

**N00C01**  
**Adult and Community Services**  
**Department of Human Resources**

***Operating Budget Data***

(\$ in Thousands)

	<b>FY 04</b>	<b>FY 05</b>	<b>FY 06</b>	<b>FY 05-06</b>	<b>% Change</b>
	<b><u>Actual</u></b>	<b><u>Working</u></b>	<b><u>Allowance</u></b>	<b><u>Change</u></b>	<b><u>Prior Year</u></b>
General Fund	\$38,145	\$42,786	\$42,923	\$138	0.3%
Special Fund	37,606	35,115	34,402	-713	-2.0%
Federal Fund	79,271	98,007	94,839	-3,168	-3.2%
Reimbursable Fund	<u>8,684</u>	<u>375</u>	<u>375</u>	<u>0</u>	
<b>Total Funds</b>	<b>\$163,707</b>	<b>\$176,282</b>	<b>\$172,539</b>	<b>-\$3,744</b>	<b>-2.1%</b>
Contingent & Back of Bill Reductions			-240	-240	
<b>Adjusted Total</b>	<b>\$163,707</b>	<b>\$176,282</b>	<b>\$172,299</b>	<b>-\$3,984</b>	<b>-2.3%</b>

- The fiscal 2006 allowance decreases by \$3.98 million, or 2.3% from the fiscal 2005 working appropriation. General funds increase by \$138,000, while federal funds decrease by \$3.2 million and special funds decrease by \$0.7 million.
- Salaries and wages decrease by \$2.8 million, mostly due to reductions in regular earnings and health insurance costs associated with the transfer of positions to other units of the department in fiscal 2005.
- The largest decreases are due to a \$0.9 million decrease in Maryland Office for New Americans due to shifting priorities and the decline in the number of immigrants and a \$1.1 million decrease in the Office of Home Energy Programs (OHEP), mostly due to the transfer of its weatherization program to Maryland Department of Housing and Community Development (DHCD).

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

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## ***Personnel Data***

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	<b><u>FY 04</u></b> <b><u>Actual</u></b>	<b><u>FY 05</u></b> <b><u>Working</u></b>	<b><u>FY 06</u></b> <b><u>Allowance</u></b>	<b><u>FY 05-06</u></b> <b><u>Change</u></b>
Regular Positions	621.75	604.23	597.03	-7.20
Contractual FTEs	<u>3.20</u>	<u>3.80</u>	<u>3.80</u>	<u>0.00</u>
<b>Total Personnel</b>	<b>624.95</b>	<b>608.03</b>	<b>600.83</b>	<b>-7.20</b>

### ***Vacancy Data: Regular Positions***

Turnover, Excluding New Positions	23.88	4.00%
Positions Vacant as of 12/31/04	44.70	7.40%

- The fiscal 2006 allowance contains 7.2 fewer regular positions than the fiscal 2005 working appropriation. 5.2 of the positions are in Local Adult Services. Anne Arundel, Cecil, Prince George's, and Wicomico counties are each losing 1 position. Carroll and Kent counties are each losing 0.5 position, and Allegany County is losing 0.2 position. One position is reduced in Adult Services Office of Personal Care Services, and one position is reduced in the Office of Victim Services Project Retain.
- The budgeted turnover rate is 4.0%, but the current vacancy rate is higher at 7.40%. When the 7.2 vacant positions are eliminated for fiscal 2006, the vacancy rate will be 6.24%, which is closer to its budgeted turnover rate.

## ***Analysis in Brief***

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### **Major Trends**

***Maryland Office for New Americans Expects Success Despite Major Budget Reductions:*** Despite a \$1.4 million reduction in the fiscal 2006 allowance due to changing priorities and decline in immigrant numbers, the Department of Human Resources (DHR) expects improvement in its job placement measures for immigrants and refugees in fiscal 2005 and 2006.

***Declining Performance in Shelter and Nutrition Program:*** Performance data show declining performance in the percent of homeless people provided with services and in the percent of people at risk for eviction proceedings maintaining permanent housing.

***Office of Home Energy Programs Fails to Reach All Eligible Households:*** DHR OHEP failed to meet its goal for the percent of eligible households who receive energy assistance services.

## Issues

**Proposed Merger of Low-income Weatherization Programs:** The Public Service Commission (PSC) has oversight responsibility over DHR’s Electric Universal Service Program (EUSP), which contains the following three components: bill payment assistance, arrearage retirement, and weatherization services. DHCD also administers a weatherization assistance program. In January 2004 the Office of Legislative Audits found that DHR had not adequately managed its weatherization component of EUSP. As a result, during the 2004 legislative session, the General Assembly directed DHR, DHCD, and PSC to jointly prepare and submit a report detailing the most appropriate method of merging the two weatherization programs. The report found that DHCD should administer a merged weatherization program, and that DHR should continue to provide bill payment assistance and arrearage retirement services.

**Community Choices: Living at Home Medicaid Waiver:** The program is still closed to expansion due to a cost cap, but new individuals are enrolled as slots become available. Since the program’s inception, 106 individuals have transitioned from a nursing facility back into the community. A recent legislative audit highlighted some areas of concern for the program.

## Recommended Actions

	<u>Funds</u>	<u>Positions</u>
1. Reduce general fund increase for reclassifications.	\$ 51,385	
2. Delete 14.5 positions that have been vacant for longer than 12 months.	609,793	14.5
<b>Total Reductions</b>	<b>\$ 661,178</b>	<b>14.5</b>

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**Adult and Community Services**  
**Department of Human Resources**

***Operating Budget Analysis***

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**Program Description**

The Department of Human Resources (DHR) Community Services Administration (CSA) delivers programs and services that foster independence and safety for vulnerable individuals and families in their communities. CSA works in partnership with local departments of social services (LDSS) and Maryland's community-based and faith-based organizations by providing leadership and resources. Key goals of CSA are:

- to ensure that individuals and families in crisis will have their needs met through emergency services;
- to ensure that individuals and families will have their safety needs met; and
- to ensure that individuals and families served by CSA achieve their maximum level of economic and personal independence.

CSA operates the following programs:

**Maryland Office for New Americans (MONA)**

MONA's mission is to provide services to ensure that refugees in Maryland become economically self-sufficient and to assist refugees and immigrants in their adjustment to mainstream society. MONA manages a federally funded refugee resettlement program that provides cash, medical assistance, and social services such as employment services, English language, cultural training, and support services to refugees residing in Maryland. MONA also helps legal foreign-born residents successfully complete the naturalization process. MONA's services are intended to lead to refugees' early economic independence and social adjustment.

**Maryland Legal Services Program (MLSP)**

MLSP's mission is to protect the legal rights and interests of DHR's customers in legal proceedings by providing effective legal counsel. MLSP provides the legal representation for children in Child in Need of Assistance (CINA) and Termination of Parental Rights proceedings and for disabled indigent adults in Adult Public Guardianship proceedings. MLSP contracts with legal organizations, or pays for court-appointed private attorneys if a conflict of interest exists, to provide effective legal counsel.

## **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 the following subprograms: (1) Emergency and Transitional Housing and Services Program; (2) Housing Counseling Program; (3) Service-Linked Housing Program; (4) Homeless Women-Crisis Shelter Home Program; (5) Emergency Food Assistance Program; (6) Maryland Emergency Food Program; (7) Meal Delivery to Patients with AIDS Program; (8) Statewide Nutrition Assistance Program; and (9) Homelessness Prevention Program, which is administered by CSA but budgeted through the Family Investment Administration.

