Department of Human Services
Fiscal 2024 Budget Overview

Department of Legislative Services
Office of Policy Analysis
Annapolis, Maryland

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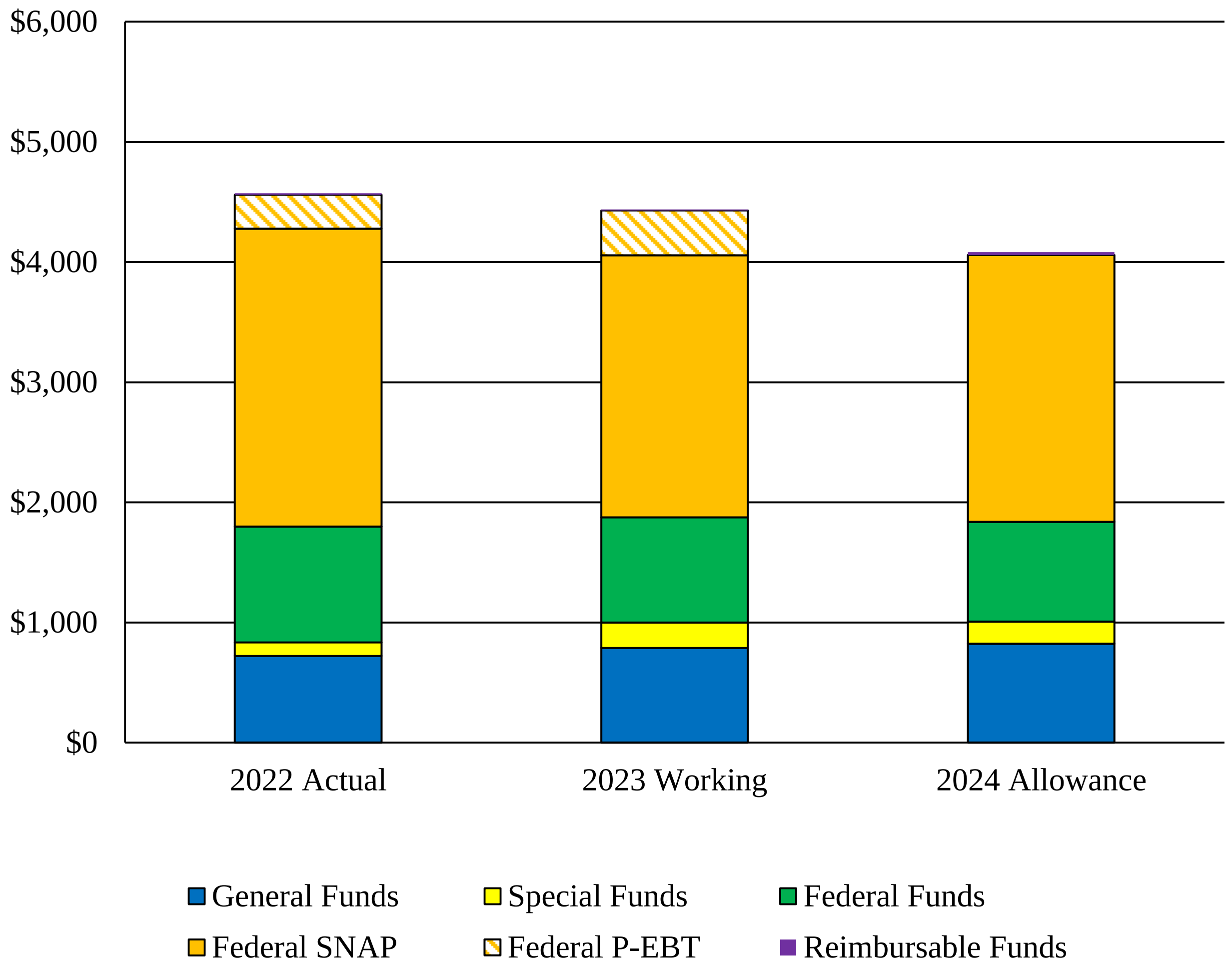
Department of Human Services
Fiscal 2024 Budget Overview

Funding by Source
Fiscal 2022-2024 Allowance
($ in Millions)

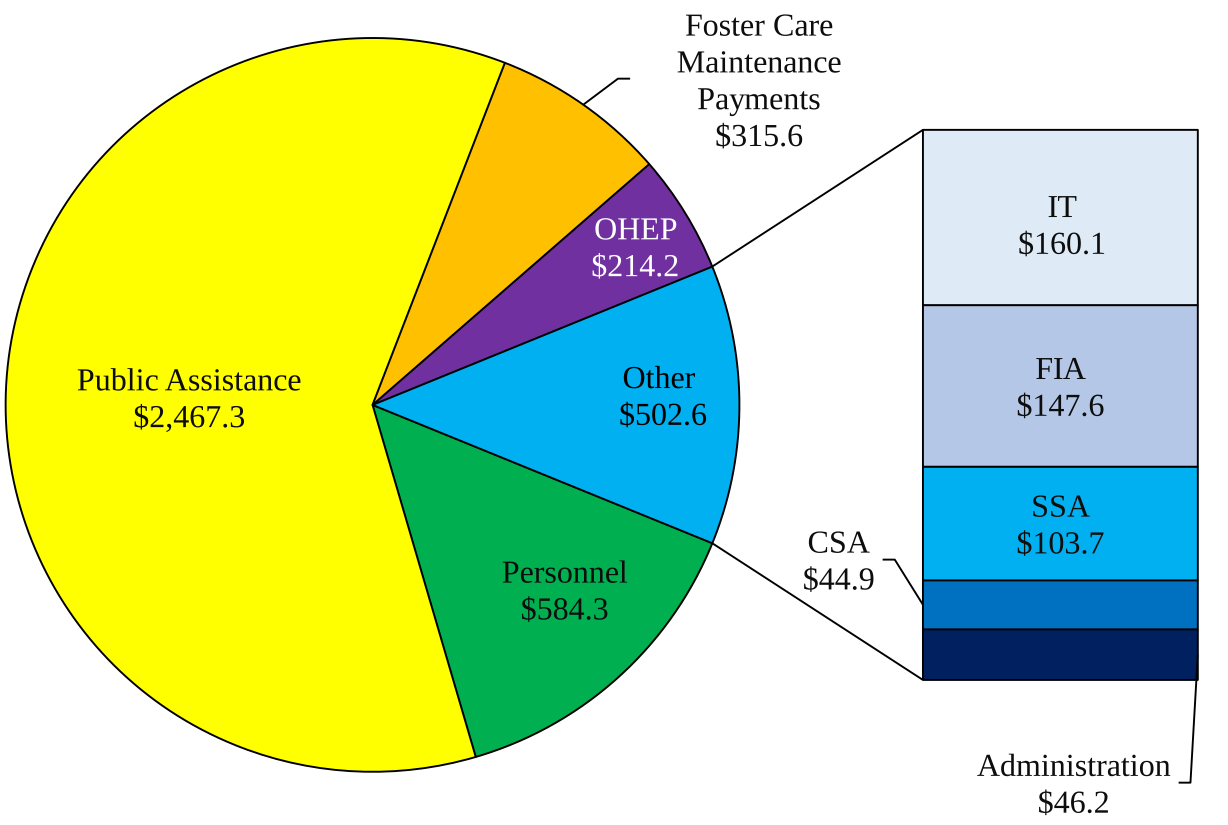


P-EBT: Pandemic Electronic Benefits Transfer
SNAP: Supplemental Nutrition Assistance Program

Note: The fiscal 2023 working appropriation includes deficiency appropriations including this agency's share of a deficiency appropriation budgeted in the Statewide Account within the Department of Budget and Management (DBM). Fiscal 2024 salary enhancements are budgeted in the Statewide Account within DBM.

Source: Governor's Fiscal 2024 Budget Books; Department of Legislative Services

Functional Breakdown of Spending
Fiscal 2024 Allowance
($ in Millions)



CSA: Child Support Administration
FIA: Family Investment Administration
IT: information technology
OHEP: Office of Home Energy Programs
SSA: Social Services Administration

Note: The fiscal 2024 allowance does not reflect funding for statewide personnel actions budgeted in the Statewide Account within the Department of Budget and Management.

Source: Governor's Fiscal 2024 Budget Books; Department of Legislative Services

Budget Overview: All Funds
Fiscal 2022-2024 Allowance
($ in Thousands)

	Actual 2022	Working App. 2023	Allowance 2024	$ Change 2023-2024	% Change 2023-2024
Family Investment (Excluding SNAP and P-EBT)	**$571,406**	**$571,421**	**$561,513**	**-$9,907**	**-1.7%**
TCA and Transitional Benefit	221,594	178,690	173,020	-5,670	-3.2%
Temporary Disability Assistance Program	44,132	50,406	43,641	-6,765	-13.4%
Supplemental SNAP Benefit	2,761	11,567	11,567	0	0.0%
Other Public Assistance	13,107	19,676	19,246	-430	-2.2%
Work Opportunities	26,951	29,197	29,208	11	0.0%
Office of Grants Management	24,338	26,401	16,551	-9,850	-37.3%
Administration	238,524	255,483	268,279	12,796	5.0%
Office of Home Energy Programs	**$238,603**	**$224,171**	**$215,419**	**-$8,753**	**-3.9%**
Social Services Administration	**$616,548**	**$698,421**	**$690,821**	**-$7,600**	**-1.1%**
Foster Care/Adoption	293,578	333,930	315,552	-18,378	-5.5%
Programs/Administration	322,970	364,491	375,268	10,778	3.0%
Child Support	**$95,087**	**$101,145**	**$104,858**	**$3,713**	**3.7%**
Administration	**$291,065**	**$274,787**	**$291,476**	**$16,689**	**6.1%**
Office of the Secretary	31,964	30,988	28,770	-2,217	-7.2%
Operations	33,553	36,025	41,238	5,214	14.5%
Information Management	181,120	159,811	171,127	11,316	7.1%
Local Department Operations	44,428	47,964	50,340	2,376	5.0%
Statewide Employee Compensation Adjustment: November 2022 4.5% COLA		**$11,944**			
Total	**$1,812,709**	**$1,881,889**	**$1,864,087**	**-$17,802**	**-0.9%**
General Funds	$721,859	$788,097	$824,180	$36,083	4.6%
Special Funds	111,297	209,871	184,080	-25,791	-12.3%
Federal Funds (Excluding SNAP and P-EBT)	965,898	875,978	830,750	-45,228	-5.2%
Reimbursable Funds	13,655	7,943	25,077	17,134	215.7%
Total Funds (Excluding Federal SNAP and P-EBT)	**$1,812,709**	**$1,881,889**	**$1,864,087**	**-$17,802**	**-0.9%**
Federal SNAP Benefits	$2,479,670	$2,183,717	$2,219,807	$36,091	1.7%
Federal P-EBT Benefits	281,400	371,306	0	-371,306	-100.0%
Total (Including Federal SNAP and P-EBT)	**$4,573,778**	**$4,436,912**	**$4,083,894**	**-$353,018**	**-8.0%**

