

N00C01
Adult and Community Services
Department of Human Resources

Operating Budget Data

(\$ in Thousands)

	<u>FY 02</u>	<u>FY 03</u>	<u>FY 04</u>	<u>FY 03-04</u>	<u>FY 03-04</u>
	<u>Actual</u>	<u>Approp</u>	<u>Allowance</u>	<u>Change</u>	<u>% Change</u>
General Funds	\$35,839	\$40,845	\$45,534	\$4,689	11.5%
FY 2003 Cost Containment	0	-1,000	0	1,000	
Contingent & Back of Bill Reductions	0	-15	-64	-50	
Adjusted General Funds	\$35,839	\$39,830	\$45,470	\$5,639	14.2%
Special Funds	36,763	34,871	34,895	23	0.1%
Contingent & Back of Bill Reductions	0	0	-4	-4	
Adjusted Special Funds	\$36,763	\$34,871	\$34,891	\$20	0.1%
Federal Funds	69,904	92,786	97,912	5,126	5.5%
Contingent & Back of Bill Reductions	0	-24	-237	-213	
Adjusted Federal Funds	\$69,904	\$92,762	\$97,675	\$4,913	5.3%
Reimbursable Funds	470	478	375	-103	-21.5%
Adjusted Grand Total	\$142,975	\$167,942	\$178,411	\$10,469	6.2%

- The fiscal 2004 allowance increases by \$10.5 million to a total of \$178.4 million, representing 6.2% growth over the fiscal 2003 working appropriation.

Personnel Data

	<u>FY 02</u>	<u>FY 03</u>	<u>FY 04</u>	
	<u>Actual</u>	<u>Working</u>	<u>Allowance</u>	<u>Change</u>
Regular Positions	710.73	775.53	768.53	-7.00
Contractual FTEs	13.58	2.80	3.96	1.16
Total Personnel	724.31	778.33	772.49	-5.84

Vacancy Data: Regular Positions

Budgeted Turnover: FY 04	30.74	4.00%
Positions Vacant as of 12/31/02	62.20	8.02%

- The allowance abolishes 7.00 positions, all of which are currently vacant.
- The allowance includes 1.16 new contractual positions for student interns in the Commissions and

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

For further information contact: Kirsten B. Fairall

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Maryland Office for New Americans.

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Analysis in Brief

Major Trends

CSA's Counseling Programs Are Generally Successful: The Community Services Administration (CSA) achieves a relatively high percentage of successful outcomes for its clients who participate in ongoing counseling activities. However, many of its performance indicators for its clients in the most dire circumstances do not provide an indication of how these clients fare after their initial contact with CSA. **CSA should explore the possibility of tracking the percentage of its crisis clients who enter counseling-oriented services in order to better understand the relationships between its services and their impact on its most needy clients.**

Issues

Living at Home: Maryland Community Choices Attendant Care Medicaid Waiver Experiencing Successes and Challenges in Third Year: The program has closed to new community applicants for fiscal 2003 based on projections that funding could not support additional enrollment. Waiver service costs appear to be increasing. **The Department of Human Resources (DHR) should update the committees on its most recent cost estimates for the program and its efforts to develop more precise estimates. DHR should update the committees on its latest projections for waiver availability in fiscal 2004. DHR should also address how it balances ensuring adequate funding with maximizing enrollment. DHR should update the committees on the cost creep issue and discuss how it may affect the availability of additional waiver slots in fiscal 2004.**

Electric Universal Service Program Up for Reauthorization: Enabling legislation for the Electric Universal Service Program (EUSP) required that the General Assembly set the funding level for the EUSP in the fourth program year. In addition to considering the funding level, the General Assembly is also reviewing several major policy issues within EUSP.

Maryland Legal Services Program Facing Potential Deficits in Fiscal 2003 and 2004: Increased costs and less than anticipated federal fund attainment in the Maryland Legal Services Program are likely to create deficits in fiscal 2003 and 2004. **DHR should comment on these projected deficits and its plan to close them. DHR should also discuss its federal fund estimates in this program.**

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Recommended Actions

	<u>Funds</u>
1. Reduce funding for the Living at Home: Maryland Community Choices Medicaid waiver.	\$ 1,624,000
2. Reduce funding for fatherhood and nonmarital birth initiatives.	1,000,000
3. Add language restricting funding for the Living at Home: Maryland Community Choices attendant care Medicaid waiver for use in that program alone.	
4. Add language making funding for the Electric Universal Service Program contingent upon the General Assembly's reauthorization of the program.	
Total Reductions	\$ 2,624,000

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Adult and Community Services
Department of Human Resources

Operating Budget Analysis

Program Description

The Community Services Administration (CSA) delivers programs and services that foster independence and safety for vulnerable individuals and their families in their communities. CSA works in partnership with local departments of social services (LDSS) and Maryland's communities by providing leadership and resources. Key goals of the agency include providing emergency services to individuals and families in crisis, ensuring the safety of individuals and families, and enabling individuals and families to achieve their maximum personal and economic independence. CSA operates several program offices in support of these goals.