## **Adult Services**

Adult Services provides services to the elderly and individuals with disabilities through the LDSS and community-based agencies. The Office of Personal Assistance Services administers the Living At Home: Community Choices Waiver, and the Office of Community Initiatives administers fatherhood initiatives and programs for the reduction of non-marital births.

## **Office of Victim Services**

The mission of the Office of Victim Services is to meet the needs of victims in crisis and transition, former Temporary Assistance for Needy Families (TANF) customers, unemployed and qualifying displaced homemakers. The Office of Victim Services promotes departmental initiatives to provide an environment of greater safety for victims of crime and their families, especially for victims of domestic violence, rape, sexual assault, and child abuse. It includes the following subprograms: (1) Victims of Crime Assistance Program; (2) Domestic Violence Program; (3) Rape Crisis Program; (4) Crisis Response Program (Disaster Relief); (5) Displaced Homemaker Program; (6) Project Retain; and (7) Women's Crisis Shelter Program.

## **Office of Home Energy Programs (OHEP)**

OHEP administers home energy assistance programs that provide services for low-income families who are vulnerable to the costs of higher energy consumption. These services, administered through local agencies in each State jurisdiction, include direct cash payments (benefits); indirect assistance (budget counseling, vendor arrangements, and referrals); and non-cash assistance (energy heating/cooling equipment repair and replacement). OHEP administers the following:

- The Maryland Energy Assistance Program (MEAP) is funded by the federal Low-Income Home Energy Assistance Program Block Grant (LIHEAP) and provides financial assistance for home

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energy costs for low-income citizens, crisis assistance services, furnace repair and replacements, and a utility service protection program.

- The Electric Universal Services Program (EUSP) helps low-income electric customers pay their electric bills by helping to pay past due bills (one time only), helping customers to have more affordable regular bills, and helping to obtain electric conservation treatment for customers' homes through weatherization activities. EUSP is 100% funded by special funds from monthly fees paid by electric customers.

### **Performance Analysis: Managing for Results**

**Exhibit 1** shows performance data specific to MONA. MONA's fiscal 2006 budget allowance decreases by \$1.4 million from the fiscal 2005 working appropriation. However, some performance measures are expected to improve in fiscal 2005 and 2006, such as the percent of full-time placements with health benefits, and the percent of the employment caseload placed into jobs. Some of this improvement is expected due to the significant decline in the number of immigrants since September 11, 2001. **DHR should comment on its plans for success in providing these services while funding decreases so significantly.**

**Exhibit 2** portrays performance measurement data in MLSP. The fiscal 2005 budget allowance contained a \$4.0 million deficiency appropriation for this program, as it had historically been underfunded. However, DHR does not expect a deficiency in either fiscal 2005 or 2006. While the percent of cases handled by contractors remains steady from 2003 to 2006 estimated, increased requirements in CINA cases leads to improvement in the number of in-person contacts in cases and the average hours per case. The percent of Maryland jurisdictions reporting quality representation is expected to continue to increase slightly but steadily. This is measured by an annual MLSP survey completed by the judiciary that evaluates the quality of the legal representation in MLSP cases.

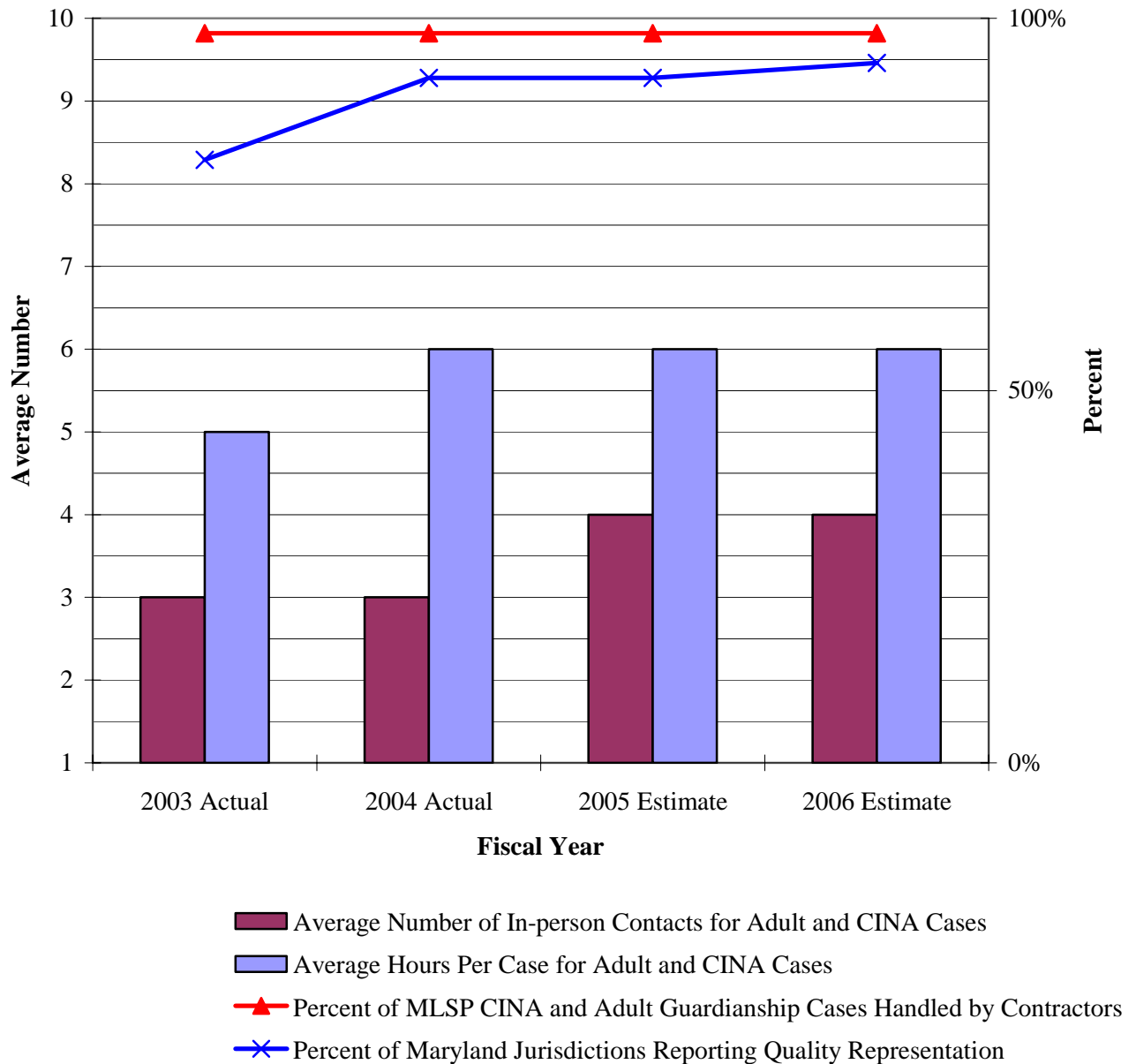
MFR data for CSA's Shelter and Nutrition Program is portrayed in **Exhibit 3**. The number of bed nights of emergency and transitional housing for homeless people declines, reportedly due to the rising cost of providing these services. The percent of persons receiving housing counseling who maintained permanent housing for three months declines due to the rising cost of housing, especially in Baltimore City. The percent of households for whom eviction prevention payments were made who retain housing for three months remains steady, but the cost of providing these services is also increasing.