COLA: cost-of-living adjustment
P-EBT: Pandemic Electronic Benefits Transfer
SNAP: Supplemental Nutrition Assistance Program
TCA: Temporary Cash Assistance

Note: Numbers may not sum to total due to rounding. The fiscal 2023 working appropriation includes deficiency appropriations including this agency's share of a deficiency appropriation budgeted in the Statewide Account within the Department of Budget and Management (DBM). The fiscal 2024 allowance does not reflect funding for statewide personnel actions budgeted in DBM. Supplemental SNAP includes the Summer SNAP for Children and Supplemental Benefit for Seniors programs.

Source: Governor's Fiscal 2024 Budget Books; Department of Legislative Services

Budget Overview: General Funds
Fiscal 2022-2024 Allowance
($ in Thousands)

	Actual 2022	Working App. 2023	Allowance 2024	$ Change 2023-2024	% Change 2023-2024
Family Investment	**$149,043**	**$187,727**	**$215,318**	**$27,590**	**14.7%**
TCA Payments	24,458	39,220	60,000	20,780	53.0%
TDAP	31,038	38,189	37,531	-658	-1.7%
Supplemental SNAP Benefit	2,761	11,567	11,567		0.0%
Other Public Assistance	8,298	9,899	9,899	0	0.0%
Office of Grants Management	8,038	8,971	9,121	150	1.7%
Administration	74,450	79,881	87,199	7,318	9.2%
Office of Home Energy Programs	**$0**	**$80**	**$95**	**$15**	**18.3%**
Social Services Administration	**$401,487**	**$437,430**	**$455,744**	**$18,314**	**4.2%**
Foster Care/Adoption	215,224	240,489	247,037	6,548	2.7%
Programs/Administration	186,263	196,940	208,706	11,766	6.0%
Child Support	**$19,122**	**$20,037**	**$20,739**	**$702**	**3.5%**
Administration	**$152,207**	**$136,526**	**$132,285**	**-$4,242**	**-3.1%**
Office of the Secretary	23,070	22,728	20,074	-2,654	-11.7%
Operations	20,791	17,039	20,970	3,930	23.1%
Information Management	80,723	68,342	61,415	-6,927	-10.1%
Local Department Operations	27,623	28,416	29,825	1,408	5.0%
Statewide Employee Compensation Adjustment: November 2022 4.5% COLA		**$6,297**			
Total	**$721,859**	**$788,097**	**$824,180**	**$36,083**	**4.6%**

COLA: cost-of-living adjustment
SNAP: Supplemental Nutrition Assistance Program
TCA: Temporary Cash Assistance
TDAP: Temporary Disability Assistance Payment

Note: Numbers may not sum to total due to rounding. The fiscal 2023 working appropriation includes deficiency appropriations including this agency's share of a deficiency appropriation budgeted in the Statewide Account within the Department of Budget and Management (DBM). The fiscal 2024 allowance does not reflect funding for statewide personnel actions budgeted in DBM. Supplemental SNAP includes the Summer SNAP for Children and Supplemental Benefit for Seniors programs.

Source: Governor's Fiscal 2024 Budget Books; Department of Legislative Services

Fiscal 2023 Actions

Deficiency Appropriations

The fiscal 2024 budget proposes deficiency appropriations totaling $682.4 million across the Department of Human Services (DHS) primarily reflecting the availability of federal funding due to enhanced Supplemental Nutrition Assistance Program (SNAP) benefit levels and higher anticipated caseloads, various available stimulus funds, and funds available through other federal legislation. General funds increase by $27.5 million, primarily due to adjustments to the fund split for the Montgomery County Block Grant to better reflect recent experience. Montgomery County receives a block grant for child welfare, adult services, family investment, and administrative expenditures rather than operating like local departments of social services (LDSS) in other jurisdictions. The same type of spending in other jurisdictions would be split among personnel, administrative, and other contracts and grants spending. In addition to agency specific deficiency appropriation, DHS's allocation of a statewide deficiency appropriations totals $11.9 million, representing the agency's share of the November 2022 4.5% cost of living adjustment, which is budgeted in the Statewide Account within the Department of Budget and Management.

Deficiency Appropriations, by Purpose
Fiscal 2023
($ in Thousands)

	General Fund	Special Fund	Federal Fund	Reimb. Fund	Total Fund
Federal Funds for SNAP and P-EBT Benefits			$595,078		$595,078
Supplemental LIHEAP and LIHWAP Funds, as Provided under Federal Legislation			28,192		28,192
Support for Legacy IT Systems Contracts	$7,812		7,443		15,255
Montgomery County Block Grant Fund Split Adjustments	13,433				13,433
November 2022 4.5% COLA (Budgeted within DBM)	6,297	$309	5,338		11,944
ARPA SNAP Administrative Grant to Assist in Case Processing			7,002		7,002
COVID-19 Federal Relief Funds for Child Welfare Services			6,544		6,544
COVID-19 Federal Relief Funds for Adult Services			4,969		4,969
Total	**$27,542**	**$309**	**$654,566**	**$0**	**$682,416**

ARPA: American Rescue Plan Act
COLA: cost-of-living adjustment
DBM: Department of Budget and Management
IT: information technology
LIHEAP: Low Income Home Energy Assistance Program
LIHWAP: Low Income Household Water Assistance Program
P-EBT: Pandemic Electronic Benefits Transfer
SNAP: Supplemental Nutrition Assistance Program

Proposed Budget Changes
Department of Human Services
Fiscal 2023-2024
($ in Thousands)

	General Fund	Special Fund	Federal Fund	Reimb. Fund	Total
2023 Working Appropriation	$788,097	$209,871	$3,431,001	$7,943	$4,436,912
2024 Governor's Allowance	824,180	184,080	3,050,557	25,077	4,083,894
Amount Change	36,083	-25,791	-380,444	17,134	-353,018
Percent Change	5.6%	-12.3%	-11.1%	215.7%	-8.0%

Where It Goes:	Change
Personnel Expenses	
Employee and retiree health insurance premiums	$11,891
Miscellaneous salary adjustments – departmentwide step increases for public-facing staff	10,478
Annualization of November 2022 4.5% COLA	5,931
Employee retirement contributions	1,197
Other fringe benefit adjustments	50
Workers' compensation	-213
Regular earnings primarily due to budgeting vacant positions at lower salaries	-577
Overtime earnings	-713
Turnover adjustments	-835
Assistance Payments	
SNAP primarily due to a higher anticipated benefit partially offset by a lower caseload	36,091
Public Assistance to Adults local funds to reflect recent experience	-430
TCA primarily due to an anticipated decrease in caseload	-5,670
TDAP to reflect anticipated caseload	-6,765
Pandemic Electronic Benefits Transfer	-371,306
Foster Care Maintenance Payments	
Foster care maintenance payments reflecting lower estimated caseloads, changes in placement costs, and provider rate increases	-18,378
Family Investment Administration	
Maryland Office for Refugees and Asylees contracts and grants federal funding due to an increase in humanitarian immigrants	15,018
Asset verification contract to align with recent experience	719
Fiscal 2023 grant to food banks from Dedicated Purpose Account (DPA) (same amount of funding is provided in fiscal 2024 in the DPA)	-10,000

Where It Goes:	**Change**
End of funding for SNAP administrative grant from the ARPA used for contractual FTEs to support case management	-17,234
Office of Home Energy Programs	
Additional SEIF fund revenue allocated for energy assistance	16,216
Limited-time federal funds available to support Chapters 638 and 639 of 2021	-570
Federal COVID-19 relief funds for LIHWAP program water assistance	-3,368
Supplemental LIHEAP program funds allocated by federal legislation in fiscal 2023	-21,244
Information Technology	
MD THINK system contracts for operating and maintenance expenses	23,600
Office of Home Energy Programs Automated Fiscal System contracts	1,471
EBT Electronic Payment Processing and Information Control system contracts	469
Fiscal 2023 deficiency appropriation for legacy IT systems support contracts	-15,255
Social Services Administration	
Contracts for children's mental health services and the tracking and reporting of health care services to children in out of home placements in Baltimore City	4,081
Supplemental federal stimulus funds for adult services	-4,969
Supplemental federal stimulus funds for child welfare services	-6,544
Other Changes	
Rent for new DHS headquarters building lease	3,761
Montgomery County Block Grant	2,699
Other	622
Maryland Legal Services Program	-3,241
Total	**-$353,018**

ARPA: American Rescue Plan Act
COLA: cost-of-living adjustment
DHS: Department of Human Services
EBT: electronic benefits transfer
FTE: full-time equivalent
IT: information technology
LIHEAP: Low Income Home Energy Assistance Program
LIHWAP: Low Income Household Water Assistance Program
MD THINK: Maryland Total Human Services Information Network
SEIF: Strategic Energy Investment Fund
SNAP: Supplemental Nutrition Assistance Program
TCA: Temporary Cash Assistance
TDAP: Temporary Disability Assistance Payment

Note: Numbers may not sum to total due to rounding. The fiscal 2023 working appropriation includes deficiency appropriations including this agency's share of a deficiency appropriation budgeted in the Statewide Account within the Department of Budget and Management (DBM). The fiscal 2024 allowance does not reflect funding for statewide personnel actions budgeted in DBM.