General Administration

The Office of the Executive Director (General Administration) provides central direction for all CSA programs and for several advisory and advocacy boards.

Commissions

This program contains three commissions that serve as advocacy bodies to Maryland government and statewide resources to coordinate and promote economic, social, and political solutions for the populations they serve. The commissions are the Governor's Commission on Hispanic Affairs, the Governor's Commission on Migratory and Seasonal Farm Labor, and the Office on Asian-Pacific American Affairs.

Maryland Office of New Americans

The Maryland Office of New Americans (MONA) manages a federally funded refugee resettlement program that provides cash, medical assistance and social services, employment services, English language and cross-cultural training, skills training, and support services to refugees residing in the State. Services lead to refugees' early economic independence and social adjustment. MONA also helps legal foreign-born residents successfully complete the naturalization process.

Legal Services

The Maryland Legal Services Program (MLSP) provides legal representation for children in Children in Need of Assistance and Termination of Parental Rights proceedings, and indigent disabled adults in Adult Public Guardianship proceedings. MLSP contracts with legal organizations to provide effective

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legal counsel or pays for court-appointed private attorneys when a conflict of interest may exist to provide these services.

Shelter and Nutrition

The Shelter and Nutrition program includes departmental initiatives to provide emergency shelter, transitional housing, emergency food, housing counseling, supportive services, and related activities for homeless persons and persons at risk of becoming homeless. The program includes Emergency and Transitional Housing Services; the Housing Counseling Program; the Service-Linked Housing Program; the Emergency Food Assistance Program; the Maryland Emergency Food Program; and the Statewide Nutrition Assistance Program. The Homelessness Prevention Program is also administered by this office but is budgeted through the Family Investment Administration.

Adult Services

The Office of Adult Services, through local departments of social services and community-based agencies, provides services to the elderly and individuals with disabilities. This service delivery system protects vulnerable persons, promotes self-sufficiency, and avoids or delays unnecessary institutional care.

Office of Victim Services

The Office of Victim Services promotes departmental initiatives to provide an environment of greater safety for victims of crime and their families, especially victims of domestic violence, rape, sexual assault, and other personal crimes. It provides for other needed services that can assist victims in crisis and in transition and reduce the trauma of victimization. The program also includes initiatives to meet the needs of the unemployed and underemployed to increase their opportunity for stable employment.

Office of Home Energy Programs

The Office of Home Energy Programs (OHEP) administers two energy assistance programs to help low-income customers pay their energy bills. First, the Maryland Energy Assistance Program (MEAP), which is funded by the federal Low-income Home Energy Assistance Program Block Grant (LIHEAP), provides financial assistance for home heating oil, electric, and gas payments. Local agencies administer LIHEAP benefits in each jurisdiction in the State. Second, the Electric Universal Service Program (EUSP) provides bill assistance, arrearage retirement, and weatherization assistance for electric customers. OHEP also provides direct cash payments, indirect assistance, and noncash assistance for low-income families whose health and safety are at risk from potential termination of their heat, gas, and electricity.

Performance Analysis: Managing for Results

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CSA provides a “safety net” for the State’s most vulnerable citizens, who can be difficult to reach, and may seek CSA’s assistance only when their needs are greatest. Its performance is critical to the safety and well being of these citizens. **Exhibit 1** provides several indicators of CSA’s ability to reach its core goals of meeting the crisis needs of individuals and families, ensuring the safety of individuals and families, and promoting economic and personal independence.