**Exhibit 1**  
**Managing for Results – Maryland Office for New Americans**



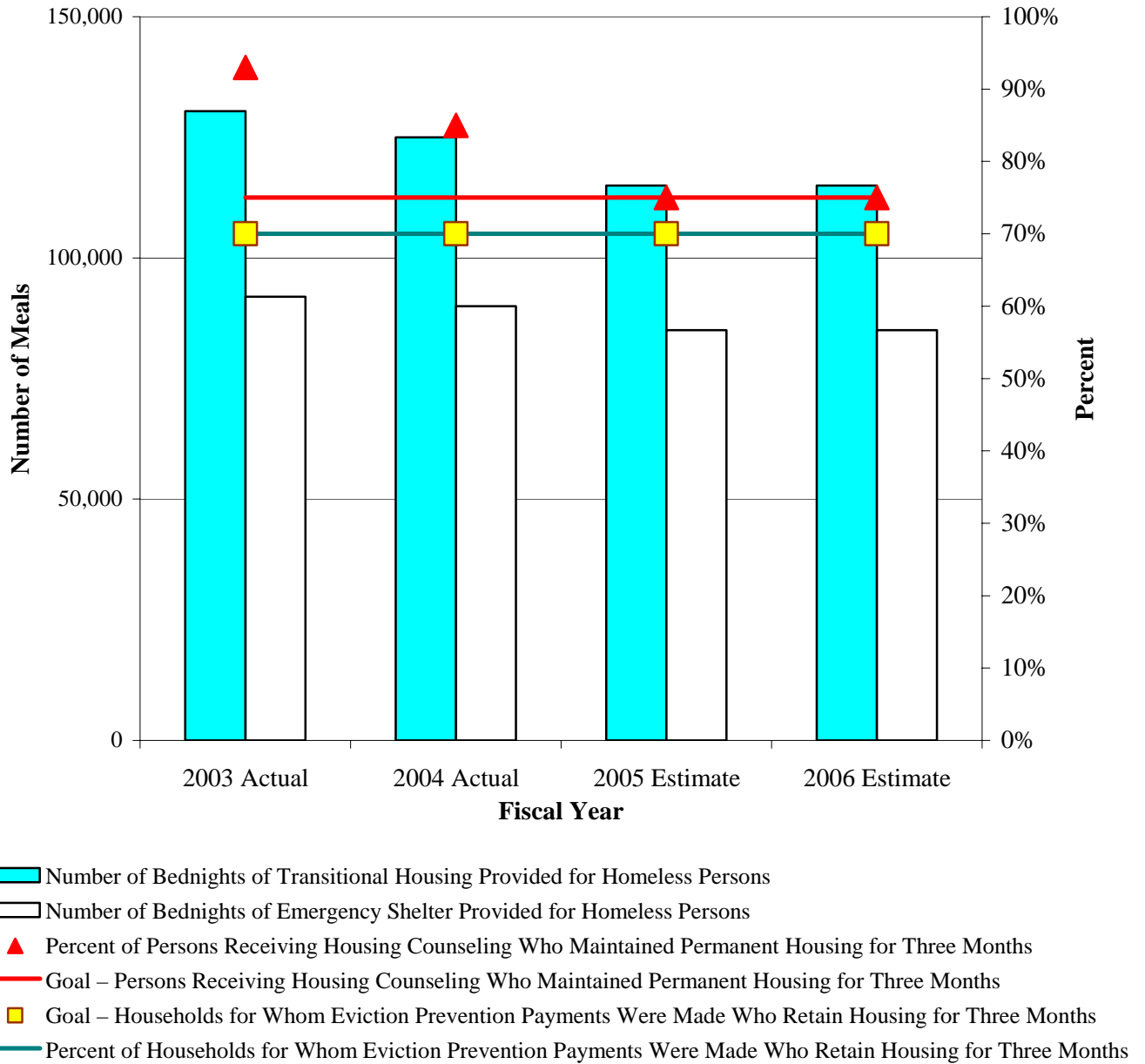
Source: Department of Human Resources

**Exhibit 2  
Managing for Results – Legal Services**



Source: Department of Human Resources

**Exhibit 3  
Managing for Results – Shelter and Nutrition**

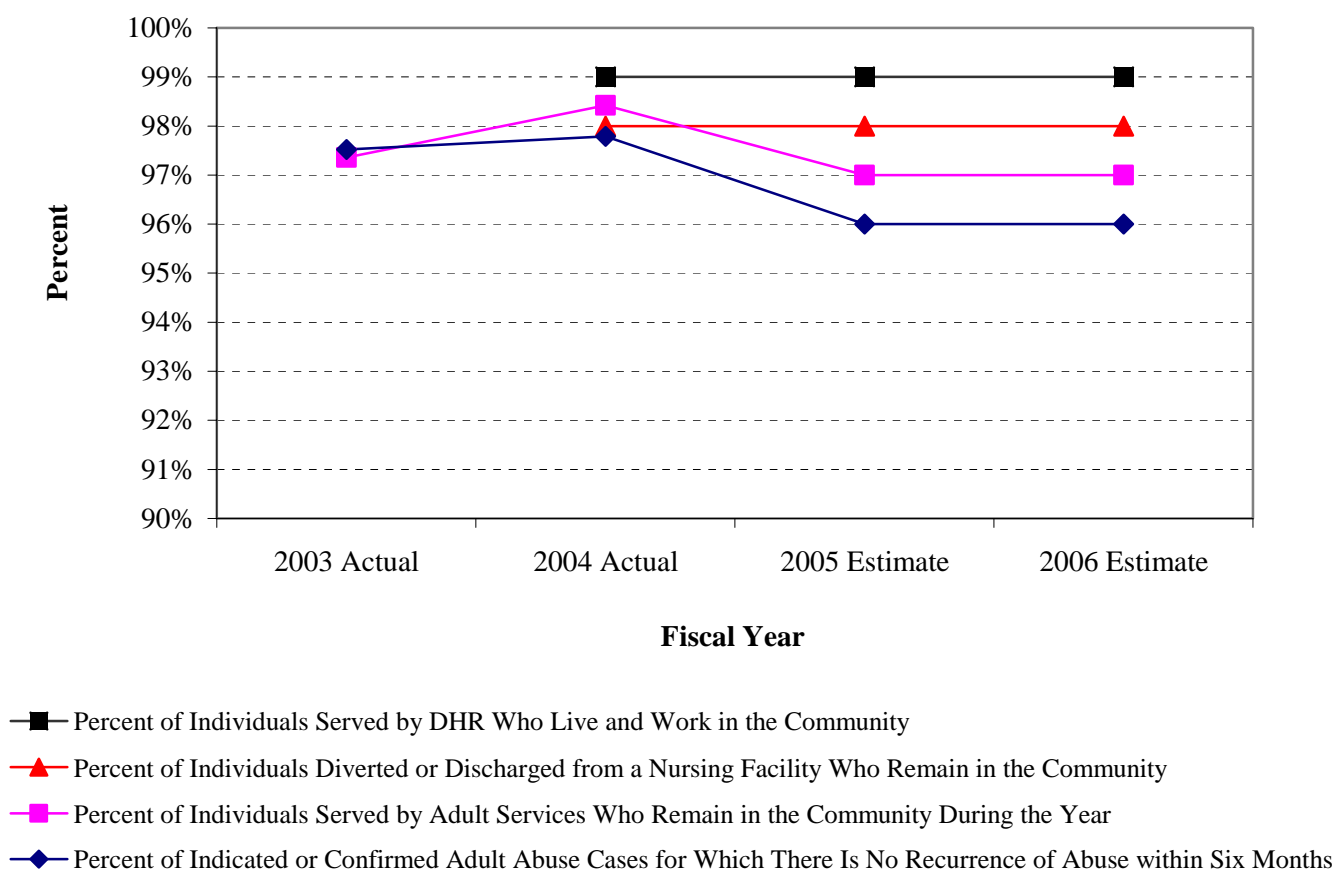


Source: Department of Human Resources

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**Exhibit 4** shows performance data in CSA’s Adult Services. The percent of individuals served by Adult Services who remain in the community during the year rises in fiscal 2004, but it is expected to decline in fiscal 2005 and 2006 as funds decrease to local departments for the In-Home Aid Service Program, which strives to keep people in the community. The percent of indicated or confirmed adult abuse cases for which there is no recurrence of abuse within six months remains fairly steady from fiscal 2003 to 2004, but is also expected to decline in fiscal 2005 and 2006, reportedly to DHR’s inability to fill vacant positions. DHR also reports that regardless of the MFR data, it continues to successfully provide feedback to local departments when abuse occurs so LDSS can further investigate these situations. The only measures expected to remain steady are those without fiscal 2003 actual data – the percent of individuals served by DHR who live and work in the community and the percent of individuals diverted or discharged from a nursing facility who remain in the community.