Source: Governor's Fiscal 2024 Budget Books; Department of Human Services; Department of Legislative Services

Caseload Estimates Assumed in the Budget
Fiscal 2021-2024 Estimated

Program	Actual 2021	Actual 2022	Estimated 2023	Estimated 2024	% Change 2023-2024
Cash Assistance					
TCA	62,552	56,530	52,053	50,000	-4%
TCA Transitional Benefit	2,130	6,790	2,130	2,130	0%
TDAP	12,835	9,242	11,282	9,750	-14%
SNAP Supplemental Benefit[1]	0	0	27,363	27,363	0%
Federal SNAP Cases	479,694	341,492	396,996	341,492	-14%
Child Welfare					
Foster Care	2,821	2,614	2,892	2,679	-7%
Subsidized Adoption/Guardianship	8,168	7,888	8,294	7,880	-5%
Child Support					
TCA Collections	$21,333,516	$19,017,262	$18,322,696	$17,682,381	-3%
Non-TCA Collections	521,223,195	491,597,823	497,398,541	503,196,068	1%
Total Collections	**$542,556,711**	**$510,615,085**	**$515,721,237**	**$520,878,449**	1%

SNAP: Supplemental Nutrition Assistance Program
TCA: Temporary Cash Assistance
TDAP: Temporary Disability Assistance Payment

[1] The SNAP Supplemental Benefit program was effectively suspended throughout the pandemic due to the availability of SNAP emergency allotments.

Note: The TCA Transitional Benefit figure represents all recipients expected to receive the benefit in the year. All other cash assistance figures are provided in average monthly recipients.

Source: Governor's Fiscal 2023 and 2024 Budget Books; Department of Human Services; Department of Budget and Management

Employment: Full-time Equivalent Regular Positions and Contractual Positions
Fiscal 2022-2024

	Actual 2022	Working 2023	Allowance 2024	Change 2023-2024
Regular Positions				
Social Services	2,629.45	2,626.68	2,627.18	0.50
Family Investment	1,993.30	1,917.80	1,917.30	-0.50
Administration	762.23	760.00	760.00	0.00
Child Support	652.20	652.20	652.20	0.00
Office of Home Energy Programs	13.50	14.00	14.00	0.00
Total Positions	**5,990.68**	**5,970.68**	**5,970.68**	**00.00**
Contractual Positions				
Social Services	3.00	2.50	2.50	0.00
Family Investment	96.16	70.00	70.00	0.00
Administration	41.58	3.33	3.33	0.00
Child Support	19.93	1.00	1.00	0.00
Office of Home Energy Programs	0.00	0.00	0.00	0.00
Total Positions	**160.67**	**76.83**	**76.83**	**0.00**

Note: Does not account for contractual full-time equivalents deployed in the Family Investment Administration under a Supplemental Nutrition Assistance Program administrative grant available through federal stimulus funds.

Source: Governor's Fiscal 2024 Budget Books

Filled Regular Positions
Fiscal 2021-2023
January 1 Data

	2021			2022			2023			Change in	Change in
	Filled	**Authorized**	**% Filled**	**Filled**	**Authorized**	**% Filled**	**Filled**	**Authorized**	**% Filled**	**Filled**	**% Filled**
Administration	674.7	797.2	84.6%	664.7	762.2	87.2%	667.0	760.0	87.8%	2.3	0.6%
Social Services	2,411.5	2,648.5	91.1%	2,286.7	2,629.5	87.0%	2,191.0	2,626.7	83.4%	-95.8	-3.6%
Child Support	588.2	664.2	88.6%	561.2	652.2	86.0%	566.7	652.2	86.9%	5.5	0.8%
Family Investment	1,721.8	2,008.2	85.7%	1,595.8	1,946.8	82.0%	1,635.8	1,931.8	84.7%	40.0	2.7%
Total	**5,396.2**	**6,118.1**	**88.2%**	**5,108.5**	**5,990.7**	**85.3%**	**5,060.5**	**5,970.7**	**84.8%**	**-48.0**	**-0.5%**

Note: Numbers may not sum to total due to rounding. Fiscal 2022 authorized positions include positions abolished in the fiscal 2023 budget and thus were not available to be filled.

Source: Governor's Fiscal 2023 and 2024 Budget Books; Department of Budget and Management; Department of Legislative Services

Issues

1. Hospital Overstays for Children and Youth in Out-of-home Care

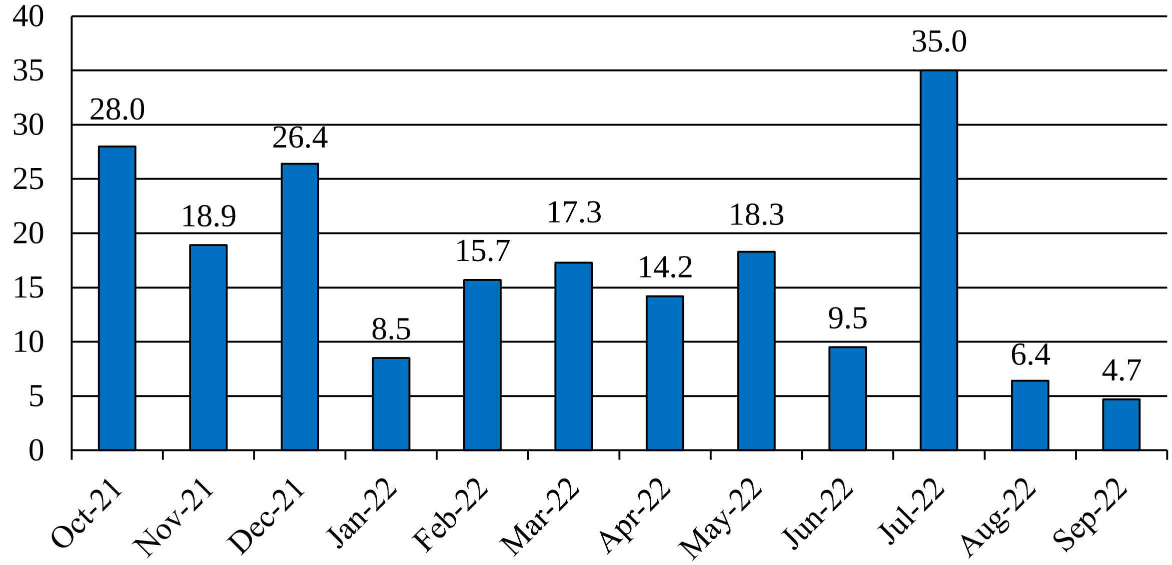
Due to concerns raised surrounding the length of hospital stays and stays in emergency rooms for children and youth in State custody, in recent years, the General Assembly has requested, and DHS has submitted, data regarding youth in out-of-home placements served in hospitals. Of particular concern are youth who experience lengthy stays in emergency rooms awaiting placement and inpatient hospitalizations for medical and/or psychiatric reasons that extend beyond what is deemed medically necessary. These overstays occur due to difficulties in securing placements for children with complex behavioral or physical health needs due to a lack of providers meeting the needs of these children and limited capacity for providers that do.

In response to committee narrative in the 2022 *Joint Chairmen's Report* (JCR), DHS submitted a report providing data on the number of youth served in emergency rooms for psychiatric evaluation or crisis and the average length of stay (ALOS) for these visits, the number of inpatient admissions of youth to medical and psychiatric hospitals and the ALOS for these hospital stays, the length of stay beyond medical necessity for both hospital types, and data on placements after discharge from inpatient hospital stays for the period of October 2021 to September 2022. DHS noted that the data is based on self-reported information from the 24 LDSSs. DHS previously reported similar data for the period between October 2019 and September 2021.

Emergency Room Visits for Psychiatric Evaluation or Crisis

DHS reported that between October 2021 and September 2022, there were a total of 150 youth in out-of-home placements admitted to an emergency room for psychiatric evaluation or crisis. ALOS for these emergency room admissions are shown in **Exhibit 1**. For all emergency room visits during this period, the ALOS was 16.9 days but ranged from a low of 4.7 days in September 2022 to a high of 35 days in July 2022. Comparatively, DHS previously reported 130 youth admitted to emergency rooms between October 2020 and September 2021 with an ALOS of 14 days reported for emergency room admissions between January and September 2021.