Exhibit 1

**Performance Measurement Data
Adult and Community Services
Fiscal 2001 through 2004**

	<u>FY 01</u>	<u>FY 02</u>	<u>FY 03</u>	<u>FY 04</u>	<u>FY 01-04</u>
	<u>Actual</u>	<u>Actual</u>	<u>Est.</u>	<u>Est.</u>	<u>Net Chg.</u>
Percentage of households for whom eviction prevention payments were made who retain housing for three months	75%	73%	75%	75%	0%
Percentage of indicated or confirmed abuse cases for which no abuse recurs within six months	97%	97%	96%	96%	0%*
Percentage of individuals served by Adult Services that remain in the community during the year	97%	98%	97%	97%	0%
Percentage of refugees placed in jobs who retain jobs after 90 days	70%	86%	90%	90%	20%

*Note: Percentages do not match difference due to rounding.

Source: Department of Human Resources

As Exhibit 1 indicates, CSA’s performance over the past several years has been relatively consistent. The one instance of notable change occurs in the percentage of MONA clients retaining jobs. However, the 70% figure in fiscal 2001 represented a sharp decline from previous years, and the figures of 86% and 90% are more consistent with previous history. In general, CSA’s performance is good, considering the difficult circumstances most of its clients face.

One possible shortcoming of CSA’s performance analysis is the inability to discover outcomes for many of its clients, given the crisis needs CSA often serves. Many indicators for true crisis situations, including providing emergency food, shelter, and safe havens for victims of crime are simply numbers of clients, with little indication as to how these individuals and families fare after their initial contacts with

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CSA. To its credit, CSA appears to offer successful counseling programs in these areas, with relatively high percentages of its clients moving on to successful outcomes. **CSA should perhaps explore the possibility of tracking the percentage of its crisis clients who enter counseling-oriented services in order to better understand the relationships between its services and its impact on its most needy clients.**

Fiscal 2003 Actions

Impact of Cost Containment

Cost containment approved by the Board of Public Works in January 2003 reduced the fiscal 2003 general fund appropriation for CSA by \$1 million. \$659,000 of this reduction came from various Maryland Fatherhood Initiative programs, and \$341,000 came from the Responsible Choices program. The Maryland Fatherhood Initiative consists of eight programs promoting the positive economic and emotional involvement of fathers with their children in order to break the generational cycle of children being raised in households without fathers. The Responsible Choices program counsels young, unmarried parents who are expecting or who have recently given birth to their first child in order to reduce subsequent nonmarital births. This funding is restored in the fiscal 2004 allowance. Proposed fiscal 2003 cost containment would further reduce the working appropriation by \$39,000 in general and federal funds for employee transit subsidies, contingent upon enactment of a provision in the Budget Reconciliation and Financing Act (BRFA) of 2003.

Governor's Proposed Budget

Exhibit 2 demonstrates that the fiscal 2004 allowance increases by \$10.5 million, to a total of \$178.4 million, representing a 6.2% increase over the fiscal 2003 working appropriation. An increase of \$3.2 million in personnel expenditures is comprised of savings from the abolished positions, and increases in employee and retiree health insurance, turnover and other salary adjustments, and other fringe benefits.

Crisis Needs

Overall, funding for crisis needs increases by \$4 million. This consists of an increase of \$4.4 million in the LIHEAP grant for the MEAP program, offset by decreases in purchase of care for housing services, and federal disaster assistance.

Safety Needs

Purchase of Care (POC) funds in the Office of Victim Services increase by \$228,000. These funds support CSA's community partners offering direct services to victims of crime.

Exhibit 2

**Governor’s Proposed Budget
Adult and Community Services
(\$ in Thousands)**

	<u>FY 02</u> <u>Actual</u>	<u>FY 03</u> <u>Approp.</u>	<u>FY 04</u> <u>Allowance</u>	<u>FY 03-04</u> <u>Change</u>	<u>FY 03-04</u> <u>% Change</u>
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Where It Goes:

Personnel Expenses

Abolished/transferred positions	-\$244
Turnover relief and other salary adjustments.....	1,721
Employee and retiree health insurance.....	1,635
Other fringe benefit adjustments.....	63

Individuals and Families in Crisis Will Have Their Needs Met through Emergency Services

Increase in federal MEAP grant	4,380
Federal disaster assistance.....	-300
Purchase of Care funds in housing programs.....	-92

Individuals and Families Will Have Their Safety Needs Met

Purchase of Care in victims’ services programs	228
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Where It Goes:

Individuals and Families Will Achieve Their Maximum Economic and Personal Independence

Restoration of funding for the Maryland Fatherhood Initiative and Responsible Choices program.....	1,000
Purchase of Care funds for respite care and in-home-aide services to reflect actual 2002 expenditures.....	344
Funding for the MONA Public/Private Partnership	478

Operating Expenses

Software management and system support for incumbent MEAP/EUSP computer system	800
Interns for MONA and the commissions	27
Other operating adjustments	429

Total **\$10,469**

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

Ability to Achieve Economic and Personal Independence

Funding for programs supporting economic and personal independence increases by \$1.8 million. This increase consists primarily of restoration of the \$1 million reduction in the Maryland Fatherhood Initiative and the Responsible Choices programs. Other increases include increased purchase of care in the Respite Care and In-home Aide Services programs, and an increase in federal funding for the Public Private Partnership in MONA.

