

**N00A01**  
**Administration**  
**Department of Human Resources**

***Operating Budget Data***

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(\$ in Thousands)

	<u>FY 02</u>	<u>FY 03</u>	<u>FY 04</u>	<u>FY 02-04</u> <u>Change</u>	<u>FY 05</u>	<u>FY 04-05</u> <u>Change</u>
Operations	\$86,435	\$79,970	\$77,682	-\$8,753	\$80,733	\$3,051
Contractual Services	55,359	44,515	43,521	-11,838	41,156	-2,365
Grants	706	543	1,860	1,154	1,900	40
Contingent & Back of Bill Reductions	0	0	0	0	-398	-398
<b>Adjusted Grand Total</b>	<b>\$142,500</b>	<b>\$125,028</b>	<b>\$123,062</b>	<b>-\$19,437</b>	<b>\$123,391</b>	<b>\$329</b>
General Funds	77,306	66,628	61,225	-\$16,082	63,608	2,383
Contingent & Back of Bill Reductions	0	0	0	0	-232	-232
<b>Adjusted General Funds</b>	<b>\$77,306</b>	<b>\$66,628</b>	<b>\$61,225</b>	<b>-\$16,082</b>	<b>\$63,376</b>	<b>\$2,151</b>
Special Funds	4,697	5,643	3,158	-\$1,539	3,606	447
Contingent & Back of Bill Reductions	0	0	0	0	-8	-8
<b>Adjusted Special Funds</b>	<b>\$4,697</b>	<b>\$5,643</b>	<b>\$3,158</b>	<b>-\$1,539</b>	<b>\$3,598</b>	<b>\$440</b>
Federal Funds	60,496	52,756	58,680	-\$1,817	56,575	-2,104
Contingent & Back of Bill Reductions	0	0	0	0	-158	-158
<b>Adjusted Federal Funds</b>	<b>\$60,496</b>	<b>\$52,756</b>	<b>\$58,680</b>	<b>-\$1,817</b>	<b>\$56,417</b>	<b>-\$2,263</b>
<b>Adjusted Grand Total</b>	<b>\$142,500</b>	<b>\$125,028</b>	<b>\$123,062</b>	<b>-\$19,437</b>	<b>\$123,391</b>	<b>\$328</b>
<b>Annual % Change</b>		<b>-12.3%</b>	<b>-1.6%</b>		<b>0.3%</b>	

- Contractual services costs decreased by \$14.2 million since fiscal 2002 due mostly to revisions and reductions in major technology development contracts and technical support contracts.
- The Governor's fiscal 2005 allowance increases by \$329,000. An increase of \$2.2 million in general funds is mostly due to a fund swap and increase in salaries and wages in the Office of Technology for Human Services (OTHS). A decrease of \$2.3 million in federal funds is due to a fund swap, fund reallocations, and internal cost containment reducing technical support contracts in OTHS.

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

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***Personnel Data***

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	<b><u>FY 02</u></b>	<b><u>FY 03</u></b>	<b><u>FY 04</u></b>	<b><u>FY 02-04</u></b> <b><u>Change</u></b>	<b><u>FY 05</u></b>	<b><u>FY 04-05</u></b> <b><u>Change</u></b>
Regular Positions	1,061.0	1,019.7	1,018.0	-43.0	1,018.0	0.0
Contractual FTEs	13.7	11.0	7.2	-6.5	1.3	-5.9
<b>Total Personnel</b>	<b>1,074.7</b>	<b>1,030.7</b>	<b>1,025.2</b>	<b>-49.5</b>	<b>1,019.3</b>	<b>-5.9</b>

***Vacancy Data: Regular Positions***

Turnover Expectancy	35.53	3.49%
Positions Vacant as of 12/31/03	28.00	2.75%

- From fiscal 2002 to 2004, 43 regular positions and 7 contractual full-time equivalents (FTEs) were eliminated due to cost containment efforts.
- The fiscal 2005 allowance makes no changes to regular positions but eliminates 5.9 contractual FTEs.
- 28 positions have been vacant for zero to six months. One additional position was vacated after December 31, 2003.