Exhibit 1
Average Length of Stay for Emergency Room Visits (in Days)
October 2021 to September 2022



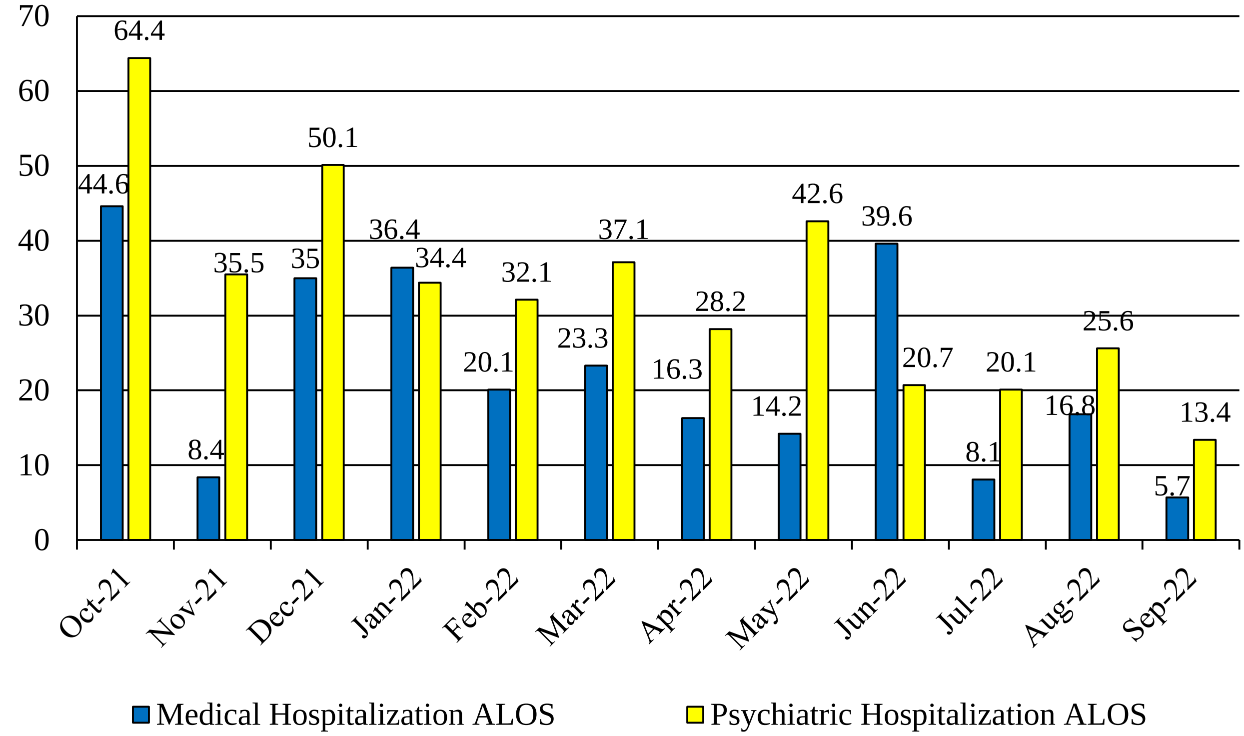
Source: Department of Human Services

Average Length of Stay for Medical and Psychiatric Hospital Admissions

For the period between October 2021 and September 2022, DHS reported that there were a total of 130 admissions to medical hospitals and 160 admissions to psychiatric hospitals among youth in out-of-home placements. Comparatively, DHS previously reported 142 admissions to medical hospitals and 148 admissions to psychiatric hospitals in the prior year between October 2020 and September 2021.

Exhibit 2 shows the ALOS for these hospital stays for the October 2021 to September 2022 period. Overall, ALOS for youth admitted to the hospital during this time period averaged 32.4 days for medical hospitalizations and 33.7 days for psychiatric hospitalizations. In comparison, ALOS between January 2021 and September 2021 was 19 days for medical hospitalizations and 26 days for psychiatric hospitalizations. During the October 2021 to September 2022 period, ALOS ranged from a low of 5.7 days in September 2022 and a high of 44.6 days in October 2021 for medical hospitalizations and a low of 13.4 days in September 2022 and a high of 64.4 days in October 2021 for psychiatric hospitalizations.

Exhibit 2
Average Length of Stay for Inpatient Medical and Psychiatric Hospitalizations (in Days)
October 2021 to September 2022



ALOS: average length of stay

Note: ALOS is calculated based on the length of stay for youth admitted to a hospital in a given month.

Source: Department of Human Services

Hospital Overstays

Data on the number of children and youth experiencing inpatient hospital stays deemed longer than medically necessary and the length of these hospital overstays is shown in **Exhibit 3**. Between October 2021 and September 2022, DHS reported 123 youth as having experienced an overstay in a hospital setting for medical or psychiatric reasons. Youth hospitalized for psychiatric reasons experienced more hospital overstays and significantly more overstay days compared to youth hospitalized for medical reasons. Among youth hospitalized for medical reasons, 14 youth experienced overstays totaling 510 overstay days, and 109 youth hospitalized for psychiatric reasons experienced overstays totaling 3,627 overstay days. Particularly among overstays for youth hospitalized for medical reasons, the total number of overstay days and the average length of overstay days is primarily driven by a small number of youth in January and May, who experienced significantly longer overstays compared to youth in other months. This is likely also the case to some extent among overstays for youth hospitalized for psychiatric reasons, as the total number of overstay days and average length of an overstay are noticeably higher in some months compared to others. DHS notes that overall, 29% of youth experiencing an overstay during this time period experienced an overstay of less than 5 days.

Exhibit 3
Medical and Psychiatric Hospital Stays Longer Than Medically Necessary
October 2021 to September 2022

	Youth Entering a Medical Overstay	Total Overstay Days	Average Length of Overstay (Days)	Youth Entering a Psychiatric Overstay	Total Overstay Days	Average Length of Overstay (Days)
October 2021	1	26	26	10	565	56.5
November 2021	2	4	2	19	626	32.9
December 2021	2	14	7	10	474	47.4
January 2022	3	264	88	5	215	43
February 2022	0	0	0	4	86	21.5
March 2022	1	47	47	9	247	27.4
April 2022	0	0	0	12	414	34.6
May 2022	2	108	54	11	247	22.5
June 2022	2	3	1.5	5	298	59.6
July 2022	1	44	44	7	256	36.6
August 2022	0	0	0	11	137	12.5
September 2022	0	0	0	6	62	10.3

Note: Total overstay days and average length of overstay are calculated based on the month that the youth entered overstay status, and the total number of days in overstay status for the youth entering overstay status that month.

Source: Department of Human Services

Comparatively, DHS previously reported that between January 2021 and September 2021, a total of 12 youth experienced overstays for medical reasons totaling 171 overstay days, and 74 youth experienced overstays for psychiatric reasons totaling 1,250 overstay days.

Placement After Discharge

DHS reports that a total of 422 youth were discharged from medical or psychiatric hospitalizations during federal fiscal 2023. As shown in **Exhibit 4**, the most common placement types after discharge were Treatment (Private) Foster Care and Residential (Group Home) Child Care, which included over half of total placements after discharge. For medical discharges, the most common placement after discharge was Treatment Foster Care, which included 47% of placements. For psychiatric discharges, the most common placement after discharge was Residential (Group Home) Child Care, which included 30% of placements. A total of 11 youth were placed with out of state providers, including 9 placed with a Residential Treatment Center (RTC).

Exhibit 4
Placement Types Following Discharge from Inpatient Medical and Psychiatric Hospitalizations
Federal Fiscal 2022

	Medical		Psychiatric		
	In-state	**Out-of-state**	**In-state**	**Out-of-state**	**Total**
Reunification	8	0	11	0	19
Independent Living	12	0	8	0	20
Residential Child Care (Group Homes)	20	0	85	0	105
Residential Treatment Center	4	1	45	8	58
Treatment Foster Care	59	0	60	0	119
Other	23	0	76	2	101
State Youth Population	**126**	**1**	**285**	**10**	**422**

Source: Department of Human Services

Governor's Office of Crime Prevention, Youth, and Victim Services Fiscal 2022 Out-of-home Placement Report

The Governor's Office of Crime Prevention, Youth, and Victim Services (GOCPYVS), in coordination with child-serving State agencies, is responsible for preparing an annual report providing analysis of the State's capacity for and utilization of out-of-home placements, costs, and to identify areas of need. The *FY 22 State of Maryland Out-of-Home Placement and Family Preservation Resource Plan* finds that RTCs and other high-level residential programs in Maryland currently do not offer an adequate level of services on an ongoing basis to fully address the needs of youth who are at most risk of experiencing a hospital overstay. Furthermore, the continued closure of these facilities in recent years has resulted in increased wait times between referral for these services and placement, exacerbating the challenges already facing the continuum of care for children and youth in Maryland.

As reported by GOCPYVS, there were a total of 170 providers of out-of-home residential placement programs for Maryland youth in fiscal 2022. Of this total, 115 were identified as being trauma-informed treatment providers and 36 providers were out-of-state providers, including 22 out of 29 RTC providers. Summary data on these providers is shown in **Exhibit 5**.

Exhibit 5
Out-of-home Residential Placement Programs for Maryland Youth
Fiscal 2022

Provider Subcategory	Total Providers	Average Capacity
Developmental Disability Home	5	20.60
Diagnostic Evaluation Unit	3	18.00
Group Home	51	19.84
Independent Living	16	23.06
Juvenile Commitment Placement	12	48.42
Other Community-based Placement	1	12.00
Residential Treatment Center	29	87.59
Substance Use and Addiction Placement	4	80.00
Treatment Foster Care	37	49.66
Treatment Foster Care – Medically Fragile	5	35.60
Treatment Foster Care – Teen Mother Program	7	15.71
Total	**170**	**410.48**

Source: Governor’s Office of Crime Prevention, Youth, and Victim Services

Strategies to Close Service Gaps and Reduce Hospital Overstays

In fiscal 2022 and 2023, DHS, the Maryland Department of Health (MDH) Behavioral Health Administration (BHA), and other members of the Maryland Children’s Cabinet continued their focus on targeted resource development to work to close service gaps for youth in out-of-home care, including investing financial and personnel resources to define and address bed needs across the continuum of care. In recent years funding has been provided in the budget of BHA to assist in addressing issues related to hospital overstays, including $5 million beginning in fiscal 2022 and $15 million for a tiered rate structure for RTCs provided in fiscal 2023. Funding for both purposes continues in the fiscal 2024 allowance.

In response to committee narrative in the 2022 JCR, in January 2023, BHA submitted a report on how previously allocated funding has been used to assist with the placement of youth with complex health needs in RTCs in order to prevent hospital overstays. BHA is not a child placing agency; however, it funds placements in RTC through Medicaid, including for youth in out-of-home placements through DHS. RTCs provide intensive mental health treatment and other critical care to children and youth facing serious behavioral health challenges while living onsite. According to the report, in fiscal 2022, Medicaid funded 146 placements in an RTC for youth who were not under the care of another agency.