Impact of Cost Containment

The fiscal 2004 allowance reflects the elimination of \$305,000 in general and federal funds for matching employee deferred compensation contributions of up to \$600, again contingent upon enactment of a provision in the 2003 BRFA.

Issues

1. Living at Home: Maryland Community Choices Attendant Care Medicaid Waiver Experiencing Successes and Challenges in Third Year

The Office of Personal Assistance Services (OPAS) administers the Living at Home: Maryland Community Choices attendant care Medicaid waiver (Community Choices). This program serves individuals with disabilities between the ages of 21 and 59 who currently reside in or are being diverted from nursing home care.

Services are designed to serve as an alternative to nursing home placement and include case management; attendant care; assistive technology; environmental adaptations; personal emergency response systems; occupational and speech therapy; nursing supervision of attendants; consumer and family training; and disposable supplies. Since many clients moving out of nursing homes do not have assets or family to go home to, the program also provides transition grants for items such as security deposits and housing necessities that are not covered by federal Medicaid waiver funding but enable people to return to their communities and participate in the waiver.

The waiver experienced several difficulties in its first two years including a complex design, restrictive regulations, a lack of certified providers, and a lengthy provider enrollment process. The program has made significant progress on many of these issues by working with other waiver programs across several departments to simplify and standardize processes. Provider recruitment and enrollment has increased greatly over the past year, and the waiver had enrolled over 650 providers of various waiver services by December 2002. However, despite these improvements, the waiver is facing new challenges as it enters its fourth year.

Lack of Experience with Full Enrollment Makes Projecting Costs Difficult

Experience with the program indicates that most participants do not begin receiving services until two to three months after they are enrolled. Furthermore, providers do not submit claims immediately, and a lag time of 90 days between service provision and billing often occurs. Technically, Medicaid and waiver providers have up to nine months to bill for services. This lag time between enrolling a participant and receiving service claims has made establishing accurate cost estimates difficult. In fiscal 2002 the program transferred \$1.1 million out of the Community Choices waiver into other programs. Also, the program encumbered \$1.6 million. Legislative auditors indicated that this action was not allowable as services would not be completed before the end of the fiscal year, and the Department of Human Resources (DHR) has agreed to revert this funding in fiscal 2003.

As of January 23, 2003, 426 individuals were enrolled in the program. 389 of these slots were active, and 37 were inactive. For October 2002, the program processed waiver service claims for 295 of the 389 active participants, up from 195 participants processing claims at the end of fiscal 2002. Claims submissions to DHR have increased greatly throughout the fiscal year. Service utilization costs (as opposed to case management, fiscal intermediary, or transitional services costs) were up from 43% of total

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cost in July 2002 to 65% in October 2002. Based on this rate, DHR estimates that service utilization will comprise 87% of total costs by the end of the year. The increased percentage reflects more waiver enrollees receiving waiver services, which generally are more expensive than the other components of the program. The average monthly cost per participant for waiver services as of October 2002 is \$2,235. The fiscal 2003 working appropriation for the waiver is \$14.6 million. However, through December 31, 2002, only \$4.6 million of this appropriation has been expended. \$3.2 million of this was for actual waiver services, while the remaining \$1.4 million supported related case management, fiscal intermediary, and transition services. DHR states that based on the service utilization trends described above, it projects spending or encumbering all of the remaining \$10.0 million in the last five months of the fiscal year.

DHR should provide the committees an explanation of how it arrived at this cost estimate and update the committees on its efforts to develop more precise estimates into the future.

Waiver Closed to New Community Applicants for Fiscal 2003

Community Choices closed to new community applicants on December 2, 2002, based on projections that the waiver would not have sufficient funding to support additional enrollment. OPAS established a waiver services registry policy and is still gathering information on individuals interested in applying to the program. 360 community applicants whose applications were being processed at the time of closure are at the top of the registry.