**Exhibit 4**  
**Managing for Results – Adult Services**

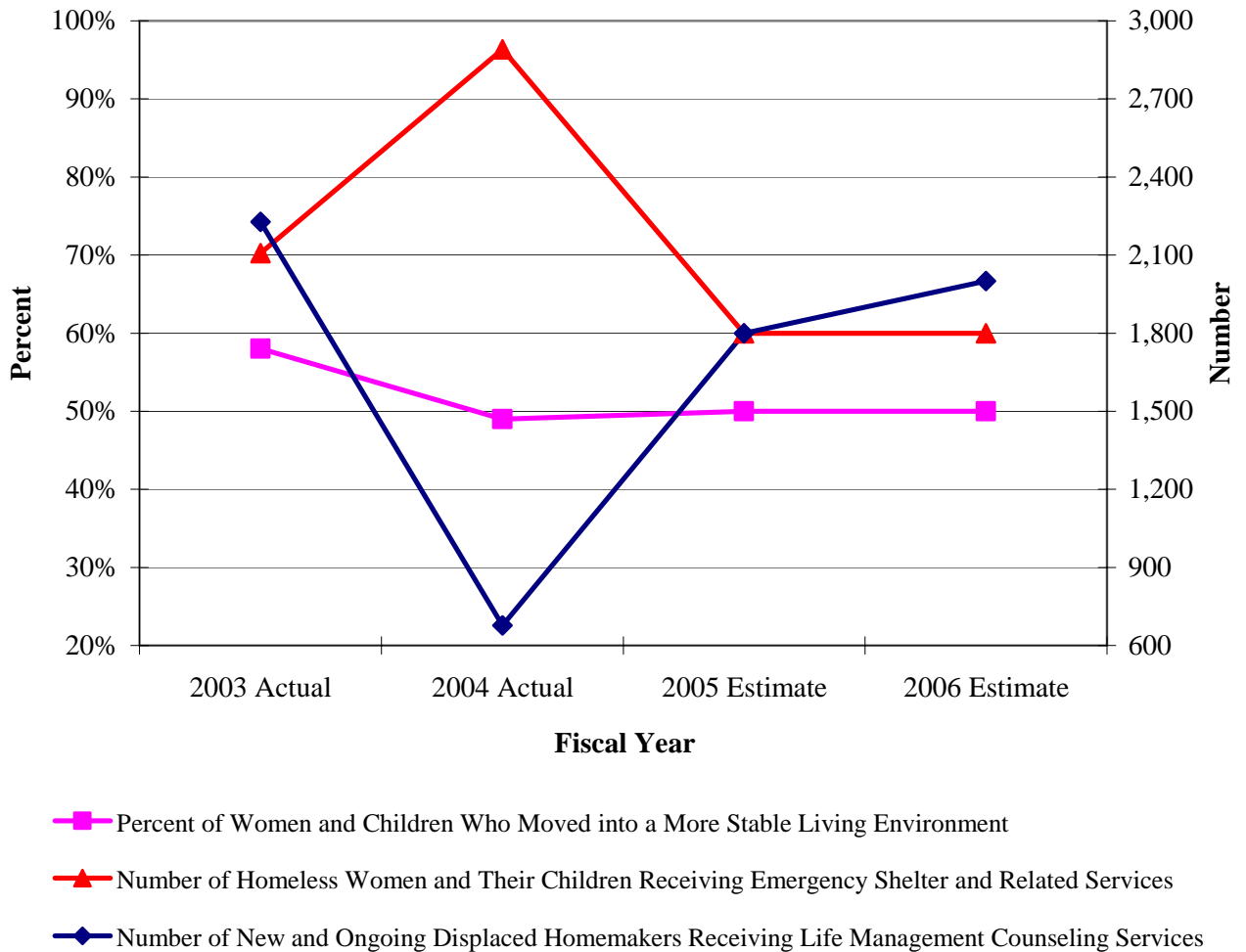


Source: Department of Human Resources

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**Exhibit 5** shows varying success in CSA’s Victim Services. The number of homeless women and children receiving emergency shelter and services is the only measure that increased significantly in fiscal 2004. This may be due to a recent more accurate measuring of data, but performance is expected to decline again in fiscal 2005 and 2006 due to increasing costs of services. MFR data shows declines in provision of domestic violence services, reportedly because DHR added rape and sexual assault services to the domestic violence services measure. Performance also declines in the provision of displaced homemaker services, largely due to reducing the number of vendors from 15 to 9 in the interest of cost savings. Performance is again expected to improve as DHR assists the reduced number of vendors in expanding their services. Success is expected in provision of services to abuse victims as this new measure develops, but there is no actual data.