## ***Analysis in Brief***

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### **Major Trends**

***Internal Cost Containment Measures:*** The Department of Human Resources (DHR) has expressed its intent to fund the Maryland Children’s Electronic Social Services Information Exchange (MD CHESSIE) with internal departmental savings. For at least fiscal 2004 and 2005, DHR will identify internal savings to fund the continuation of the development and implementation of the MD CHESSIE project. For fiscal 2004, DHR identified approximately \$3.3 million in general funds as internal savings earmarked for MD CHESSIE. These funds will be eligible for matching federal funds, and DHR intends to again fund MD CHESSIE with internal savings in fiscal 2005.

### **Issues**

***MD CHESSIE:*** DHR has expressed its intent to fund MD CHESSIE with internal savings for at least fiscal 2004 and 2005. This project has been subject to numerous budget and project management problems in the past, such as ongoing staff reorganization, inability to communicate one version of cost estimates, the State’s potential liability for project delay, possible lack of confidence in the project, and lack of funding. Many of the problems have been resolved. DHR managed to identify \$3.3 million in internal savings during fiscal 2004 to fund MD CHESSIE. A new project director was recently hired, and the Secretary of DHR has declared MD CHESSIE to be a top priority for the department.

***Proposal to Regionalize Baltimore City Offices:*** The Secretary of DHR submitted a proposal to the Governor to regionalize the local offices of the Baltimore City Department of Social Services. The proposal is most likely to close 7 of the 19 city offices in order to establish 5 regional offices whose locations have yet to be determined. These 5 regional offices would serve as “one-stop” centers for social service programs, as opposed to the current system in which a client must visit different offices throughout the city to obtain different services. DHR plans to continue to work on the proposal; the first move would not occur for about two to four years.

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**Recommended Actions**

	<u><b>Funds</b></u>
1. Reduce funds for travel to near the level of fiscal 2004 working appropriation.	\$ 10,616
2. Reduce funds for purchase or lease of motor vehicles from \$391,704 to \$191,013.	200,691
<b>Total Reductions</b>	<b>\$ 211,307</b>

**Updates**

***DHR Indications of High Performance May Not Be Realistic:*** Rather than selecting different Managing for Results (MFR) measures as the previous year's analysis suggested, much of the MFR material submitted by the DHR Administration has been scaled down. Some divisions submitted fewer goals, objectives, and performance measures, rather than developing more detailed measures that could prompt the department to strive for ongoing quality improvement.

**N00A01**  
**Administration**  
**Department of Human Resources**

***Operating Budget Analysis***

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**Program Description**

The Department of Human Resources (DHR) administers programs through a State-supervised and locally administered system. The DHR Administration provides overall direction through four major units:

- the Office of the Secretary;
- the Operations Office;
- the Office of Technology for Human Services (OTHS); and
- local department operations.

Local departments of social services are situated in each county and Baltimore City; their administrative budgets are combined into the local department operations unit for the purpose of the State budget.

**Office of the Secretary**

The Office of the Secretary provides overall direction and coordination for all of DHR's programs and activities. The Office of the Secretary includes:

- the Citizen's Review Board for Children (CRBC);
- the Maryland Commission for Women/Governor's Council on the Status of Girls;
- the Commission on Asian Pacific American Affairs;
- the Commission on Hispanic Affairs; and
- the Commission on Migratory and Seasonal Farm Labor.

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Key goals of the Office of the Secretary include:

- increasing the organizational capacity of DHR to achieve its independence and safety goals; and
- resolving critical agencywide issues.

### **Operations Office**

The Operations Office consists of:

- the Division of Budget, Finance and Personnel (DBFP); and
- the Office of Administrative Operations (OAO).

DBFP manages and controls fiscal and personnel systems for DHR. OAO manages DHR facilities; oversees DHR's motor vehicles and parking, mailroom warehouse operations, print shop, inventory, and records; and manages risk management activities. Key goals of the Operations Office include:

- providing a high quality workforce of DHR employees; and
- providing a professional, well-designed, and safe physical work environment.

### **Office of Technology for Human Services**

OTHS is responsible for the overall management and direction of DHR's information systems throughout the State, including computer applications and systems, computer and communication equipment, telephone systems and equipment, facility and support equipment, and consumables and supplies. The goal of OTHS is to deliver services to meet the operational needs of its customers.

