

Department of Legislative Services  
Maryland General Assembly  
2006 Session

FISCAL AND POLICY NOTE  
Revised

House Bill 900 (Delegate Zirkin, *et al.*)

Health and Government Operations

Finance

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Residential Child Care Programs - Standards for Staff and System for Outcomes  
Evaluation

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This bill requires (1) by July 1, 2008, the creation and implementation of a system for outcomes evaluation of residential child care programs; (2) program providers to collect and report information necessary for the evaluation system; and (3) residential child care program direct care staff to meet minimum qualifications. The bill places these requirements under a recodified Article 49D – Children, Youth, and Family Services.

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Fiscal Summary

**State Effect:** Governor’s Office for Children (OC) general fund expenditures in FY 2007 could increase significantly to establish the outcomes evaluation system required by the bill. However, the cost cannot be reliably estimated at this time. No impact is expected in FY 2007 for provider rate increases because provider rates are already set for the year. Potential increase in provider rates in subsequent years if providers are required to develop and implement a direct care staff training program and pass that cost on to the State. No effect on revenues.

**Local Effect:** None.

**Small Business Effect:** Meaningful for small business residential child care providers who may not be able to retain or hire enough direct care workers who are 21 years old or older and who would be required to develop and implement a training program.

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## Analysis

### Bill Summary:

#### *System for Outcomes Evaluation*

The Department of Human Resources (DHR), the Department of Juvenile Services (DJS), and OC must develop, coordinate, and implement a system for outcomes evaluation for the office to measure the effectiveness of residential child care programs. The system must be used to:

- monitor the care, supervision, education, and treatment provided by State-operated and State-supported residential child care programs so that successful services can be expanded and services that do not produce positive results can be identified;
- assess the capacity of residential child care programs to meet the needs of a child requiring out-of-home placement in the child's community;
- effectively allocate resources based on demonstrated outcomes;
- establish an evaluation system for program performance including measures of safety, quality, and effectiveness; and
- complete an assessment of the State's residential child care program capacity that identifies residential child care programs in each community to serve the needs of a family that lives in the community.

The system for outcomes evaluation must use standardized measures of function to evaluate the child's:

- protection from harm while in out-of-home placement;
- stability of living environment;
- family situation and efforts to treat and counsel the family unit;
- educational and vocational development;
- job skills and employment readiness;

- cessation of drug and alcohol abuse;
- learning to not be aggressive; and
- postgraduate transition.

The measures of function to evaluate the child's post-discharge transition must include: arrest; re-arrest; re-arrest with a charge of a serious or violent offense; re-arrest with a waiver to the adult system; re-referral to DJS; re-adjudication and recommitment; and graduation from high school or successful completion of a high school equivalency examination.

OC, DHR, and DJS must consult with the University of Maryland, Baltimore in planning and implementing the system for outcomes evaluation. The system must ensure that collection and use of data in the system maintains the children's confidentiality.

The system must ensure that DHR and DJS:

- facilitate the participation of residential child care programs operated by DHR and DJS, or private agencies the departments have a contract with to place children in out-of-home care; and
- include in their contract with a private provider provisions requiring the program to collect and report to DHR or DJS child-specific demographic information and data necessary to evaluate changes in functioning of the child.

When reporting demographic information and data, DHR and DJS may not disclose personal identifiers and must ensure the confidentiality of the information about the children under their responsibility.

By October 1, 2007, and annually thereafter, OC, in coordination with DHR and DJS, must submit a report to the Governor and the General Assembly on the progress of implementing the system.

#### *Direct Care Staff Requirements*

The Department of Health and Mental Hygiene (DHMH), DHR, DJS, and OC must jointly adopt regulations requiring each residential child care program direct care staff member

- be at least 21 years old; and
- have completed a training program that is

approved by the licensing agency and supports the specific mission of the residential child care program in which the direct care staff member works.

### *Direct Care Staff Certification Recommendations*

Uncodified language in the bill requires OC, DHR, DJS, and DHMH – in cooperation with representatives of residential child care programs and other advocacy groups for children – to develop the required regulations and recommendations for a process and standards for certification of direct care staff of residential child care programs.