**Exhibit 5  
Managing for Results – Victim Services**

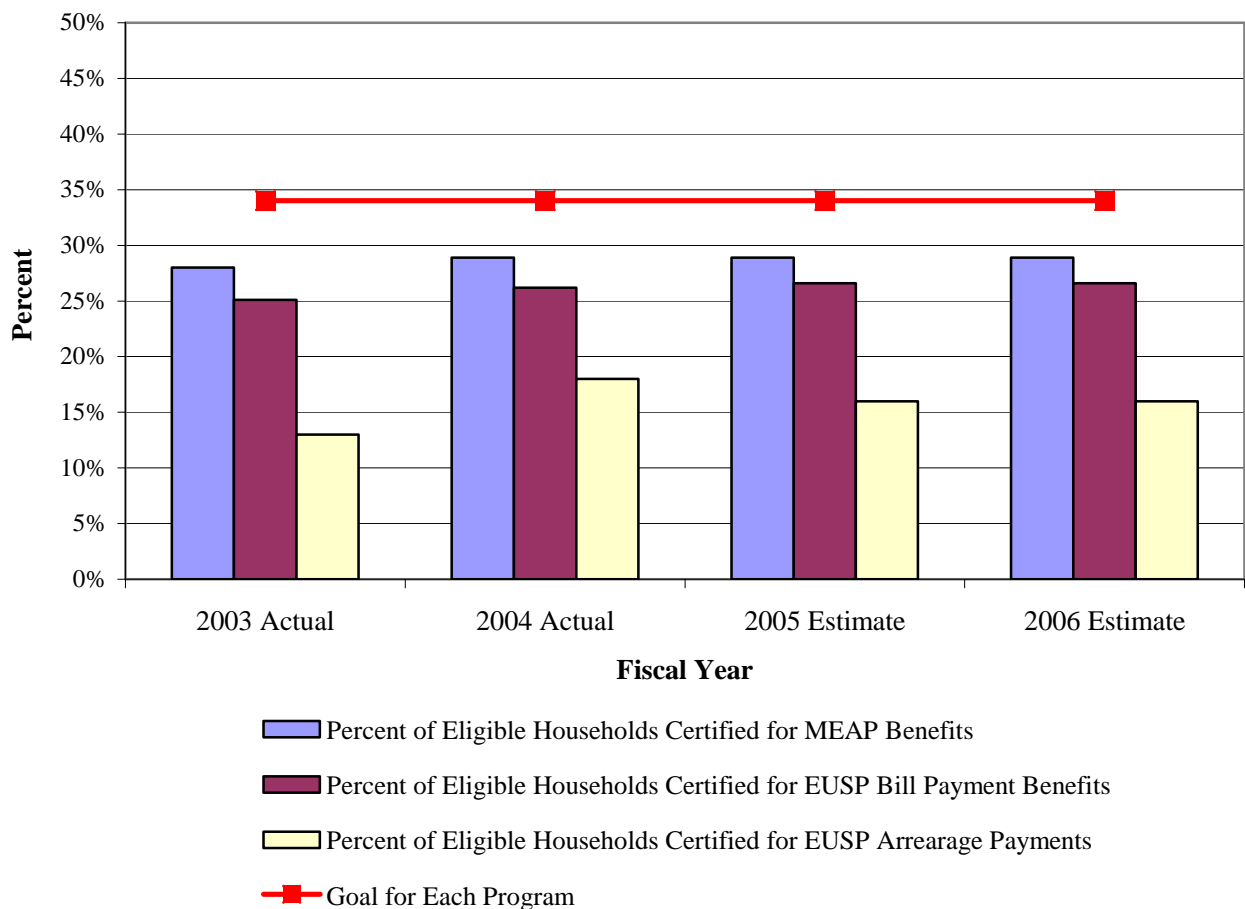


Source: Department of Human Resources

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**Exhibit 6** shows MFR data in OHEP. The percent of households eligible to receive MEAP, EUSP bill payment, or EUSP arrearage payment assistance is far below the goal for each of these programs. The gap is especially wide between the households eligible for EUSP arrearage payment services and those actually receiving assistance. This discrepancy is largely due to the nature of the application process for these services. The application process is voluntary, and eligible people choose not to apply for a variety of reasons – some only apply if they anticipate a crisis, some households can pay despite being eligible for services, and some people do not want to participate in government benefit programs. OHEP reports that it is spending considerable time and effort on new campaigns to promote public awareness of these programs. Upon the proposed transfer of DHR’s EUSP weatherization program to DHCD, OHEP should be able to focus more on its bill payment assistance and arrearage payment services.

**Exhibit 6  
Managing for Results – OHEP Services**

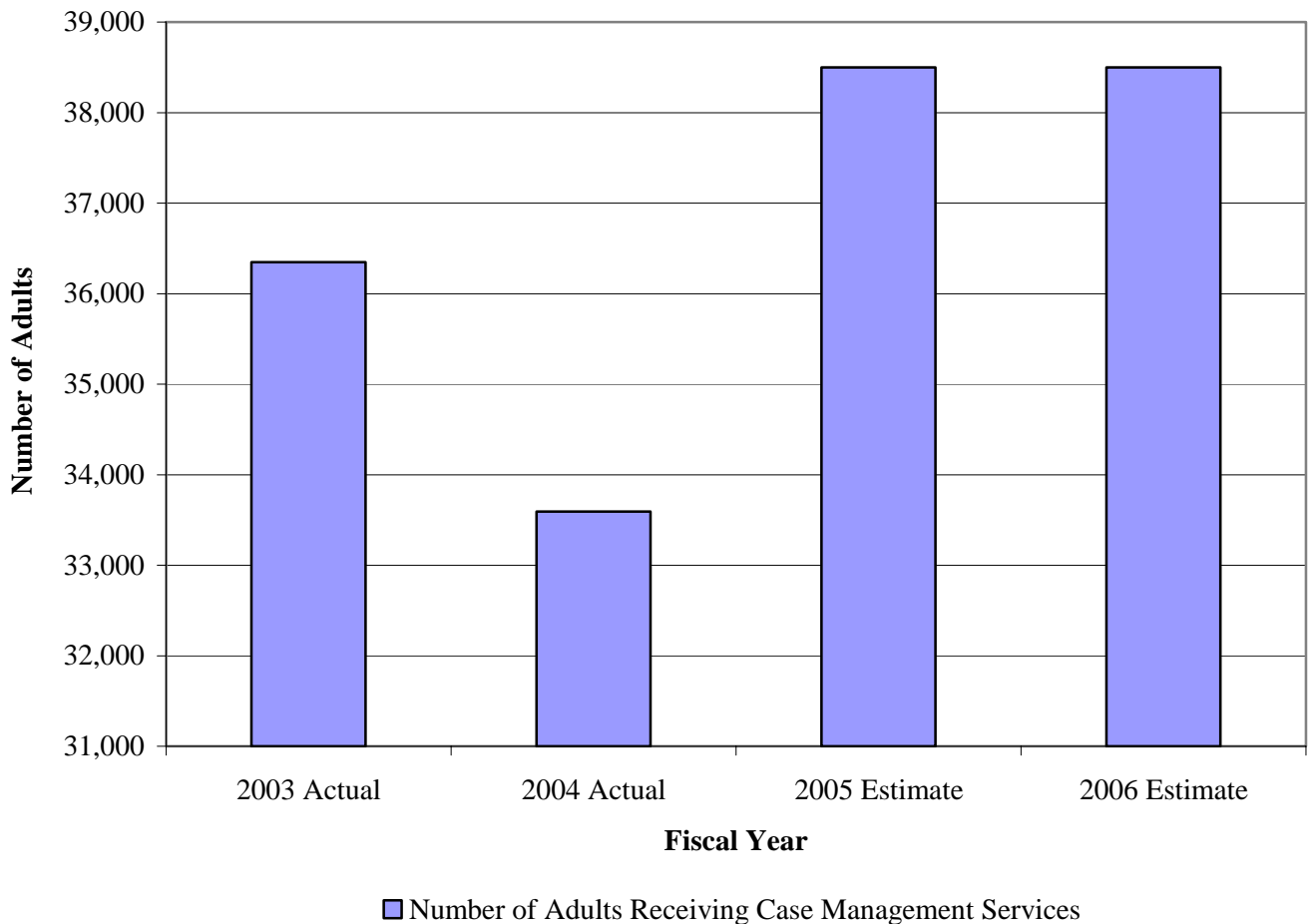


Source: Department of Human Resources

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**Exhibit 7** shows performance data for local department adult services. The number of adults receiving case management services declined greatly from fiscal 2003 to 2004, reportedly due to DHR’s inability to fill vacant positions. This number was expected to increase greatly in fiscal 2005 and 2006, but DHR has revised its estimates since its MFR submission. DHR should consider revising this measure to also specify the percentage of eligible adults who actually receive services, rather than merely the number of adults receiving services.