The waiver is still accepting applications from people who are currently in nursing homes, are waiver eligible, and whose services have been paid for by Medicaid for at least 30 days. Under this policy, the Medicaid funding will follow the person from the institution to the waiver; therefore, the policy should have no budget impact on Medicaid. OPAS estimates that funds are available for administrative and case management costs for 25 such transfers through fiscal 2004.

The program anticipates being able to open 22 community waiver slots in April 2003. The waiver year does not correspond to the fiscal year and runs from April 1 through March 30. The federal regulations governing Medicaid waivers stipulate that if a slot is filled for any day during a waiver year, that slot is considered filled for the entire year, even if the participant leaves the program at some point during the year. Obviously this availability will not begin to meet the level of demand indicated on the waiting list. OPAS has stated that it will carefully monitor its expenditure trends throughout the remainder of fiscal 2003 and activate additional slots in 2004 if funding is available.

DHR should update the committees on its latest projections for waiver availability in fiscal 2004. DHR should also address how it balances ensuring adequate funding with maximizing enrollment.

“Cost Creep” Affecting Waiver Service Plans

OPAS conducted an analysis of 78 waiver participants enrolled in the waiver for at least 12 months who had service plan redeterminations from May to October 2002. This analysis revealed that waiver service plan costs increased by roughly 12% in the redeterminations. To date, OPAS is unsure of the reasons for the increase and is working with the Department of Health and Mental Hygiene (DHMH) to study the trends and develop strategies for addressing the issue. Regulations governing the program do not specifically address the issue of cost creep or specify guidelines to providers for controlling cost. The only stipulation in the regulation is that the cost of waiver services cannot exceed the cost of services in an institution. DHR is working to control these costs by ensuring that service plans correspond to medical assessments and recommended care plans.

DHR should update the committees on the cost creep issue and discuss how it may affect the availability of additional waiver slots in fiscal 2004.

2. Electric Universal Service Program Up for Reauthorization

The Electric Customer Choice Act of 1999 created EUSP to assist low-income electric customers with arrearage retirement, bill payment, and weatherization during the transition to competition in the electricity market. OHEP within CSA administers the program with oversight by the Public Service Commission (PSC). The Act authorized funding for the program at \$34 million per year for three years and required that the General Assembly pass legislation setting the funding level for the fourth year and thereafter. In fiscal 2002 EUSP provided 57,585 low-income individuals and families with \$16.7 million in bill assistance and 5,148 individuals and families with \$2.2 million in arrearage retirement.

In conjunction with the consideration of the funding, the General Assembly is also considering several major policy issues related to EUSP. The joint House and Senate EUSP workgroup is submitting bills containing its proposal for reauthorization in the 2003 session.

- **Eligibility Requirements and Allowable Uses of Funds:** DHR, PSC, utilities, and other interested parties have put several proposals forward to change certain administrative aspects of EUSP. One proposal would allow a waiver of the eligibility guideline of annual income at or below 150% of poverty for individuals or families with incomes up to 60% of the median State income experiencing certain hardships. A similar provision exists in the federally funded MEAP. Another proposal would allow payments of arrearages for first-time EUSP customers. Under current law, only arrearages incurred before the start of the program in July 2000 are eligible for assistance.
- **Administrative Allocation:** Current policy allows DHR to spend up to 10%, or \$3.4 million of EUSP funds on administration. These funds are combined with administrative funds from MEAP for joint administration of the two programs. Local Administering Agencies receive the bulk of the administrative funds, with the remainder distributed between DHR for central administrative expenses and PSC for its oversight responsibilities. DHR’s use of these administrative funds has been controversial since the first year of the program. An audit in 2001 could not confirm that OHEP had stayed within the 10% cap for administrative expenses. Some interested parties have expressed that

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10% may be excessive spending on administration since any funds saved could be spent on additional benefits. DHR has argued that outreach and education programs should be exempted from the 10% cap, as they provide a benefit to customers. To date, DHR has not been able to provide the General Assembly with a precise estimate of how much it spends on outreach and education, though it has suggested an allowance of \$200,000.