BHA is currently working with RTC providers and Medicaid partners on rate rebasing efforts and regarding specialized or enhanced bed capacity for youth experiencing acute placement challenges. Additionally, BHA and MDH Operations purchased six additional high intensity beds for the intellectual or developmental disability population and are finalizing RTC licensure/certification for four new "high acuity" RTC beds. BHA has indicated that it will also expand outreach to out-of-state RTC providers to encourage joining the Maryland Medicaid provider network.

BHA reports that in an effort to better attract and retain RTC providers, MDH has rebased the current provider rate and is in the process of amending the Code of Maryland Regulations to increase the daily rate cap for RTCs from $750 to $850 per day. Furthermore, rate rebasing will now be required to occur between every two to four years. MDH anticipates the amended regulations necessary to make these changes will go into effect in early 2023.

BHA has also undertaken efforts to create opportunities for providers to seek exceptions to the determined rate for RTC services when appropriate. When treating children with particularly complex health needs, RTCs may require enhanced staffing and clinical oversight, which can exceed upper payment limit rules for Medicaid, requiring an exception to the standard reimbursement rate and payment with State-only funds. MDH has created opportunities for RTCs to seek reimbursement in these cases through entering into a contractual agreement to reimburse the RTC for an amount in excess of the target rate. MDH estimates that between 50 and 100 children with acute medical needs fall into this category annually.

In addition to efforts taken by BHA pertaining to RTCs, DHS continues to seek provider resources for youth with complex behavioral health needs. Following the creation of 49 additional specialized high-intensity group home beds in fiscal 2021, DHS issued an additional statement of need: request for proposals (RFP) in November 2021 for 60 community based beds for diagnostic services and psychiatric respite care. However, the RFP was closed in February 2022 after receiving no responses. DHS plans to continue to work toward expansion of services with new and existing providers. In addition, continuing efforts by DHS to implement evidence-based practices under the Family First Prevention Services Act to increase services and support available to children and their families may prevent the need for more intensive services in some instances.

2. Temporary Assistance for Needy Families Update

Temporary Assistance for Needy Families (TANF) is the primary federal fund support for cash assistance. TANF funds must be used for one of four purposes:

- providing assistance to needy families so that children can be cared for in their homes;

- reducing the dependence of needy families by promoting job preparation, work, and marriage;
- preventing and reducing out-of-wedlock pregnancies; and
- encouraging the formation and maintenance of two-parent families.

TANF may also be used for items authorized under the prior federal law (for programs it was replacing). A certain percentage of the funding is also authorized to be transferred to certain other block grants and funds.

Funding through TANF is primarily provided through a block grant amount, which is largely unchanged since the program's initiation. Since fiscal 2017, Maryland has annually received $228 million from the federal TANF block grant. The same amount is expected to be available in fiscal 2024. Maryland has also received TANF contingency funds each year since the Great Recession. Contingency funds are available to states meeting certain criteria related to SNAP participation or unemployment. In order to receive TANF contingency funds, a state must meet one of two conditions:

- an unemployment rate of at least 6.5% and that is 10% higher in a three-month period compared to the same three-month period in either of the two prior years; or
- a SNAP caseload that is 10% higher in a three-month period than in a corresponding three-month period in 1994 or 1995.

Maryland continues to qualify for these funds because of SNAP caseload changes over that period and, as long as the criteria remain unchanged, will continue to qualify for the foreseeable future. The amount of contingency funds received year to year has varied throughout the period of receipt but has been relatively steady in recent years. From fiscal 2020 through 2022, Maryland received $27.2 million of these funds, and DHS projects to receive the same level in fiscal 2023 and 2024.

Pandemic Emergency Assistance Funds

The American Rescue Plan Act (ARPA) provided states with an additional source of TANF, the Pandemic Emergency Assistance Funds. These funds were available until September 30, 2022. These funds were available to be used for administrative costs and nonrecurrent short-term benefits. Guidance by the U.S. Department of Health and Human Services, Administration for Children and Families, Office of Family Assistance stated that nonrecurrent short-term benefits using these funds must:

- be designed to deal with a specific crisis or episode of need;
- not be intended for meeting ongoing needs; and

- not extend beyond four months;

- only include expenditures such as emergency assistance and diversion payments, emergency housing and short-term homelessness assistance, emergency food aid, short-term utility payments, burial assistance, clothing allowances, back-to-school payments; and

- may not include tax credits, child care, transportation, or short-term education and training.

The Office of Family Assistance provided examples of eligible uses of funds. These examples included:

- one-time payment for all current TANF recipient families to assist with added costs caused by the pandemic;

- a benefit to provide extra cash to replace lost wages to families with children eligible to receive means-tested benefits including SNAP impacted by the pandemic;

- assistance for families behind in rent or experiencing housing insecurity due to the pandemic;

- payment for hotel rooms and meal delivery for people quarantining away from their families; and

- a voucher for utility bill arrearages due to financial issues resulting from the pandemic.

In addition, guidance indicated that the funds must be used to supplement and not supplant other federal or state funds.

Maryland received $17.8 million from the Pandemic Emergency Assistance Fund, which were appropriated in fiscal 2022 through a deficiency appropriation. DHS used the funds in three ways: (1) a phase-down from additional benefits provided during calendar 2021 in the first four months of calendar 2022 ($11.5 million); (2) regular Temporary Cash Assistance (TCA) benefits ($6.2 million); and (3) job retention bonuses ($14,750). The job retention bonuses were available to TCA recipients that maintained employment at four ($350) and six months ($400).

The Department of Legislative Services is concerned that the use of the Pandemic Emergency Assistance Fund for regular TCA benefits violates the federal guidance on the use of the funds in two ways. First, the requirement was for these funds to be used for nonrecurrent short-term benefits, even if the regular TCA benefits funded with these funds lasted for no more than four months; this spending does not meet the guidance on how these funds can be used. Second, since DHS subsequently reverted and transferred general funds originally budgeted for TCA in fiscal 2022, using these funds for regular benefits indicates that these funds supplanted other federal or State funds that would have been used for this purpose. For example, the department reverted $1.2 million that DHS indicated was due to the use of federal funds in lieu of general funds for TCA. In addition, DHS transferred $36.7 million of general funds in the Assistance Payments program due to lower caseloads in several programs including TCA. **DHS should discuss how it determined the use of the Pandemic Emergency Assistance Fund for regular TCA benefits was an allowable use of funds and whether it has confirmed with the Office of Family Assistance that this interpretation was correct.**

TANF Balance

As initially submitted, the fiscal 2022 budget, including a fiscal 2021 deficiency appropriation, was expected to fully exhaust the TANF balance in fiscal 2021. However, with the availability of funds through the State Fiscal Recovery Funds in the ARPA, substantial changes were made to the fiscal 2021 and 2022 TANF spending plans for TCA. Supplemental Budget No. 5 to the fiscal 2022 budget included a fiscal 2021 deficiency appropriation and fiscal 2022 item to swap $140 million of TANF with State Fiscal Recovery Funds ($100 million in fiscal 2021 and $40 million in fiscal 2022). Due to federal guidance provided subsequent to budget enactment that prohibited the use of these funds for expenditures occurring prior to March 3, 2021, the planned timing of the use of these funds was altered so that $50 million would be spent in fiscal 2021 and $90 million in fiscal 2022, allowing for the full intended fund swap of $140 million.

The planned use of these funds for this purpose was intended to assist the State with the higher-than-expected TCA caseload and allow the State to retain TANF balance for future years. Although this planned action would lead to higher general fund spending in fiscal 2021 and 2022, the action was expected to reduce future general fund spending at a time when there were less general funds available because TANF balance could be used.

As shown in **Exhibit 6**, accounting for the altered timing of the full fund swap, the closing fiscal 2022 TANF balance was expected to be approximately $125.1 million. This high fund balance would have helped accommodate any future increases in the caseload due to a recession or any other increased TANF spending needs in the out-years. However, DHS ultimately increased fiscal 2022 TANF expenditures so that the ending fund balance was approximately half of what was anticipated during the 2022 session, substantially reducing the out-year benefits of this action. Despite this increase, the department currently expects a projected ending balance above $50 million at the close of fiscal 2024. However, there are some risks in terms of whether this level of balance will be achieved.

Exhibit 6
Availability of TANF Funding
Fiscal 2021-2024 Allowance
($ in Millions)

	2021 Actual	*2022 Session Est.*	2022 Actual	2023 Approp.	2024 Allowance
Beginning Balance	**$19.985**	***$35.791***	**$35.791**	**$63.502**	**$52.867**
TANF Grant	228.342	*228.342*	228.342	228.342	228.342
Contingency TANF	27.202	*27.202*	27.202	27.202	27.202
TANF Pandemic Emergency Assistance Fund		*17.756*	17.756		
Total Income	**$255.544**	***$273.300***	**$273.300**	**$255.544**	**$255.544**
Available Funding (Balance + Income)	**$275.529**	***$309.091***	**$309.091**	**$319.046**	**$308.411**
Total Expenditures	**-$239.738**	***-$183.990***	**-$245.589**	**-$266.179**	**-$252.010**
Ending Balance	**$35.791**	***$125.101***	**$63.502**	**$52.867**	**$56.401**

TANF: Temporary Assistance for Needy Families

Note: Numbers may not sum to total due to rounding.

Source: Department of Budget and Management; Department of Human Services; Department of Legislative Services

TANF Spending

Exhibit 7 provides details on the areas of increased TANF spending in fiscal 2022 compared to the amounts that were anticipated during the 2022 session for that year. As shown in this exhibit, the increases occurred in a number of areas with the most substantial increases in cash assistance (for TCA) and local child welfare services. Although allowable, the increase, particularly for TCA, did not conform to the intended plan to reserve funds for use in the future. As noted previously, DHS also reverted general funds budgeted for TCA and transferred general funds that were intended for TCA to other areas of the department’s budget.