### **Local General Administration**

The general administration unit for local department operations provides support services and staff to operate the 24 local departments of social services, including the management of staff, finances, statistical reporting, central records, fleet operations, buildings and grounds, equipment and supplies, purchase and inventory, and general services. Its stated key goal is to achieve State and local goals and objectives.

## Performance Analysis: Managing for Results

**Exhibits 1 through 4** show performance measures from each of DHR Administration's units. The performance data shows moderate but steady success at achieving realistic goals.

- **Office of the Secretary:** As shown in **Exhibit 1**, the performance data of the Office of the Secretary shows consistent ability to meet its goals. However, the Office of the Secretary has not developed additional performance measures in order to strive for continuous improvement, as was recommended in the previous year's budget analysis. CRBC again submitted a thoughtful and honest assessment of its performance measures and data. CRBC shows steady improvement in most areas and anticipates continued progress.

**Exhibit 1**  
**Program Measurement Data**  
**Office of the Secretary**  
**Fiscal 2002 – 2005**

	<u>Actual</u> <u>2002</u>	<u>Est.</u> <u>2003</u>	<u>Est.</u> <u>2004</u>	<u>Est.</u> <u>2005</u>	<u>Ann.</u> <u>% Chg.</u> <u>03-05</u>
Office of the Secretary – % of DHR organizations having strategic plans that fully or partially meet all 10 criteria	29	48	100	100	44.3%
CRBC – number of children adopted from out-of-home placement	853	631	950	1,000	25.9%
Maryland Commission for Women – % of customers rating satisfaction as good or excellent	85	95	95	95	0.0%

Source: Office of the Secretary

- **Office of Administrative Operations:** **Exhibit 2** demonstrates the performance data for the Office of Administrative Operations, which continues to show that the rate of success at attaining objectives is high. **However, new objectives should be developed that would establish continuing progress toward the goals, as well as objectives that reflect progress in recovering federal funds accurately and timely.**

**Exhibit 2**  
**Program Measurement Data**  
**Office of Administrative Operations**  
**Fiscal 2002 – 2005**

	<u>Actual</u> <u>2002</u>	<u>Est.</u> <u>2003</u>	<u>Est.</u> <u>2004</u>	<u>Est.</u> <u>2005</u>	<u>Ann.</u> <u>Chg.</u> <u>03-05</u>
% of total vacant positions filled within six months	33	88	70	70	-10.8%
% of fiscal estimates submitted on time	97	86	95	95	5.1%
% of DHR-leased office spaces that conform to DGS standards	93	93	95	95	1.1%

DGS = Department of General Services

Source: Office of Administrative Operations

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- **OTHS: Exhibit 3** shows the performance data for OTHS. OTHS only has one key goal and one measurable objective to ensure that all systems are available as scheduled, which shows a 95 to 99% rate of success since 2002.
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**Exhibit 3**  
**Program Measurement Data**  
**Office of Technology for Human Services**  
**Fiscal 2002 – 2005**

	<u>Actual</u> <u>2002</u>	<u>Est.</u> <u>2003</u>	<u>Est.</u> <u>2004</u>	<u>Est.</u> <u>2005</u>	<u>Ann.</u> <u>Chg.</u> <u>03-05</u>
% of time when all systems are available as scheduled	99	99	95	95	-2.0%

Source: Office of Technology for Human Services

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- **Local Department Operations:** Exhibit 4 shows the performance data for the local departments. Local department operations only submitted one objective – to meet 75% of the Managing for Results (MFR) objectives in fiscal 2004. This objective is vague and thus unclear, and the performance data is also vague and does not show great success. **Additional objectives should be developed to more thoroughly and accurately examine performance.**
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**Exhibit 4**  
**Program Measurement Data**  
**Local Department Operations**  
**Fiscal 2002 – 2005**

	<b>Actual</b> <b><u>2002</u></b>	<b>Est.</b> <b><u>2003</u></b>	<b>Est.</b> <b><u>2004</u></b>	<b>Est.</b> <b><u>2005</u></b>	<b>Ann.</b> <b>Chg.</b> <b><u>03-05</u></b>
% of MFR objectives met	52	56	75	75	15.7%

Source: Department of Human Resources

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## **Fiscal 2004 Actions**

### **Impact of Cost Containment**

Cost containment reduced DHR Administration's fiscal 2004 appropriation by approximately \$2.4 million. Nearly \$1 million of this reduction came from local department operations, largely from contractual services, supplies, and materials. The remaining \$1.4 million came from across-the-board reductions in administrative costs such as grants, supplies, and materials.