- ***Weatherization Component:*** The weatherization component of EUSP has had difficulties since the beginning of the program. In fiscal 2001 DHR entered into a Memorandum of Understanding with the Department of Housing and Community Development (DHCD) to perform weatherization for EUSP customers. However, PSC disputed that some of the weatherization activities conducted were eligible under EUSP. In fiscal 2002 DHR put out an invitation for bids for weatherization services. Due to several controversies over the bids received, the program was not implemented at all during fiscal 2002. The \$3.5 million set aside for weatherization activities was carried forward into fiscal 2003, which also has a weatherization component of \$3.5 million. DHR has indicated that it has secured a weatherization contractor and that weatherization services can begin during the last half of fiscal 2003. Several parties are disputing whether DHR can spend the whole \$7 million, or even \$3.5 million in six months. Therefore, several parties have suggested using the \$3.5 million carried forward from 2002 for other consumer benefits.
- ***Creation of a Reserve or the Ability to Roll Forward Unspent Funds:*** The original EUSP legislation requires that any unspent EUSP funds be returned to ratepayers. Legislation in both 2001 and 2002 has allowed for carry-forward of unspent funds into the next fiscal year. Proposals for reauthorization include creating a reserve fund for especially high electric prices or usage, allowing unspent funds to roll forward for one fiscal year, and retaining the status quo.
- ***Legislative Mission and DHR's Guidelines:*** The current legislation states that the mission of EUSP is "to assist electric customers with annual incomes at or below 150% of the federal poverty level." During the first two years of the program, DHR developed program guidelines "to help low-income electric customers reduce and manage their utility costs by creating affordable payments and to encourage regular monthly payments in order to maintain their electric service." DHR has proposed a revised mission statement that would read "to provide direct financial assistance to low income families through the payment of benefits to electric utility providers." Several parties have argued that this narrowing of the mission represents a significant shift away from several important goals of the program including counseling and financial management training. Proposals would specifically add these functions to the statute.

DHR should comment on its involvement in the reauthorization process, ongoing efforts to address the issues identified above, and goals for the program moving forward.

3. Maryland Legal Services Program Facing Potential Deficits in Fiscal 2003 and 2004

In fiscal 2002 the Maryland Legal Services Program (MLSP) faced a \$1.4 million deficit, representing 15% of the program's total original appropriation of \$9.1 million. Two major factors contributed to this significant deficit. Revised statutory requirements for child representation necessitated renegotiating contracts with participating legal organizations at a higher cost. Also, less than anticipated federal fund attainment of \$140,000 contributed to the deficit. Realignments in the closeout amendments closed the gap for fiscal 2002. However, DHR is also projecting a deficit of \$1.9 million for fiscal 2003 and a similar level for fiscal 2004. **Exhibit 3** presents funding and expenditure trends in this program from fiscal 2001 through 2004. Given the tight fiscal condition of the State, whether DHR will be able to cover the deficits in a similar fashion remains unclear.

Exhibit 3

**Maryland Legal Services Program
Funding and Expenditure Trends
Fiscal 2001 through 2004
(\$ in Millions)**

	<u>FY 01 Actual</u>	<u>FY 02 Approp</u>	<u>FY 02 Actual</u>	<u>FY 03 Approp.</u>	<u>FY 04 Allowance</u>
General Funds	\$6.06	\$5.67	\$7.16	\$5.70	\$5.71
Federal Funds	\$2.78	\$3.39	\$3.25	\$3.36	\$3.37
Total	\$8.84	\$9.06	\$10.41	\$9.06	\$9.08
Federal Fund %	31.4%	37.4%	31.2%	37.1%	37.1%

Source: Department of Human Resources; Governor's Budget

DHR should comment on these projected deficits and its plan to close them. DHR should also discuss its federal fund estimates in this program. Federal fund attainment has been \$140,000 to \$600,000 less than anticipated for the past four fiscal years.

