department of Health and Mental Hygiene, the Developmental Disabilities Administration, the Mental Hygiene Administration, and the Maryland State Department of Education, to develop an objective and uniform system of outcomes evaluation for out-of-home placements used by State agencies. The agencies must consult with the University of Maryland School of Social Work to develop and implement the system. By December 31, 2007, all out-of-home placement facilities must participate in the outcomes evaluation. The Governor must include funding in the State budget for the planning, development, testing, and implementation of the outcomes evaluation system. Each year, the cooperating agencies must report jointly to the General Assembly on the progress that has been made towards implementing the bill.

The bill is effective June 1, 2003.

Fiscal Summary

State Effect: General fund expenditures would increase by an estimated \$1.59 million in FY 2004 to contract with an information technology vendor and to hire additional DJJ and DHR personnel. Future year expenditures reflect increased provider rates beginning in FY 2007 as well as salary increases and inflation. Revenues would not be affected.

(\$ in millions)	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	1.59	1.61	1.62	2.00	2.76
Net Effect	(\$1.59)	(\$1.61)	(\$1.62)	(\$2.00)	(\$2.76)

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

Local Effect: None.

Small Business Effect: Minimal. It is assumed that any expense increases associated with increased responsibilities for small business out-of-home placement providers would be passed on to the State through increased rates.

Analysis

Bill Summary: The bill provides that the system for outcomes evaluation must allow the State to monitor the care, supervision, education, and treatment provided in State-operated and State-supported programs. The system must include outcomes data for children at 6 and 12 month intervals following discharge from placements.

DJJ must ensure that the centralized database that warehouses outcomes evaluation data maintains the required confidentiality standards for the children placed in facilities. All cooperating agencies must facilitate the participation of the out-of-home placement facilities they monitor.

The bill also requires two intervening deadlines to be met prior to the final December 31, 2007 deadline. By July 31, 2004, the cooperating State agencies must have planned and developed the outcomes system. By July 31, 2005, the agencies must test the functionality of the system and make the necessary changes to ensure that the system functions properly.

Current Law: DJJ and other agencies that license and monitor out-of-home placements for children are not required to maintain a database of outcome measures for the placements.

Background: For a number of years, the Maryland Partnership for Children, Youth, and Families discussed the development of an interagency management information system to be used by frontline personnel. The system was envisioned as a means to share client data for case planning and case collaboration; identify resources for clients; and produce accurate interagency client data for planning, analysis, budgeting, and evaluation. A number of barriers, however, have impeded progress on the system.

Further evidence of the need for a statewide system to track children in out-of-home placements was uncovered by the Task Force to Study the Licensing and Monitoring of Community-Based Homes for Children. The task force met from February to September 2001 and submitted a final report in October 2001. The report noted that there is no centralized database of all licensed community-based homes and that there is no link

between funding and the quality of services provided by programs. The task force recommended that a database of licensed providers be developed and maintained.

State Expenditures: General fund expenditures would increase to: (1) contract with an information technology vendor to develop an information system that could capture service delivery and outcomes data as proposed in the bill (\$1.5 million per year); (2) pay additional provider fees to licensed out-of-home placement facilities (\$1.5 million annually); and (3) provide the proper staff at DJJ and DHR to coordinate efforts (\$90,000 to \$130,000 annually). Based on the deadlines set in the bill, the vendor contract and the additional personnel would be required in fiscal 2004, and the additional provider fees would not take effect until fiscal 2007 or 2008.

Contracting with an Information Technology Vendor

Beginning in fiscal 2004, it is assumed that DJJ, as the lead agency, would contract with a private vendor to develop an online database system that would allow out-of-home placement providers to enter client data. The vendor contract would continue through at least fiscal 2008, when all out-of-home placement facilities would have to track outcomes and enter data into the system. Although the cost to have a vendor develop the information system is difficult to estimate, it is expected that the contract would range from \$1 million to \$2 million per year. For purposes of the fiscal note, the annual cost is estimated at \$1.5 million. The high projected cost of the contract is in response to the factors and assumptions stated below.

- The database would be accessed online by individuals who have the proper clearance to view data, enter data, or download data from the system.
- The database would warehouse a very large data set. From fiscal 1997 to 2002, there were 28,000 to 30,000 children served each year in out-of-home placements. A large number of service delivery and outcome-related data elements would be collected for each child.
- The database would be required to maintain strict confidentiality policies to protect sensitive information about clients. Therefore, the system would allow for different access levels and would include very tight security controls.
- The database would integrate with a number of existing management information systems. State agencies that place children in residential facilities have databases that they currently use to track clients. Rather than eliminating the existing systems, it is assumed that existing systems would feed data into the new system.

- The system developed to implement the bill would include very specific data entry instructions and strict controls on data entered into the system to ensure that client records are accurate.
- Training on the new system would be included in the vendor contract.

Increased Provider Fees

It is assumed that out-of-home placement providers would require additional fees from the State to cover the costs of entering additional data into a new database. Based on an assumption of four additional hours of work per week for each licensed organization that operates a residential facility, DHR estimates new provider expenses of \$858,000 for the 165 organizations it licenses. These expenses would be passed on to the State through increased rates for community-based facilities.

DHR refers approximately 57% of all children in out-of-home placements. Assuming that \$858,000 represents 57% of the cost increase, expenditures for community-based placements would increase by approximately \$1.5 million.

By December 31, 2007, midway through fiscal 2008, all out-of-home placement facilities would be required to participate in outcomes evaluation efforts. However, it is assumed that some providers will begin to test the information system in fiscal 2007. Therefore, approximately one-quarter of the annualized costs would be incurred in fiscal 2007, three-quarters of the annualized cost would be incurred in fiscal 2008, and the full \$1.5 million annual impact would be incurred each year beginning in fiscal 2009.

Administrative Costs for the Department of Juvenile Justice and the Department of Human Resources

To oversee the outcomes evaluation efforts, DJJ and DHR would each need to hire one additional person, increasing general fund expenditures by an estimated \$91,400 in fiscal 2004. This estimate accounts for a 120-day start-up delay following the bill's June 1, 2003 effective date and includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Salaries and Fringe Benefits	\$76,790
Operating Expenses	<u>14,625</u>
Total FY 2004 Administrative Expenditures	\$91,415

Future year expenditures reflect: (1) full salaries with 4.5% annual increases and 3% employee turnover; and (2) 1% annual increases in ongoing operating expenses.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Juvenile Justice, Department of Human Resources, Maryland State Department of Education, Department of Health and Mental Hygiene, Department of Legislative Services

Fiscal Note History: First Reader - March 5, 2003
mdf/cer

Analysis by: Mark W. Collins

Direct Inquiries to:
(410) 946-5510
(301) 970-5510