By January 1, 2007, OC must report to the General Assembly on the recommendations for the process and standards for certification of direct care staff.

**Current Law:** A residential child care program includes group homes, alternative living units, and emergency shelter care. A program must be licensed by DHMH, DHR, or DJS. Only one license is necessary for a provider, even if services are provided to children placed in a program from multiple State agencies. A core set of regulations establishes the “single point of entry” application process for residential child care providers and a core set of provider licensing standards. However, each department monitors the facilities they place children in differently.

Chapter 536 of 2004 required the Office for Children, Youth, and Families, now the Governor’s Office for Children (OC), in cooperation with DHR and DJS, to plan for and determine the cost of an objective and standardized system of outcomes evaluation for out-of-home placements used by State agencies. The agencies may consult with the University of Maryland, Baltimore to develop and implement the system. By September 1, 2004, OC, DHR, and DJS were required to submit a joint report on the system for outcomes evaluation for out-of-home placement of children. By July 31, 2005, the agencies were required to have planned and determined the cost of the system.

### **Background:**

#### *Outcomes Evaluation System*

In response to the reporting requirement of Chapter 536 of 2004, OC issued a report in August 2005 describing proposed outcomes to be measured, what outcome indicators would be tracked, and how readily available the indicator data are. A follow-up report addressing what would be needed to establish an outcomes evaluation system and how much it would cost to implement is expected to be released by OC by July 31, 2006.

During the 2005 interim, group home oversight was a topic of several hearings before the Senate Budget and Taxation Committee; the House Health and Government Operations Committee; and the Joint Committee on Children, Youth, and Families. During those hearings, legislators expressed concerns that group home oversight was not sufficient, group homes were concentrated in certain areas of the State, and certain providers were not adequately supervising and caring for the children they serve.

In fiscal 2004, Maryland placed 26,263 children in out-of-home placements at a cost of \$622 million. Group homes represent one form of out-of-home placements, with an average of 2,690 children residing in group homes each day at an annual cost of \$167 million. Group homes offer home-like settings that provide structure and 24-hour supervision, basic care, social work, and health care services. Many group homes utilize community-based ancillary services and enroll children in the local school system. Depending on the facility and the level of intensity of services, group home placements cost between \$34,000 and \$119,000 per child annually.

DHR, DHMH, and DJS license, monitor, and place children in group homes according to individual agency standards. DHR licenses and monitors 305 facilities (62%) and places approximately 80% of the children in group homes. DHMH licenses and monitors 167 facilities (34%) but places less than 1% of the children in group homes. DJS licenses 20 facilities (4%) and places approximately 19% of the children in group homes. DJS monitors all facilities in which it places children (124).

To become licensed as a group home, an applicant begins at OC, which serves as a “single point of entry” and refers applicants to the appropriate agency. Licenses are issued for two years and must be obtained for each facility. The licensing agencies monitor group homes by reviewing records, inspecting the facility, and interviewing staff and residents. When a child is placed in a group home, a caseworker from that agency (*e.g.*, the local department of social services caseworker for DHR) is assigned to that child and is responsible for visiting the child regularly to monitor the child’s progress and the appropriateness of placement.

The Department of Legislative Services (DLS) conducted a review of licensing, monitoring, and contracting practices relating to group homes in 2005, noting three major observations. First, the State is not a smart purchaser of group home services. Referral practices and provider rates are neither standardized nor guided by performance data. Second, there is insufficient financial oversight of group homes. The rate setting process does not include a review of audits or actual spending patterns, licensing agencies do not compare budgets submitted by providers to actual spending patterns, and group homes are not required to spend a minimum amount of funding on direct care. Finally, the licensing and monitoring process is disjointed. There is no single agency guiding the

system, and there are inconsistent practices and a lack of communication among agencies. There is no single point of entry for complaints about group homes, and particularly for DHR, there is tension between the dual roles of enforcing licensing standards and maintaining adequate placement capacity. The licensing and monitoring agencies have also found it difficult to perform the requisite number of inspections due to an insufficient number of staff.