Recommended Actions

	<u>Amount Reduction</u>	
1. Reduce general funds for the Living at Home: Maryland Community Choices Medicaid waiver. The Office of Legislative Audits (OLA) identified \$3.248 million in improperly accrued general and federal funds in this program in the fiscal 2002 closeout audit. OLA has suggested that the Department of Human Resources (DHR) revert these funds at the end of fiscal 2003. This recommendation reflects the intent of the General Assembly that DHR use the general funds in fiscal 2004 rather than revert them.	\$ 1,624,000	GF
2. Reduce funding for fatherhood and nonmarital birth initiatives. Fiscal 2003 cost containment reduced funding for these programs by \$1 million. The allowance restores this \$1 million. Given the tight fiscal condition of the State, the department should continue to implement these cost containment measures. This reduction would leave \$2.0 million available for these initiatives.	1,000,000	GF
3. Add the following language:		
<p><u>Provided that \$7,747,361 in general funds and \$7,110,565 in federal funds for the Living at Home: Maryland Community Choices attendant care Medicaid waiver may be used for that purpose alone, and may not be transferred, by budget amendment or otherwise, to any other program or purpose. General funds unexpended at the end of the fiscal year shall revert to the general fund, unless otherwise provided for in legislation. Further provided that the Department of Human Resources shall submit quarterly reports to the budget committees for their review providing the number of enrolled participants, the number of active participants, and actual expenditures on case management, fiscal intermediary services, transitional services, and waiver services.</u></p>		
<p>Explanation: This language ensures the committees' intent that the appropriation of \$14,857,926 be used only for the Living at Home: Maryland Community Choices attendant care Medicaid waiver program. The language also requires the Department of Human Resources to submit quarterly reports on enrollment and expenditures.</p>		

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Information Request	Author	Due Date
Report including the number of enrolled participants, the number of active participants, expenditures on case management, fiscal intermediary, transitional, and waiver services	DHR	October 1, 2003 January 1, 2004 April 1, 2004 July 1, 2004

4. Add the following language to the Special Fund appropriation:

, provided that \$33,617,882 of this appropriation is contingent upon enactment of legislation reauthorizing the Electric Universal Service Program.

Explanation: This language makes the appropriation for the Electric Universal Service Program contingent upon reauthorization of this program by the General Assembly during the 2003 legislative session.

Total General Fund Reductions **\$ 2,624,000**

Current and Prior Year Budgets

Current and Prior Year Budgets Adult and Community Services (\$ in Thousands)

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2002					
Legislative Appropriation	\$38,149	\$35,312	\$77,555	\$470	\$151,486
Deficiency Appropriation	0	1,080	0	0	1,080
Budget Amendments	-1,677	448	10,259	0	9,030
Reversions and Cancellations	-633	-77	-17,910	0	-18,620
Actual Expenditures	\$35,839	\$36,763	\$69,904	\$470	\$142,976
Fiscal 2003					
Legislative Appropriation	\$41,346	\$34,871	\$90,458	\$478	\$167,153
Budget Amendments	-1,516	0	2,304	0	788
Working Appropriation	\$39,830	\$34,871	\$92,762	\$478	\$167,941

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

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Fiscal 2002

Cost containment reduced DHR's fiscal 2002 general fund appropriation by \$633,000. A \$100,000 transfer of general funds from the Family Investment Administration increased the general fund appropriation. Closeout adjustments decreased the general fund appropriation by \$1.8 million due to less than anticipated costs in the Community Choices waiver, the transfer of the deficiency for local departments of social services operations, and the transfer of funds to other units in DHR for the Baltimore City relocation project. Federal funds increased by a net of \$10.2 million. This change consisted of a \$9.5 million increase in the LIHEAP grant, an increase of \$500,000 for the Office of Victim Services, and the transfer of \$840,000 from OHEP into the Office of Technology for Human Services as required by 2002 budget bill language. Closeout amendments increased the federal fund appropriation by \$1.1 million for the Legal Services and Family Violence programs.

Fiscal 2003

A budget amendment transferred roughly \$500,000 from CSA to DHR's Administration budget due to the relocation of the Commission for Women to the Office of the Secretary. Cost containment in January 2003 reduced the general fund appropriations for the Maryland Fatherhood Initiative and Responsible Choices programs by \$1.0 million. Proposed amendments would increase the federal fund appropriation by \$2.3 million in the Shelter and Nutrition, Adult Services, and Victim Services programs.