## **Governor's Proposed Budget**

As Exhibit 5 demonstrates, the fiscal 2005 allowance is an increase of approximately \$329,000, or only 0.3%, over the fiscal 2004 working appropriation. The major changes were in personnel costs, which increased by \$1.4 million and in local departments' telephone costs, which increased by \$1.2 million to reflect actual expenditures in fiscal 2003. These increases were offset by a decrease of \$1.1 million due to internal cost containment measures.

**Exhibit 5**  
**Governor's Proposed Budget**  
**Department of Human Resources Administration**  
(\$ in Thousands)

	<u>FY 03</u> <u>Actual</u>	<u>FY 04</u> <u>Approp.</u>	<u>FY 05</u> <u>Allowance</u>	<u>FY 04-05</u> <u>Change</u>	<u>FY 04-05</u> <u>% Change</u>
General Funds	\$66,628	\$61,225	\$63,608	\$2,383	3.9%
Contingent & Back of Bill Reductions	0	0	-232	-232	
<b>Adjusted General Funds</b>	<b>\$66,628</b>	<b>\$61,225</b>	<b>\$63,376</b>	<b>\$2,152</b>	<b>3.5%</b>
Special Funds	\$5,643	\$3,158	\$3,606	\$447	14.2%
Contingent & Back of Bill Reductions	0	0	-8	-8	
<b>Adjust Special Funds</b>	<b>\$5,643</b>	<b>\$3,158</b>	<b>\$3,598</b>	<b>\$440</b>	<b>13.9%</b>
Federal Funds	\$52,756	\$58,680	\$56,575	-\$2,104	-3.6%
Contingent & Back of Bill Reductions	0	0	-158	-158	
<b>Adjust Federal Funds</b>	<b>\$52,756</b>	<b>\$58,680</b>	<b>\$56,417</b>	<b>-\$2,263</b>	<b>-3.9%</b>
<b>Adjusted Grand Total</b>	<b>\$125,028</b>	<b>\$123,062</b>	<b>\$123,391</b>	<b>\$329</b>	<b>0.3%</b>

**Where It Goes:**

**Personnel Expenses**

Increments .....	\$834
Employee and retiree health insurance .....	1,030
Workers' compensation premium assessment .....	-26
Turnover adjustments .....	611
Retirement .....	-87
Other fringe benefit adjustments .....	-969

**Deliver Information Technology Services to Meet the Needs of Customers**

Change funding for MD CHESSIE program to internal savings .....	-323
Upgrading of the Child Care Automated Management Information System .....	-455
Enhancements to Child Support Enforcement System .....	-689

**Headquarters and Local Operations**

Telephone/telecommunications increase to more accurately reflect actual costs .....	1,205
Purchase/lease, maintenance, and upkeep of motor vehicles .....	384
Internal cost containment in contracts with office systems support vendors .....	-1,128

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**Where It Goes:**

Decrease in local contractual services contracts .....	-40
Decrease in local administrative and management services contracts .....	-20

**Other Changes** 2

**Total** \$329

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

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**Impact of Cost Containment**

The fiscal 2005 allowance reflects the elimination of \$397,800, the appropriation for matching employee deferred compensation contributions up to \$600, contingent upon enactment of a provision in budget reconciliation legislation.

## *Issues*

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### **1. MD CHESSIE**

#### **Background**

In 1995, the U.S. Department of Health and Human Services, Administration on Children and Families changed its reporting requirements for various child welfare, foster care, and adoption services to determine eligibility for federal funding under Titles IV-B and IV-E of the Social Security Act. The federal government also offered states 50% matching funds to create a State Automated Child Welfare Information System (SACWIS) to comply with these new reporting requirements, but it did not specifically mandate that states develop such systems.