### *DJS Outcomes*

DJS developed a system of reporting outcomes data for all residential vendors beginning in July 2004. Most nonresidential community-based service providers also are reporting outcome data to DJS at this time. Currently, DJS contracts include information reporting requirements. All residential and nonresidential programs are required to report on various performance measures. Data collected from providers is used to support renewal or termination of contracts. DJS is in the process of enhancing its existing system of outcome measures and reporting.

DJS currently reports aggregate recidivism data at one- and two-year intervals on youth discharged from a residential facility. DJS reports recidivism data based on a subsequent contact with the youth in the juvenile or adult system.

### **State Expenditures:**

#### *Outcomes Measurement System*

OC general fund expenditures in fiscal 2007 could increase significantly to establish the outcomes measurement system required by this bill, although the amount cannot be reliably estimated at this time. It is assumed that OC would contract with a private vendor to develop and maintain the system. OC stated that it currently does not have an estimate for how much the system would be. The bill requires OC to consult with the University of Maryland, Baltimore in planning and implementing the outcomes measurement system. Since the bill does not require OC to contract with the university, it is assumed that the university could consult with OC without increasing expenditures. There would be no other effect in fiscal 2007 because residential child care provider rates are already set for the year.

The Department of Legislative Services (DLS) advises that residential child care providers should be able to provide information regarding a child's well-being while in their care without increasing expenditures. Although the bill requires providers to collect post-discharge information on children in their care, DLS advises that this information actually would be collected by DHR and DJS. DHR collects some of the seven post-

discharge elements but did not provide DLS with a list of which elements it collects. In order to collect the remaining elements, the Maryland Children's Electronic Social Services Information Exchange (MD CHESSIE) would have to be modified. The fiscal 2007 budget includes \$3.0 million in general funds for MD CHESSIE enhancement and maintenance costs. DLS assumes that adding the necessary post-discharge elements could be done with these funds. DJS currently collects all of the required post-discharge data elements for children placed with residential child care providers.

#### *Direct Care Staff Training*

The bill also requires the providers' direct care staff to complete a training program specific to the mission of the program in which the member works that is approved by the licensing agency. It is not specified whether the training program would be provided by the licensing agency, the provider, or another entity. For the purposes of this analysis, it is assumed that because the training program must support the specific mission of the program in which the direct care staff member works, the provider would be required to develop and implement the training program. If providers currently have a training program employees must complete, this could meet the bill's requirements if the licensing departments approve the training program. If providers currently do not have a training program, it is assumed that providers would be required to develop an employee training program. Any costs associated with developing the training program and training employees would be passed on to the departments that place children in the program through higher rates.

Legislative Services advises that existing DHMH, DHR, and DJS staff could approve the training requirements.

#### *Direct Care Staff Age Requirement*

In addition, it is not known what percentage of residential child care provider direct care staff are age 21 or older. Providers' expenses related to employee turnover could increase depending on the number of employees who are not at least 21 years old. These costs as well would be passed on to the departments that pay the providers. DHMH's Developmental Disabilities Administration (DDA) stated that it does not expect this requirement to have a fiscal impact on the department.

#### *Direct Care Staff Certification Recommendations*

Further, DDA advises that the bill's uncodified requirement for DHMH, along with the other residential child care program licensing departments and OC, to develop recommendations for a process and standards for certification of direct care staff would

require DDA to mandate direct care staff become certified. As a result, DDA states that its expenditures would annually increase by \$583,176 (\$355,737 general funds/\$227,439 federal funds). DLS disagrees. The uncodified provision related to direct care staff certification only requires DHMH, DHR, DJS, and OC to develop recommendations related to direct care staff certification and report on those recommendations to the General Assembly by January 1, 2007. It does not require all direct care staff to be certified. These recommendations could be developed with DHMH, DHR, DJS, and OC existing budgeted resources.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Department of Juvenile Services; Department of Human Resources; Department of Health and Mental Hygiene; *Report to the General Assembly on House Bill 1146 Juvenile Causes – Children in Out-of-Home Placement – Plan for a System of Outcome Evaluation: Phase 1*, Governor’s Office for Children, August 26, 2005; Department of Legislative Services

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