**Exhibit 7  
Managing for Results – Local Services**



Source: Department of Human Resources

**Governor's Proposed Budget**

**Exhibit 8** demonstrates the major changes in the fiscal 2006 allowance, as compared with the fiscal 2005 working appropriation.

**Exhibit 8**  
**Governor's Proposed Budget**  
**Adult and Community Services**  
 (\$ in Thousands)

<b>How Much It Grows:</b>	<b>General Fund</b>	<b>Special Fund</b>	<b>Federal Fund</b>	<b>Reimbursable Fund</b>	<b>Total</b>
2005 Working Appropriation	\$42,786	\$35,115	\$98,007	\$375	\$176,282
2006 Governor's Allowance	42,923	34,402	94,839	375	172,539
Contingent & Back of Bill Reductions	<u>-44</u>	<u>-7</u>	<u>-189</u>	<u>0</u>	<u>-240</u>
<b>Adjusted Allowance</b>	<b>\$42,879</b>	<b>\$34,395</b>	<b>\$94,650</b>	<b>\$375</b>	<b>\$172,299</b>
Amount Change	\$93	-\$720	-\$3,357	\$0	-\$3,984
Percent Change	0.2%	-2.1%	-3.4%		-2.3%

**Where It Goes:**

**Personnel Expenses**

Increments and other compensation .....	\$651
Retirement .....	161
Abolished 7.2 positions .....	-309
Other adjustments from transfer of 43 positions to other units of DHR.....	-1,832
Employee and retiree health insurance, mostly due to overbudgeting in fiscal 2005 and the transfer of 43 positions.....	-1,373
Turnover adjustments .....	-105

**Program Changes**

Food and Nutrition Programs .....	81
Federal matching funds for Community Choices Waiver case management to cover inflation.....	791
Respite Care.....	69
Attendant Care Program .....	34
Other grant changes .....	20
Legal services costs for CINA, Adult Guardianship, and other cases .....	198
General funds for Emergency/Transitional and Service-linked Housing programs reflect no increase over planned fiscal 2005 spending .....	174
Family Investment Demonstration grant expires.....	-132
Expiration of Nursing Facility Transition Grant.....	-126

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**Where It Goes:**

MONA decreases due to decline in immigration and changing priorities (93% of decrease is federal funds).....	-1,351
OHEP decreases mostly due to transfer of weatherization program to DHCD.....	-1,132
<b>Fatherhood/Motherhood Program Consolidation</b>	
Responsible Choices Program transfers Best Friends Program to a consolidated program in the Department of Health and Mental Hygiene (DHMH).....	-399
General funds increase for Healthy Marriage Initiative .....	140
Home Visitation/Fathers consolidation into Fatherhood/Motherhood Program.....	-138
<b>Victim Services</b>	
Homeless Services .....	44
Displaced Homemakers Program .....	42
Disaster Relief Fund due to September 11, 2001, relief efforts in fiscal 2005.....	-368
Child First Authority .....	18
Domestic Violence contracts decrease but additional federal funds are expected .....	-120
Rape Crisis Services (81% of allowance is general funds, the rest are reimbursable funds).....	73
<b>Local Adult Services</b>	
Montgomery County grant .....	353
Other Local Adult Services grants and contracts increase.....	167
<b>Administrative Costs</b>	
Telephone and postage .....	183
Rent.....	123
Supplies, materials, travel, and motor vehicles .....	27
<b>Other</b> .....	52
<b>Total</b>	<b>-\$3,984</b>

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

**Personnel**

The decrease of \$309,000 is from the abolition of 7.2 regular positions in the fiscal 2006 allowance. These positions are in Adult Services Office of Personal Care Services, Victim Services Project Retain, and in local departments of social services. Anne Arundel, Cecil, Prince George’s, and Wicomico counties are each losing 1 position. Carroll and Kent counties are each losing 0.5 position, and Allegany County is losing 0.2 position. Other adjustments to personnel costs include a reduction of \$1.8 million, \$1.6 of which is due to the transfer of 43 positions to other programs. Health insurance costs decrease by \$1.4 million due to over-budgeting in fiscal 2005 and the transfer of 43 positions.

## **Grants and Contractual Services**

Grants and contractual services in MONA decrease by \$1.4 million due to the decline in the number of immigrants and changing priorities of the administration. Over 90% of this decrease is in federal funds. Contractual costs in OHEP decrease by \$1.1 million mostly due to the transfer of the EUSP weatherization program to DHCD to merge with its existing weatherization assistance program. This transfer was suggested by the General Assembly during the fiscal 2004 legislative session, and legislation transferring the program (HB 299/SB 202) is currently pending. Grants to Montgomery County Adult Services increase by \$353,000, while grants and contracts in other jurisdictions only increase by \$167,000. **DHR should provide an explanation why the increase in grants to Montgomery County far exceeds the increases to other jurisdictions.**

## *Issues*

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### **1. Proposed Merger of Low-income Weatherization Programs**

#### **Background**

The Electric Customer Choice Act of 1999 created the EUSP to provide low-income customers with bill payment assistance, arrearage retirement, and weatherization services. EUSP is administered by DHR's OHEP and overseen by the Public Service Commission (PSC). EUSP has been funded with approximately \$34 million per year, with these special funds being paid by electric customers in their monthly bills to the utilities. DHR generally allocated approximately 10% of this \$34 million, or \$3.4 million, on the weatherization component of EUSP. The rest of the \$34 million has been spent on bill payment assistance, arrearage retirement, and administrative costs.

The Department of Housing and Community Development (DHCD) also administers a weatherization assistance program (WAP) that helps low-income homeowners and renters reduce their energy consumption by installing energy conservation materials in their dwellings. DHCD's WAP is funded with federal funds, special funds, and reimbursable funds, and weatherization services are provided by a network of 15 local government and nonprofit organizations that serve all 24 political subdivisions.

In January 2004, the Office of Legislative Audits (OLA) released an audit report on DHR's EUSP. The report found that DHR OHEP had not adequately managed the weatherization component of EUSP. As of October 31, 2003, only 9% of the \$3.5 million authorized for the weatherization component had been spent, and funds were soon to be returned to electric customers if they remained unspent. DHR utilized the retention clause of the enacting legislation to spend the funds on bill payment assistance during the first three months of fiscal 2005. DHR's contract with the weatherization vendor was extended through December 2005 at no additional expense.