DHR has contracted with Deloitte Consulting (Deloitte) to develop and implement Maryland's SACWIS system, named MD CHESSIE. The project was approved by the federal government in 1999, and the contract with Deloitte was approved in 2001.

#### **Fiscal 2004**

The General Assembly reduced the fiscal 2004 allowance for the development and implementation of MD CHESSIE from \$6.6 million (\$3.3 million of general funds) to \$2.6 million (\$1.3 million of general funds) because of numerous problems with project management and funding. Funds remained in the budget to allow for full funding of the capital lease on all MD CHESSIE equipment. The project was to resume when the problems were resolved.

#### **Problems**

The MD CHESSIE project has been plagued with management and budget problems. Robbins-Gioia completed an independent audit in 2002 that cited numerous project management problems, some of which are listed in **Exhibit 6** with some of the measures taken to resolve or improve them. As Exhibit 6 demonstrates, many of the problems have been resolved or improved.

**Exhibit 6**  
**MD CHESSIE - Problems Identified**

<u>Problem Identified</u>	<u>Action/Solution</u>	<u>Status</u>
Ineffective mechanisms for resolving program issues.	New project manager was recently hired.	Optimistic outlook for resolving program issues.
Ongoing reorganization of program staff and resources	New project manager was recently hired.	Ongoing reorganization of program staff continues, at least for the short term.
Inability to effectively communicate past, current, and future costs/conflicting total cost estimates.	New project manager and DHR budget office are collaborating to provide consistent cost information.	Due to newness of position, project manager has yet to effectively communicate definite costs. DHR budget office is working to provide single version of cost estimates.
Inefficient allocation of resources to monitoring contractor.	Contract with MAXIMUS was modified and reduced by the Board of Public Works in June 2003.	Resolved.
State's potential liability to Deloitte for project delay.	Contract has been renegotiated with Deloitte.	Resolved.
Possible lack of confidence of federal government.	Federal government recently granted approval.	Resolved.
Early rollout of computers to accommodate MD CHESSIE.	Current trainings are being performed.	Uncertain whether rolled out computers will have compatibility problems when project is finally implemented.
Lack of full funding.	DHR intends to fund MD CHESSIE largely through internal savings.	Possible conflict as DHR faces severe underfunding in other programs.

Source: Department of Legislative Services

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**Internal Cost Savings**

Despite the budget reduction made by the General Assembly, DHR has resolved that the development and implementation of MD CHESSIE is a top priority of the department. Recent instances of children in other states that were harmed because they “fell through the cracks” of the states’ social services systems reiterate the importance of implementing MD CHESSIE so that similar tragedies can be prevented in Maryland.

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During the 2004 interim, DHR expressed its resolution to fund MD CHESSIE through internal savings. While \$2 million in general funds were cut from the fiscal 2004 budget, and \$2 million in matching federal funds were also forfeited, DHR managed to generate \$3.3 million in general funds through internal savings during fiscal 2004 to fund MD CHESSIE. Thus, \$3.3 million in matching federal funds will also become available for the project for fiscal 2004.

**Fiscal 2005 Allowance**

The fiscal 2005 allowance provides for continuing the payment of capital leases on MD CHESSIE equipment, in the amount of \$1.9 million. Further development and implementation is intended to be funded through continuing internal cost savings. Funding MD CHESSIE through internal cost savings could pose a problem, as DHR is struggling to maintain its direct service programs at current levels.

**Revised Implementation Schedule and Cost Information**

**Exhibit 7** shows the revised implementation schedule for the MD CHESSIE project.

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**Exhibit 7**  
**MD CHESSIE – Current Project Timeline**

<u>Project Phases</u>	<u>Timeline</u>
Complete System Development	January 2004 – July 2004
Testing	August 2004 – January 2006
Data Conversion	May 2005 – December 2006
Training	September 2005 – November 2006
Pilot	February 2006 – April 2006
Statewide Implementation	May 2006 – November 2006
Post Implementation/Maintenance	December 2006 – June 2007

Source: Office of Technology for Human Services

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**Exhibit 8** shows revised cost estimates for the MD CHESSIE project through federal fiscal 2007, as reported by the DHR Budget Office in January 2004.