Exhibit 7
Changes in TANF Spending
Fiscal 2022-2024 Allowance
($ in Millions)

Activity	**Working 2022**	**Actual 2022**	**Working to Actual 2022**	**Working 2023**	**Allowance 2024**	**Change 2023-2024**
Cash Assistance	$34.3	$71.4	$37.1	$112.8	$112.9	$0.1
Work Opportunities	28.8	27.0	-1.9	29.2	29.2	0.0
Family Investment Services	7.9	6.9	-1.0	8.1	6.8	-1.3
Local Family Investment Program	25.6	29.4	3.8	24.5	26.2	1.7
Foster Care Maintenance Payments	31.0	33.7	2.7	34.9	16.7	-18.2
Local Child Welfare Services	24.9	41.5	16.7	24.2	25.8	1.7
Local Adult Services	10.0	10.9	0.9	10.3	11.9	1.6
Social Services Administration State Operations	8.5	9.5	1.0	8.6	10.0	1.4
General Administration	13.0	15.2	2.2	13.7	12.5	-1.2
Total Expenditures	**$184.0**	**$245.6**	**$61.6**	**$266.2**	**$252.0**	**-$14.2**

TANF: Temporary Assistance for Needy Families

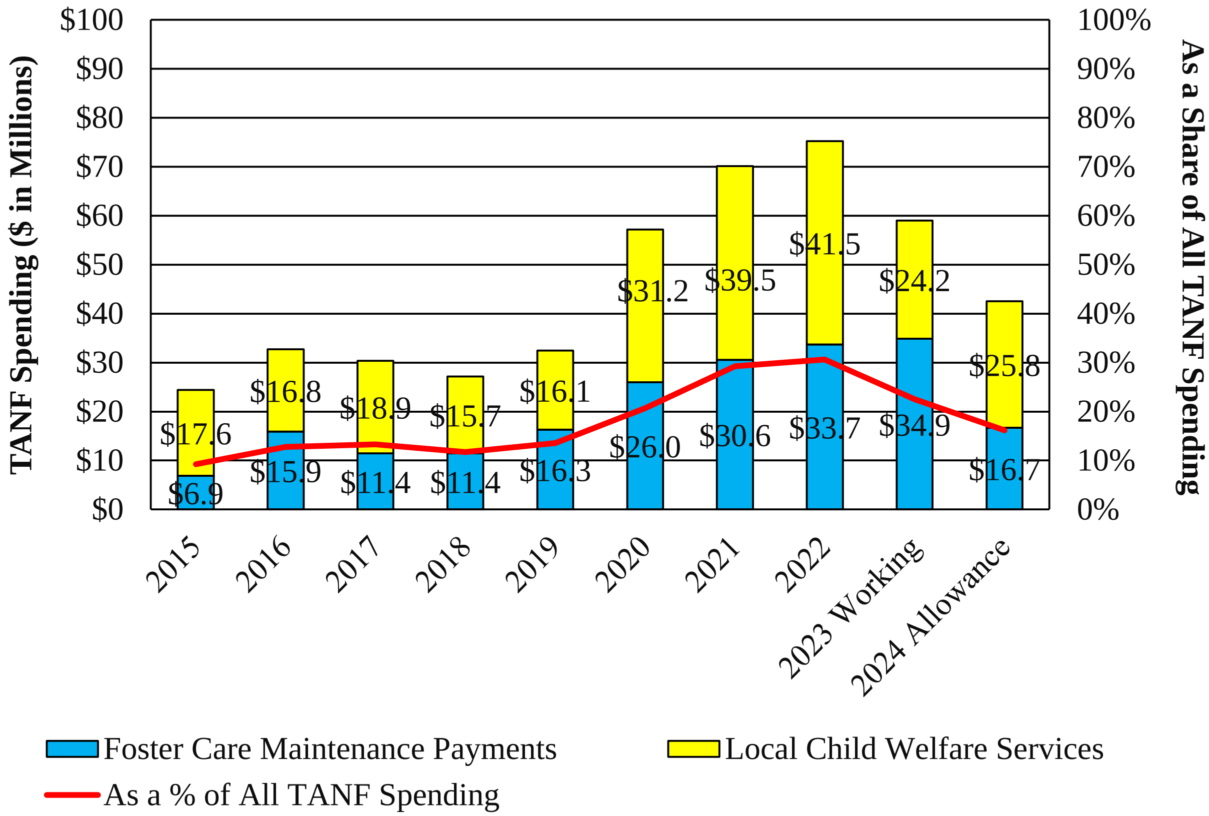
Note: Numbers may not sum to total due to rounding.

Source: Department of Budget and Management; Governor's Budget Books; Department of Human Services; Department of Legislative Services

The fiscal 2022 actual spending of TANF for local child welfare is at a similar level to the actual expenditures for this purpose in fiscal 2021. However, as shown in **Exhibit 8**, this level of expenditures of TANF in this program is much higher than historical experience and substantially higher than the fiscal 2023 working appropriation and fiscal 2024 allowance. If fiscal 2023 and 2024 actual expenditures in this program are at a level consistent with fiscal 2022, the TANF balance would decrease to $23.3 million at the close of fiscal 2024. While that level of balance still provides some cushion for a rise in caseload, the impact would be substantially less than when the fund swap with State Fiscal Recovery Funds was initiated. **DHS should comment on why it backfilled TANF in the TCA program that were specifically withdrawn to be saved for future**

use. DHS should also comment on the cause of the recent trend toward higher use of TANF spending on child welfare purposes.

Exhibit 8
TANF Spending on Child Welfare Purposes
Fiscal 2015-2024 Allowance



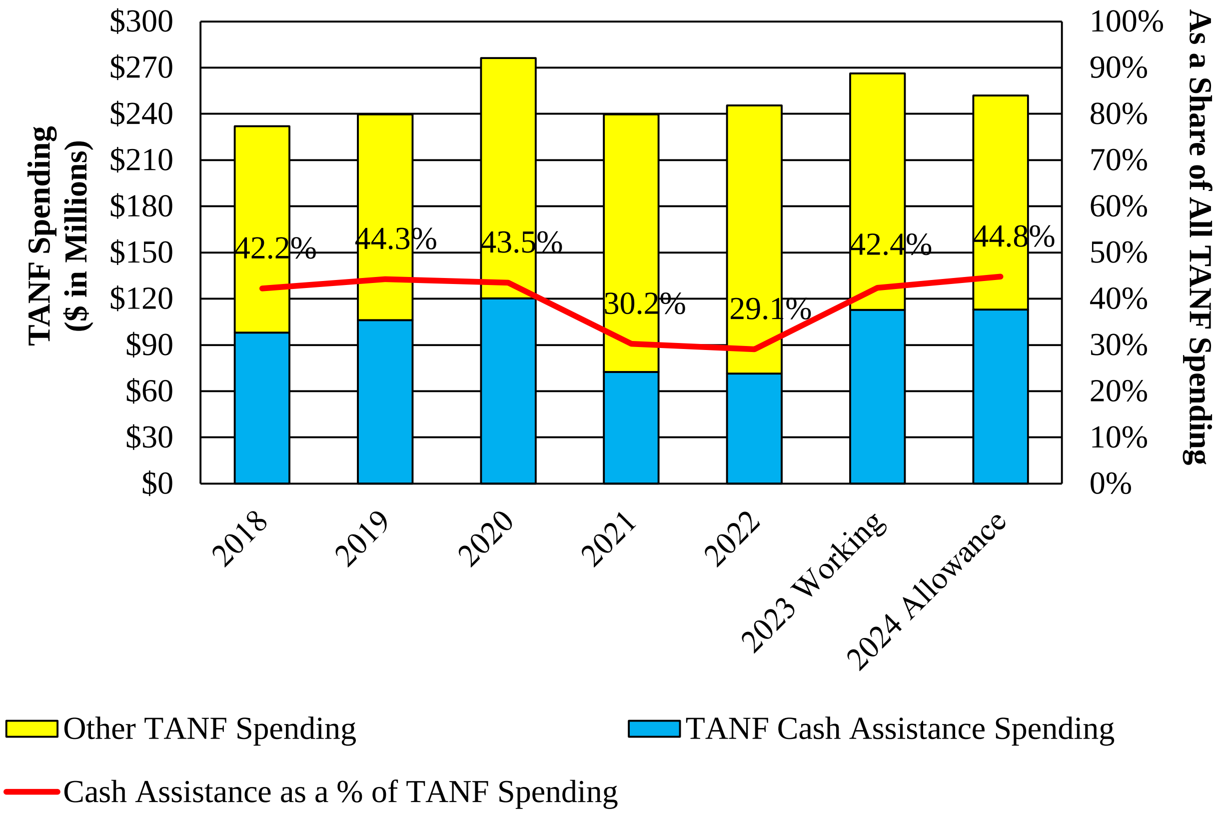
TANF: Temporary Assistance for Needy Families

Source: Department of Budget and Management; Governor's Budget Books; Department of Human Services; Department of Legislative Services

Overall, TANF spending is expected to decrease by $14.2 million between the fiscal 2023 working appropriation and the fiscal 2024 allowance. The decrease is driven primarily by a decrease in TANF spending for foster care maintenance payments, a decrease of $18.2 million. Although a substantial decrease from recent history when the end of the Title IV-E Waiver impacted the availability of Title IV-E (the traditional source of federal spending on foster care), as shown in Exhibit 10, this level is more in line with spending prior to fiscal 2020.

As shown in **Exhibit 9**, despite the increase in TANF spending for cash assistance in fiscal 2022 compared to the levels anticipated during the 2022 session, TANF spending for cash assistance was at its lowest level in more than a decade due to the fund swap with the State Fiscal Recovery Funds. The share of TANF being used for cash assistance in the fiscal 2023 working appropriation and in the fiscal 2024 allowance is at more typical levels.