N00C01 - DHR - Adult and Community Services

Appendix 2

Object/Fund Difference Report
DHR - Adult and Community Services

<u>Object/Fund</u>	<u>FY 02 Actual</u>	<u>FY 03 Working Appropriation</u>	<u>FY 04 Allowance</u>	<u>FY 03 - 04 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	710.73	775.53	768.53	-7.00	-0.9%
02 Contractual	13.58	2.80	3.96	1.16	41.4%
Total Positions	724.31	778.33	772.49	-5.84	-0.8%
Objects					
01 Salaries and Wages	\$ 33,744,955	\$ 34,282,011	\$ 37,723,252	\$ 3,441,241	10.0%
02 Technical & Spec Fees	854,604	191,680	219,215	27,535	14.4%
03 Communication	659,774	598,048	586,489	-11,559	-1.9%
04 Travel	530,028	450,757	437,276	-13,481	-3.0%
06 Fuel & Utilities	48,196	146,511	141,921	-4,590	-3.1%
07 Motor Vehicles	53,503	12,143	10,347	-1,796	-14.8%
08 Contractual Services	98,187,169	119,396,577	124,380,557	4,983,980	4.2%
09 Supplies & Materials	489,291	298,772	365,008	66,236	22.2%
10 Equip - Replacement	31,493	0	670	670	n/a
11 Equip - Additional	223,471	328,699	328,431	-268	-0.1%
12 Grants, Subsidies, Contr	6,478,594	11,023,500	11,931,340	907,840	8.2%
13 Fixed Charges	1,673,958	2,252,011	2,591,840	339,829	15.1%
Total Objects	\$ 142,975,036	\$ 168,980,709	\$ 178,716,346	\$ 9,735,637	5.8%
Funds					
01 General Fund	\$ 35,838,686	\$ 40,845,211	\$ 45,534,152	\$ 4,688,941	11.5%
03 Special Fund	36,762,504	34,871,420	34,894,756	23,336	0.1%
05 Federal Fund	69,903,680	92,786,113	97,912,438	5,126,325	5.5%
09 Reimbursable Fund	470,166	477,965	375,000	-102,965	-21.5%
Total Funds	\$ 142,975,036	\$ 168,980,709	\$ 178,716,346	\$ 9,735,637	5.8%

Notes: Full-time and contractual positions and salaries are reflected for operating budget programs only.
Fiscal 2003 appropriations and fiscal 2004 allowance do not include cost containment and contingent reductions.

Fiscal Summary
DHR - Adult and Community Services

<u>Unit/Program</u>	<u>FY 02 Actual</u>	<u>FY 03</u>		<u>FY 03 Working Appropriation</u>	<u>FY 02 - 03 % Change</u>	<u>FY 04 Allowance</u>	<u>FY 03 - 04 % Change</u>
		<u>Legislative Appropriation</u>	<u>Appropriation</u>				
01 General Administration	\$ 751,817	\$ 610,113	\$ 610,113	\$ 610,113	-18.8%	\$ 724,828	18.8%
02 Commissions	664,619	797,383	296,794	296,794	-55.3%	330,221	11.3%
03 Maryland Office of New Americans	2,622,644	6,213,116	6,213,116	6,213,116	136.9%	6,568,502	5.7%
04 Legal Services	10,401,072	9,063,463	9,063,463	9,063,463	-12.9%	9,085,519	0.2%
05 Shelter and Nutrition	9,078,040	8,568,198	8,635,584	8,635,584	-4.9%	8,657,473	0.3%
07 Adult Services	13,843,150	21,325,792	21,901,725	21,901,725	58.2%	22,846,749	4.3%
11 Women's Services Program	15,196,491	15,431,709	17,116,005	17,116,005	12.6%	17,109,167	0%
12 Office of Home Energy Programs	53,967,467	64,833,774	64,833,774	64,833,774	20.1%	69,597,885	7.3%
04 Adult Services	36,449,736	40,310,135	40,310,135	40,310,135	10.6%	43,796,002	8.6%
Total Expenditures	\$ 142,975,036	\$ 167,153,683	\$ 168,980,709	\$ 168,980,709	18.2%	\$ 178,716,346	5.8%
General Fund	\$ 35,838,686	\$ 41,345,800	\$ 40,845,211	\$ 40,845,211	14.0%	\$ 45,534,152	11.5%
Special Fund	36,762,504	34,871,420	34,871,420	34,871,420	-5.1%	34,894,756	0.1%
Federal Fund	69,903,680	90,458,498	92,786,113	92,786,113	32.7%	97,912,438	5.5%
Total Appropriations	\$ 142,504,870	\$ 166,675,718	\$ 168,502,744	\$ 168,502,744	18.2%	\$ 178,341,346	5.8%
Reimbursable Fund	\$ 470,166	\$ 477,965	\$ 477,965	\$ 477,965	1.7%	\$ 375,000	-21.5%
Total Funds	\$ 142,975,036	\$ 167,153,683	\$ 168,980,709	\$ 168,980,709	18.2%	\$ 178,716,346	5.8%

Notes: Full-time and contractual positions and salaries are reflected for operating budget programs only.
Fiscal 2003 appropriations and fiscal 2004 allowance do not include cost containment and contingent reductions.