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**Exhibit 8**  
**MD CHESSIE**  
**Revised Cost Estimates**

<u>Time Line</u>	<u>Estimated Cost</u>	
Prior to FFY 2003	\$28,207,435	
FFY 2004	\$7,475,602	<ul style="list-style-type: none"><li>• \$493,496 – Salaries</li><li>• \$300,000 – Monitoring Contractor (MAXIMUS)</li><li>• \$4,076,412 – Implementation Contractor (Deloitte)</li><li>• \$2,544,994 – Capital Leasing</li><li>• \$60,700 – Indirect Costs</li></ul>
FFY 2005	\$9,596,768	<ul style="list-style-type: none"><li>• \$493,496 – Salaries</li><li>• \$300,000 – Monitoring Contractor (MAXIMUS)</li><li>• \$5,023,192 – Implementation Contractor (Deloitte)</li><li>• \$1,787,800 – Capital Leases</li><li>• \$1,931,580 – Upgrades to Infrastructure</li><li>• \$60,700 – Indirect Costs</li></ul>
FFY 2006	\$8,389,384	<ul style="list-style-type: none"><li>• \$430,440 – Salaries</li><li>• \$300,000 – Monitoring Contractor (MAXIMUS)</li><li>• \$7,606,000 – Implementation Contractor (Deloitte)</li><li>• \$52,944 – Indirect Costs</li></ul>
FFY 2007	\$8,307,556	<ul style="list-style-type: none"><li>• \$451,964 – Salaries</li><li>• \$300,000 – Monitoring Contractor (MAXIMUS)</li><li>• \$7,500,000 – Implementation Contractor (Deloitte)</li><li>• \$55,592 – Indirect Costs</li></ul>
<b>Total Cost through FFY 2007</b>	<b>\$61,976,745</b>	

FFY = federal fiscal year

Source: Department of Human Resources Budget Office

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## **Conclusion**

The analysis of the fiscal 2004 allowance stated that the MD CHESSIE project could not move forward until its problems were resolved to the satisfaction of DHR, the Department of Budget and Management (DBM), the federal government, and the contractor. DBM appears to be on board with DHR's plan to fund MD CHESSIE through internal savings, and the federal government recently granted its approval for the project as revised. Deloitte has renegotiated its agreement to develop and implement the project, and DHR has resolved that MD CHESSIE is a top priority of the department and will therefore be funded through internal savings. While some questions remain about some possible management problems and the future funding of the project, many of the prior problems have been resolved.

**DHR should comment on the resolution and status of all problems cited in Exhibit 6. DHR should also comment on the implications of funding MD CHESSIE with internal savings while reducing funding for other DHR programs. Finally, DHR should comment on where in its fiscal 2005 budget it intends to find internal savings for MD CHESSIE.**

## **2. Proposal to Regionalize Baltimore City Offices**

The Secretary of DHR submitted a proposal to the Governor to regionalize the local offices of the Baltimore City Department of Social Services. Under the current system, a client must visit different offices located throughout the city to obtain different services. For example, a client must currently visit two different offices to obtain food stamps and aid for the elderly. The proposal is for a more community-based system with a smaller number of "one-stop" centers for social service programs. A client could then obtain access to all social services from one regional office. Child support enforcement is provided by an outside vendor and would still be at a different location. The goals of this proposal are to provide:

- more efficient provision of services;
- more convenience to clients; and
- less top-heavy management.

One disadvantage could be longer travel time for clients to the regional office. However, clients could fulfill their needs with one visit, rather than multiple visits under the current system. This proposal is to be implemented in two to four years. DHR plans to continue to work on the proposal and to work out the details and strategies. DHR does not expect significant fiscal savings in the short-term, but DHR anticipates the proposal will lead to greater efficiency in the long-term.