Exhibit 9
Cash Assistance as a Share of TANF Spending
Fiscal 2018-2024 Allowance



TANF: Temporary Assistance for Needy Families

Source: Department of Budget and Management; Governor's Budget Books; Department of Human Services; Department of Legislative Services

TANF Maintenance of Effort

In return for the annual TANF block grant, the State must spend $177 million of its own money to meet a federal maintenance of effort (MOE) requirement equal to 75% of its spending on TANF's predecessor programs in fiscal 1994. A higher MOE is required if a state does not meet federal work participation rates. Additional MOE funds are required when a state receives contingency funds. Specifically, a state must spend 100% of what it spent on the predecessor programs and then contingency funds must be matched by MOE spending. The State continues to more than meet its required MOE. Due to the required MOE for the base block grant and the receipt of contingency funds, Maryland has been required to spend $240.1 million of its own funds. In fiscal 2022, the State's spending on programs substantially exceeded the required level, primarily due to the impact of the enhanced Earned Income Tax Credit. DHS projects that the State will continue to substantially exceed required spending through fiscal 2024; however, this projection anticipates the extension of the enhanced Earned Income Tax Credit.

3. *Life After Welfare 2022 Annual Update* Report Findings

The *Life After Welfare, 2022 Annual Update* report, published by the University of Maryland School of Social Work, studies the outcomes for families after they exit the TCA program. The 2022 Annual Update includes an analysis of over 35,000 families that exited the program between July 2012 and December 2021, including a comparison of three distinct cohorts:

- ***Great Recession Recovery Period Cohort:*** Cases that closed between July 2012 and June 2016. During this time period, the State's unemployment rate and TCA caseloads were generally decreasing.

- ***Economic Stability Period Cohort:*** Cases that closed between July 2016 and March 2020. During this time period, the State's unemployment rate was generally consistent near 4%, and TCA caseloads continued to decrease.

- ***COVID-19 Pandemic Period Cohort:*** Cases that closed between April 2020 and December 2021. As discussed previously, the onset of the pandemic and its subsequent negative economic impacts resulted in a substantial increase in the number of families receiving support through Maryland's TCA program.

Key findings include several unique characteristics of how TCA recipients exiting the program as part of the COVID-19 pandemic period cohort differed from those in the previous two cohorts. Due to widespread economic hardship caused by the COVID-19 pandemic, substantial numbers of families sought support from the TCA program, including recipients who had never previously applied for cash assistance. As shown in **Exhibit 10**, approximately 52% of the pandemic cohort were ending their first time receiving assistance through TCA upon program exit, compared to 30% of participants of the total sample. TCA participants in the pandemic cohort also had higher educational attainment levels, as 18% of the pandemic cohort had some education after high school, compared to 11% of participants of the total sample. Additionally, TCA participants in the pandemic cohort were generally more diverse in gender, ethnicity and race, age, and geographic distribution compared to participants in previous cohorts.

Exhibit 10
Select Characteristics of TCA Recipients
Calendar 2012-2021

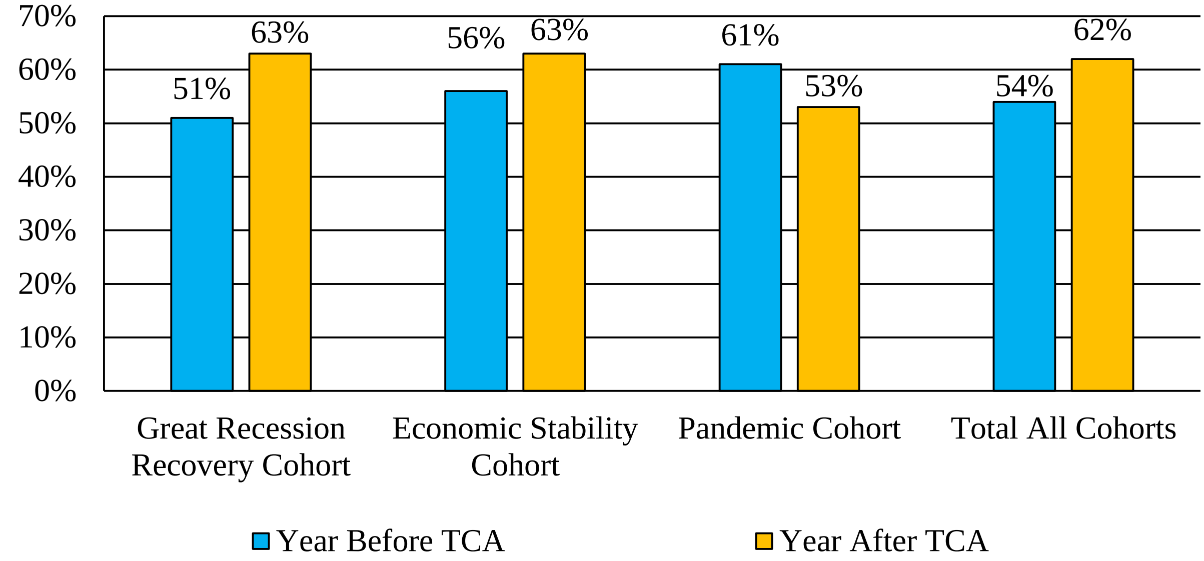
	Great Recession Recovery	Economic Stability	Pandemic	Total Sample
First Time Receiving TCA Upon Program Exit	26%	27%	52%	**30%**
Highest Educational Attainment				
No High School Diploma	27%	23%	17%	**24%**
Completed High School	64%	65%	65%	**66%**
Education After High School	9%	12%	18%	**11%**

TCA: Temporary Cash Assistance

Source: University of Maryland School of Social Work, *Life After Welfare 2022 Annual Update*

As shown in **Exhibit 11**, TCA recipients in the pandemic cohort were also more likely to have been employed in the year prior to program participation. However, only 53% of adult TCA recipients exiting the program between April 2020 and December 2021 were employed in the year following exit, a decrease of 8% from the 61% of this cohort who were employed the year prior to entering the program. This represents a significant trend reversal from the other two cohorts, which showed increases in employment after exit. The authors note that even at the height of the Great Recession, adult TCA recipients generally still reported small gains in employment percentage following program exit. Unique circumstances presented by the COVID-19 pandemic, including heightened overall unemployment rates and challenges in securing child care due to closures of child care providers and staffing shortages, continued to interrupt the ability of adults exiting the TCA program from maintaining steady employment.

Exhibit 11
Employment Percentages of Adult TCA Recipients
One Year Before and After Program Participation
Calendar 2012-2021

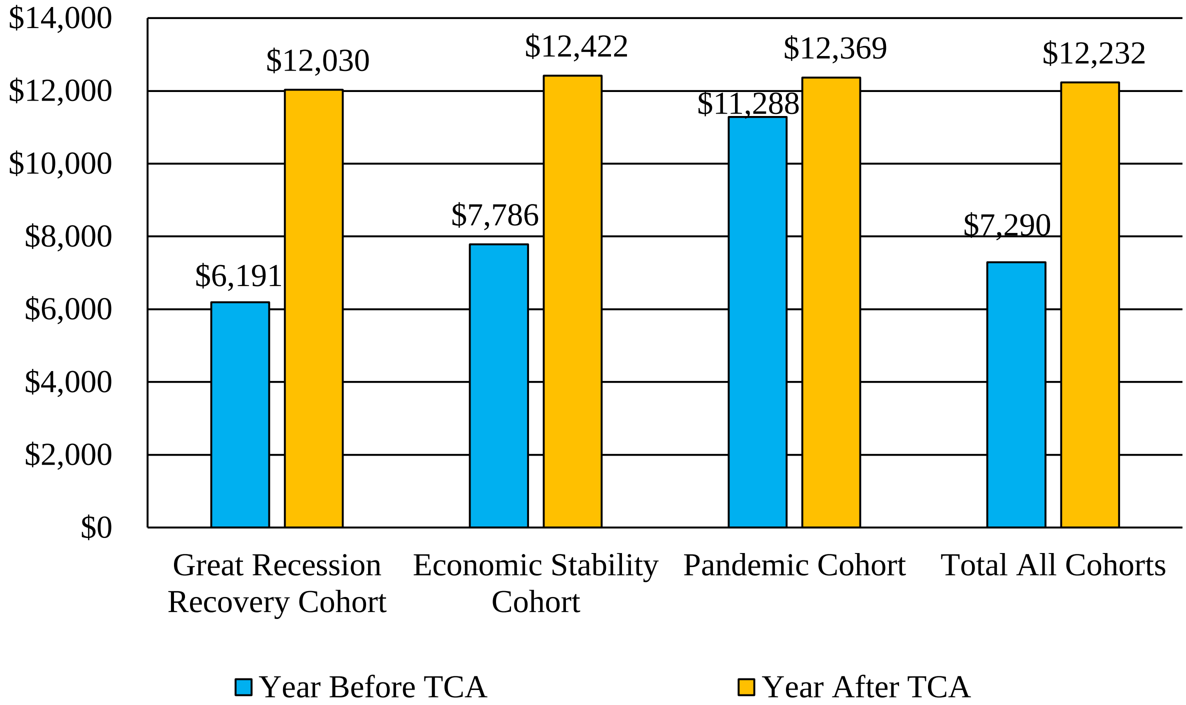


TCA: Temporary Cash Assistance

Source: University of Maryland School of Social Work, *Life After Welfare 2022 Annual Update*

In addition to key differences in employment percentages among the pandemic cohort compared to previous cohorts, median earnings before and after participation also differed for adult TCA participants in this group. As shown in **Exhibit 12**, across all cohorts, median earnings are generally higher following program exit, increasing by about $5,000 from the year prior to TCA participation to the year following TCA participation. However, median earnings increases were the lowest among the pandemic cohort, who saw increases of just under $1,100. Consistent with previous findings on educational levels and employment prior to TCA program participation, this cohort also had the highest level of median earnings compared to other cohorts, which partially explains the lower overall earnings increase.