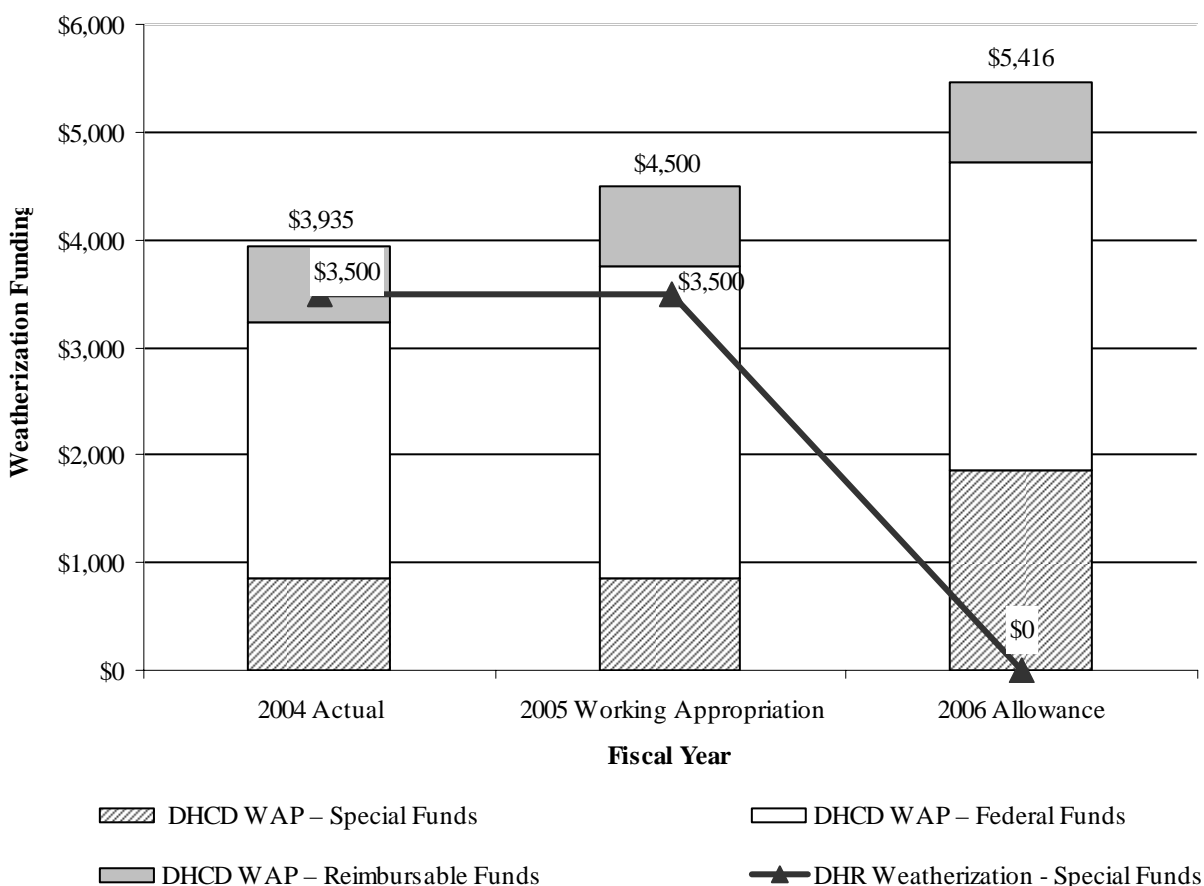
During the 2004 legislative session, the General Assembly directed DHR, DHCD, and PSC to jointly prepare and submit to the General Assembly a report detailing the most appropriate method of merging the two weatherization programs currently administered by DHR and DHCD. The agencies agreed that it would be feasible and desirable to merge the two weatherization programs and that the proposed merger would result in better service to more low-income households in a more cost-effective manner. The agencies also agreed that DHR's OHEP should focus on providing bill payment assistance and arrearage retirement, and DHCD should administer the merged low-income weatherization program. PSC will retain oversight responsibility for DHR's bill payment assistance and arrearage retirement components of EUSP.

#### **Merged Low-income Weatherization Program**

DHR's and DHCD's weatherization programs currently have the same eligibility criteria – electric customers must have annual incomes at or below 150% of the federal poverty level. Proposed legislation (SB 202/HB 299) to merge the two programs has been introduced in the 2005

session and would become effective July 1, 2005, and \$1 million would be transferred to DHCD to provide weatherization services. The remaining \$2.4 million in the weatherization portion of DHR’s EUSP budget would be used for bill payment assistance and arrearage retirement. As shown in **Exhibit 9**, DHR’s EUSP funds decrease while DHCD’s weatherization funds increase by \$1 million in fiscal 2006.

**Exhibit 9**  
**Weatherization Funding**  
**Fiscal 2004 – 2006**  
**(\$ in Thousands)**



Note: \$1.0 million of DHCD’s WAP fiscal 2006 allowance is contingent upon the enactment of legislation (SB 202/HB 299) transferring the responsibility for the weatherization component of EUSP from DHR to DHCD.

Source: Department of Legislative Services

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DHCD intends to blend the State special funds with its federal grant and utilize the money to continue to weatherize homes under the U.S. Department of Energy's (DOE's) definition of weatherization. DOE's federal definition is broader than the State's definition and allows for replacement of appliances. The merged weatherization program will be allocated through the State's network of 15 local government and nonprofit organizations. DHCD advises that it will administer the merged program utilizing its current staff. However, as the program grows the department may need to add additional staff.

**DHR should brief the committees on how it intends to effectively and fully utilize the remaining EUSP funds on bill payment assistance and arrearage retirement.**

## **2. Community Choices: Living at Home Medicaid Waiver**

DHMH is responsible for administering the Medicaid program in Maryland. The Federal Social Security Act gives states the option of requesting waivers of certain federal requirements so that they can develop community-based alternatives to placing Medicaid-eligible individuals in hospitals, nursing facilities, or institutions, as would normally be required by federal regulations.

In 2001, DHMH and DHR implemented the Living at Home: Maryland Community Choices Waiver program, also sometimes called the Waiver for Adults with Physical Disabilities or the Attendant Care Waiver. CSA administers the waiver program, while DHMH is responsible for providing oversight and monitoring the quality of care provided.

Currently, there are 440 slots approved by the Centers for Medicare and Medicaid Services for the Community Choices Waiver program. As of December 31, 2004, there were 392 enrolled participants. The program was closed to new enrollees in December 2002, and new individuals are enrolled as slots become available. During the 2004 legislative session, CSA estimated it would be able to serve 430 individuals during fiscal 2005. Since the program's inception, 106 individuals have utilized the waiver program to transition from a nursing facility back into the community. As of December 2004, there were 1,167 individuals on the waiting list for this program.

In May 2004, OLA issued a Performance Audit Report of this and another waiver program administered by the Department of Aging and found that "opportunities exist to improve the cost efficiency of service delivery and to enhance accountability and fiscal controls." OLA findings relating to DHR's waiver program were that:

- DHR paid fees for individuals who were not receiving waiver services;
- case management services should be consolidated;
- steps should be taken to verify the accuracy of provider claims;

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- DHR did not effectively monitor the care provided;
- eligibility determinations and comprehensive plans of service were not timely; and
- DHMH was not monitoring the quality of care provided.

More details regarding the audit report are contained in **Appendix 2**.