**DHR should comment on the proposal's implications for its clients.**

## ***Recommended Actions***

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	<b><u>Amount Reduction</u></b>	
1. Reduce funds for travel to reflect statewide cost savings efforts. The current fiscal condition of the State leaves no room for expanded travel activities. Fiscal 2005 travel expenses should stay in line with fiscal 2004 expenditures.	\$ 10,616	GF
2. Reduce funds for purchase or lease of motor vehicles by \$200,691. The reduction still leaves \$191,013 for new vehicle purchases, a 177% increase over fiscal 2004.	116,484	GF
	84,207	FF
<b>Total Reductions</b>	<b>\$ 211,307</b>	
<b>Total General Fund Reductions</b>	<b>\$ 127,100</b>	
<b>Total Federal Fund Reductions</b>	<b>\$ 84,207</b>	

## ***Updates***

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### **1. DHR Indications of High Performance May Not Be Realistic**

The analysis of the fiscal 2004 allowance recommended that DHR should perhaps select different MFR measures, as some goals had been consistently met for several years and thus may not measure true performance. Rather than developing additional or more detailed measures, many of DHR Administration's divisions submitted fewer goals, objectives, or performance measures. For example:

- the Office of the Secretary eliminated one goal, one objective, and one performance measure;
- the Division of Budget, Finance, and Personnel eliminated two goals, three objectives, and three performance measures;
- the Division of Administrative Services reduced their MFR submission by two goals; and
- OTHS reduced its number of goals from three to one.

**The various divisions within DHR Administration should work on developing thorough performance measures in order to strive for ongoing quality improvement.**

## *Current and Prior Year Budgets*

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### Current and Prior Year Budgets Department of Human Resources - Administration (\$ in Thousands)

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
<b>Fiscal 2003</b>					
Legislative Appropriation	\$60,883	\$4,090	\$68,612	\$0	\$133,585
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	10,821	1,683	-3,535	0	8,969
Cost Containment	-5,076	0	0	0	-5,076
Reversions and Cancellations	0	-130	-12,321	0	-12,451
<b>Actual Expenditures</b>	<b>\$66,628</b>	<b>\$5,643</b>	<b>\$52,756</b>	<b>\$0</b>	<b>\$125,027</b>
<b>Fiscal 2004</b>					
Legislative Appropriation	\$63,342	\$3,158	\$60,346	\$0	\$126,846
Cost Containment	-2,439	0	0	0	-2,439
Budget Amendments	321	0	-1,667	0	-1,346
<b>Working Appropriation</b>	<b>\$61,224</b>	<b>\$3,158</b>	<b>\$58,679</b>	<b>\$0</b>	<b>\$123,061</b>

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

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### **Fiscal 2003**

Cost containment reduced DHR Administration's general fund appropriation by approximately \$5 million. Budget amendments increased the general fund appropriation by approximately \$10.8 million, including approximately \$4.0 million to OTHS for postage and contractual services, \$3.3 million to local departments of social services for salaries, \$2.7 million to the Office of Operations for salaries and building expenses, and an additional \$0.9 million that was transferred from the Social Services Administration and local departments of social services to OTHS for the MD CHESSIE project. Federal funds were reduced by \$3.5 million, mostly from OTHS, because Temporary Assistance for Needy Families funds were available and redirected to meet costs associated with Temporary Cash Assistance. Additionally, \$12 million in federal funds were canceled, mostly due to the delay of development of major information technology systems; encumbrances were cancelled due to lack of funds, and federal matching funds were therefore forfeited.

### **Fiscal 2004**

Cost containment reduced DHR Administration's general fund appropriation by approximately \$2.4 million. A budget amendment increased the general fund appropriation by \$321,000, which was a transfer of funds from DHR Community Services Administration (CSA) to reflect the transfer of three commissions from CSA to the Office of the Secretary. Another budget amendment reduced the federal fund appropriation by approximately \$1.7 million because general funds throughout the administration's budget were subject to cost containment and, therefore, not eligible for these federal matching funds.