Exhibit 12
Median Annual Earnings Among Employed Adult TCA Recipients
Calendar 2012-2021

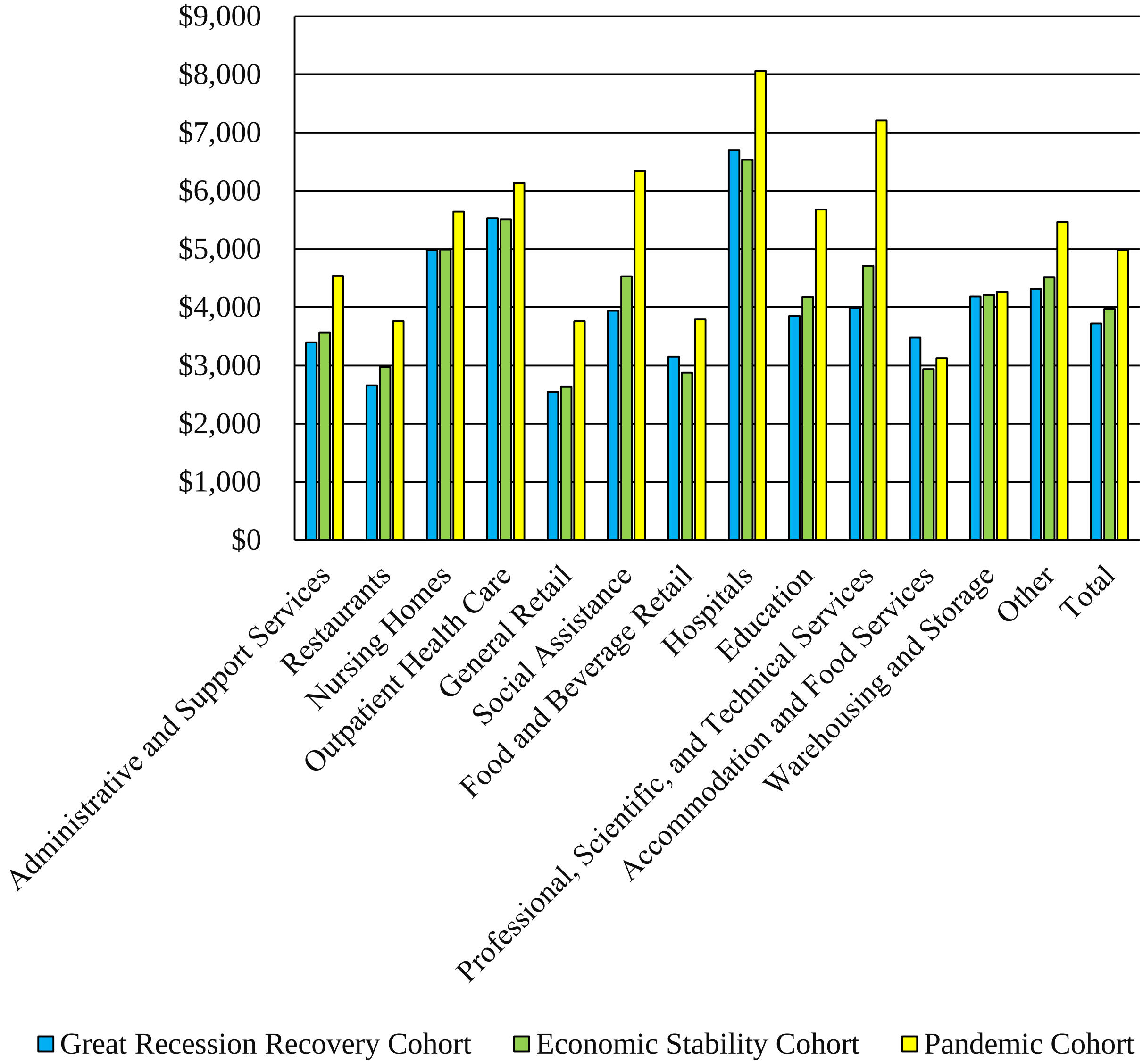


TCA: Temporary Cash Assistance

Source: University of Maryland School of Social Work, *Life After Welfare 2022 Annual Update*

For adults in the pandemic cohort employed in the quarter following TCA program exit, median earnings were noticeably higher than participants in the previous cohorts, including in several key industries of employment, as show in **Exhibit 13**. Overall, quarterly earnings for employed adults in the pandemic cohort were nearly $1,100 higher than the quarterly earnings for the total sample size. In some industries, such as employment in hospitals and professional, scientific, and technical services employment, differences in quarterly earnings were more pronounced, with employed adults in the pandemic cohort having 20% to 50% higher quarterly earnings compared to those of the total sample size. These differences exist even in generally lower-wage industries, such as food service and retail employment, and are consistent with previous findings on the pandemic cohort's higher levels of educational attainment, prior employment, and previous earnings. Median earnings data for the pandemic cohort may also be impacted by heightened wage inflation during calendar 2021 when compared to earnings in prior years for the other cohorts.

Exhibit 13
Median Earnings in the Quarter After Exit by Industry
Calendar 2012-2021

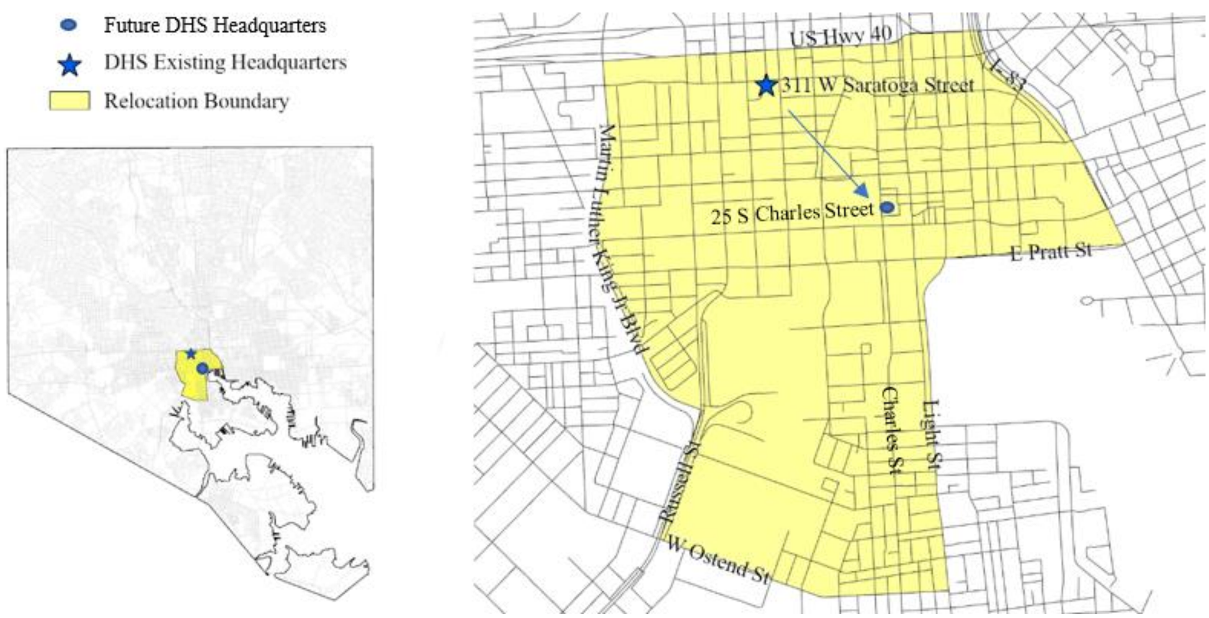


Source: University of Maryland School of Social Work, *Life After Welfare 2022 Annual Update*

4. Relocation of DHS Headquarters

In April 2021, the Lawrence J. Hogan, Jr. Administration announced the initial stages of a plan to relocate approximately 3,300 State employees from 12 different agencies, including DHS, to other locations in downtown Baltimore, as part of efforts intended to revitalize the city's Central Business District. As part of these relocation efforts, DHS is transitioning from their current State-owned headquarters building located at 311 West Saratoga Street to new leased office space located at 25 South Charles Street. At its May 11, 2022 meeting, the Board of Public Works approved a new 10-year lease for DHS beginning on September 1, 2022, for approximately 150,000 square feet of office space located at the 25 South Charles Street site. The new leased space represents a 30% overall reduction of space requirements compared to the current building and will provide a more modern, efficient, and safe workplace for agency staff. **Exhibit 14** shows the locations of the current state-owned DHS headquarters building and the new leased space within the context of the identified relocation boundaries for the overall relocation efforts**.**

Exhibit 14
DHS Current and Future Headquarters Locations



DHS: Department of Human Services

Source: Maryland iMAP; State Highway Administration; Department of Human Services; Department of General Services; Department of Legislative Services

DHS currently anticipates that that relocation will begin in October 2023 and indicates that it will continue to finalize a moving timeline and an estimate for related expenses in the coming months. The fiscal 2024 DHS operating budget allocates $3.8 million in general and federal funds to cover the fiscal 2024 lease costs for the new office space.

As part of the fiscal 2022 Budget Bill, $50.0 million in general funds from the State's Dedicated Purpose Account (DPA) were allocated by Supplemental Budget No. 5 to support relocation expenses of state agencies, including agencies relocating from the State Center complex. Potential uses of this funding include:

- moving expenses;
- first year office and parking rent;
- new furniture;
- cubicle purchases; and
- new information technology (IT) infrastructure equipment along with the relocation of existing IT infrastructure equipment.

As of January 2023, only $2.7 million of this funding has been allocated, primarily to the Department of Information Technology for the purchase of new State agency IT infrastructure. DHS indicates that it plans to account for its relocation expenses separately from DPA funding and anticipates that additional funding will be allocated as future cost estimates are finalized.