**Object/Fund Difference Report  
DHR - Administration**

<u>Object/Fund</u>	<u>FY03 Actual</u>	<u>FY04 Working Appropriation</u>	<u>FY05 Allowance</u>	<u>FY04 - FY05 Amount Change</u>	<u>Percent Change</u>
<b>Positions</b>					
01 Regular	1019.65	1018.00	1018.00	0	0%
02 Contractual	11.00	7.18	1.31	-5.87	-81.8%
<b>Total Positions</b>	<b>1030.65</b>	<b>1025.18</b>	<b>1019.31</b>	<b>-5.87</b>	<b>-0.6%</b>
<b>Objects</b>					
01 Salaries and Wages	\$ 59,247,178	\$ 56,985,292	\$ 58,776,937	\$ 1,791,645	3.1%
02 Technical & Spec Fees	758,610	480,338	373,051	-107,287	-22.3%
03 Communication	9,088,488	6,752,568	7,957,784	1,205,216	17.8%
04 Travel	355,802	367,543	377,334	9,791	2.7%
06 Fuel & Utilities	236,590	325,127	325,127	0	0%
07 Motor Vehicles	672,664	736,293	1,120,493	384,200	52.2%
08 Contractual Services	44,514,698	43,520,715	41,155,999	-2,364,716	-5.4%
09 Supplies & Materials	1,417,356	957,324	960,574	3,250	0.3%
10 Equip - Replacement	38,399	73,872	73,872	0	0%
11 Equip - Additional	581,915	1,301,546	978,511	-323,035	-24.8%
12 Grants, Subsidies, Contracts	543,231	1,859,947	1,899,747	39,800	2.1%
13 Fixed Charges	7,572,620	9,701,903	9,789,370	87,467	0.9%
<b>Total Objects</b>	<b>\$ 125,027,551</b>	<b>\$ 123,062,468</b>	<b>\$ 123,788,799</b>	<b>\$ 726,331</b>	<b>0.6%</b>
<b>Funds</b>					
01 General Fund	\$ 66,628,119	\$ 61,224,525	\$ 63,607,968	\$ 2,383,443	3.9%
03 Special Fund	5,643,026	3,158,419	3,605,695	447,276	14.2%
05 Federal Fund	52,756,406	58,679,524	56,575,136	-2,104,388	-3.6%
<b>Total Funds</b>	<b>\$ 125,027,551</b>	<b>\$ 123,062,468</b>	<b>\$ 123,788,799</b>	<b>\$ 726,331</b>	<b>0.6%</b>

Note: The fiscal 2004 appropriation does not include deficiencies, and the fiscal 2005 allowance does not reflect contingent reductions.

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Appendix 2

**Fiscal Summary  
DHR - Administration**

<u>Unit/Program</u>	<u>FY03 Actual</u>	<u>FY04 Legislative Appropriation</u>	<u>FY04 Working Appropriation</u>	<u>FY03 - FY04 % Change</u>	<u>FY05 Allowance</u>	<u>FY04 - FY05 % Change</u>
01 Office of the Secretary	\$ 10,081,099	\$ 11,374,783	\$ 10,735,988	6.5%	\$ 9,470,416	-11.8%
02 Citizen's Review Board for Children	1,424,302	1,509,840	1,471,747	3.3%	1,517,828	3.1%
03 Maryland Commission for Women	290,077	360,582	618,923	113.4%	900,382	45.5%
01 Division of Budget, Finance and Personnel	13,049,516	12,825,975	12,364,930	-5.2%	13,360,618	8.1%
02 Division of Administrative Services	5,564,451	4,565,405	6,522,616	17.2%	7,261,315	11.3%
02 Major Information Technology Development	5,491,237	7,727,074	7,727,074	40.7%	6,259,709	-19.0%
04 General Administration	49,036,175	46,224,937	43,039,211	-12.2%	42,627,129	-1.0%
05 General Administration	40,090,694	42,257,611	40,581,979	1.2%	42,391,402	4.5%
<b>Total Expenditures</b>	<b>\$ 125,027,551</b>	<b>\$ 126,846,207</b>	<b>\$ 123,062,468</b>	<b>-1.6%</b>	<b>\$ 123,788,799</b>	<b>0.6%</b>
General Fund	\$ 66,628,119	\$ 63,341,634	\$ 61,224,525	-8.1%	\$ 63,607,968	3.9%
Special Fund	5,643,026	3,158,418	3,158,419	-44.0%	3,605,695	14.2%
Federal Fund	52,756,406	60,346,152	58,679,524	11.2%	56,575,136	-3.6%
<b>Total Appropriations</b>	<b>\$ 125,027,551</b>	<b>\$ 126,846,207</b>	<b>\$ 123,062,468</b>	<b>-1.6%</b>	<b>\$ 123,788,799</b>	<b>0.6%</b>

Note: The fiscal 2004 appropriation does not include deficiencies, and the fiscal 2005 allowance does not reflect contingent reductions.