**DHR should brief the committees on the steps it is taking to rectify the audit findings.**

***Recommended Actions***

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	<b><u>Amount Reduction</u></b>		<b><u>Position Reduction</u></b>
1. Reduce general fund increase for reclassifications. The Executive Director’s Office contains 9.5 regular positions, but the fiscal 2006 allowance contains an increase of \$102,770 for reclassifications. The increase should be reduced from an average of \$10,818 per position to an average of \$5,409 per position.	\$ 51,385	GF	
2. Delete 14.5 regular positions that have been vacant for longer than 12 months. The PINs are 206622, 208131, 207612, 205464, 204386, 204334, 078918, 207884, 204427, 204360, 204327, 080918, 075782, 074694, and 074514.	264,179	GF	14.5
	37,040	SF	
	308,574	FF	
<b>Total Reductions</b>	<b>\$ 661,178</b>		<b>14.5</b>
<b>Total General Fund Reductions</b>	<b>\$ 315,564</b>		
<b>Total Special Fund Reductions</b>	<b>\$ 37,040</b>		
<b>Total Federal Fund Reductions</b>	<b>\$ 308,574</b>		

***Current and Prior Year Budgets***

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

	<b><u>General Fund</u></b>	<b><u>Special Fund</u></b>	<b><u>Federal Fund</u></b>	<b><u>Reimb. Fund</u></b>	<b><u>Total</u></b>
<b>Fiscal 2004</b>					
Legislative Appropriation	\$43,229	\$34,891	\$97,648	\$375	\$176,143
Deficiency Appropriation	2,906	0	1,075	0	3,981
Budget Amendments	-7,460	2,776	-181	8,309	3,444
Cost Containment	-530	0	0	0	-530
Reversions and Cancellations	0	-61	-19,271	0	-19,332
<b>Actual Expenditures</b>	<b>\$38,145</b>	<b>\$37,606</b>	<b>\$79,271</b>	<b>\$8,684</b>	<b>\$163,707</b>
<b>Fiscal 2005</b>					
Legislative Appropriation	\$43,973	\$35,115	\$98,047	\$375	\$177,510
Budget Amendments	-1,188	0	-40	0	-1,228
<b>Working Appropriation</b>	<b>\$42,786</b>	<b>\$35,115</b>	<b>\$98,007</b>	<b>\$375</b>	<b>\$176,282</b>

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

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## **Fiscal 2004**

In fiscal 2004, actual spending was \$8.5 million less than was originally appropriated. CSA received a \$4.0 million deficiency appropriation in its Legal Services program for legal representation in CINA cases. Budget amendments reduced the general fund appropriation by \$7.5 million, \$5.5 million of which was used to cover deficits in other programs. \$1.6 million in general funds for Adult Services were also transferred for the Maryland Children’s Electronic Social Services Information Exchange (MD CHESSIE). Budget amendments increased the special fund appropriation by \$2.8 million, \$2.5 million of which was from the State’s disaster fund and used to provide services in the aftermath of Hurricane Isabel. Federal funds were also reduced in local adult services.

Cost containment reduced the general fund appropriation by approximately \$530,000. Federal funds in the amount of \$19.3 million were unexpended in various programs, including \$7.1 million in OHEP due to lower than budgeted LIHEAP grant award due to fewer cases; \$3.7 million in Adult Services for the Living at Home Waiver program due to the transfer of matching general funds to DHMH to reimburse DHMH for Waiver program expenditures; \$3.3 million in MONA due to lower than expected grant award from the Office of Refugee Resettlement with the reduction in number of refugees; \$2.2 million in Victims Services due to unspent TANF funds transferred to other programs; and \$0.4 million in Legal Services due to lower than expected caseloads.

## **Fiscal 2005**

In fiscal 2005, the general fund appropriation increased by approximately \$199,000 due to the transfer of funds for employee COLAs from the Department of Budget and Management. The increase was offset by a \$1.2 million decrease in general funds from internal savings to fund MD CHESSIE. Federal funds decreased by \$40,000 – a budget amendment for \$559,000 from the U.S. Department of Health and Human Services was used to provide domestic violence services, but this increase was offset by a loss of approximately \$599,000 in federal matching funds when general funds were transferred and used for MD CHESSIE.

## ***Audit Findings – Community Services Administration***

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Audit Period for Last Audit:	October 19, 2000 – November 23, 2003
Issue Date:	March 2004
Number of Findings:	1
Number of Repeat Findings:	0
% of Repeat Findings:	0%
Rating: (if applicable)	

**Finding 1:** CSA had not established adequate control over collections.

## ***Audit Findings – Electric Universal Service Program***

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Audit Period for Last Audit:	Fiscal 2002 - 2004
Issue Date:	January 2004
Number of Findings:	6
Number of Repeat Findings:	2
% of Repeat Findings:	33%
Rating: (if applicable)	NA

- Finding 1:*** OHEP did not adequately manage the weatherization services program. As a result, numerous households may not receive weatherization services in accordance with legislative intent.
- Finding 2:*** OHEP had not established adequate procedures to ensure that weatherization contractor billings were for actual services performed.
- Finding 3:*** **Local administering agencies (LAAs) did not always obtain documentation or verify required data to support the amount of energy assistance benefits awarded to applicants.**
- Finding 4:*** OHEP had not established adequate procedures to detect and prevent overpayments.
- Finding 5:*** Proper internal controls were not established over the processing of energy assistance applications.
- Finding 6:*** **OHEP had not conducted annual on-site monitoring reviews at 17 of the 20 LAAs during fiscal 2002 and 2003.**

\*Bold denotes item repeated in full or part from preceding audit report.

***Audit Findings – Medicaid Waiver Programs***

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Audit Period for Last Audit:	April 2001 – June 2003
Issue Date:	May 2004
Number of Findings:	9
Number of Repeat Findings:	NA
% of Repeat Findings:	NA
Rating: (if applicable)	NA

- Finding 1:** DHR paid case managers approximately \$264,700 in fees for individuals who were not receiving waiver services, unnecessarily increasing program costs.
- Finding 2:** Case management services could be consolidated to improve cost efficiency.
- Finding 3:** Adequate supporting documentation was not required, and periodic audits were not conducted to verify the accuracy of certain provider claims paid for both waiver programs.
- Finding 4:** DHR and the Department of Aging (DOA) were not effectively monitoring the hours of care provided or the “cost neutrality” of participant care.
- Finding 5:** Eligibility determinations for applicants to both waiver programs were not processed timely, and comprehensive plans of service were not received timely or properly completed.
- Finding 6:** Annual required eligibility redeterminations for the Older Adults Waiver recipients were not properly completed or processed timely.
- Finding 7:** Required criminal background checks were not always documented for personal care aides currently providing services to recipients of the Older Adults Waiver.
- Finding 8:** DOA did not have adequate provider complaint resolution procedures.
- Finding 9:** The quality of care provided to recipients of the Waiver for Adults with Physical Disabilities was not monitored by DHMH.

**Object/Fund Difference Report  
DHR – Adult and Community Services**

<u>Object/Fund</u>	<u>FY04 Actual</u>	<u>FY05 Working Appropriation</u>	<u>FY06 Allowance</u>	<u>FY05 - FY06 Amount Change</u>	<u>Percent Change</u>
<b>Positions</b>					
01 Regular	621.75	604.23	597.03	-7.20	-1.2%
02 Contractual	3.20	3.80	3.80	0	0%
<b>Total Positions</b>	<b>624.95</b>	<b>608.03</b>	<b>600.83</b>	<b>-7.20</b>	<b>-1.2%</b>
<b>Objects</b>					
01 Salaries and Wages	\$ 33,248,700	\$ 33,877,805	\$ 31,311,344	-\$ 2,566,461	-7.6%
02 Technical & Spec Fees	301,945	205,194	234,354	29,160	14.2%
03 Communication	661,823	468,923	652,275	183,352	39.1%
04 Travel	261,604	294,192	275,336	-18,856	-6.4%
06 Fuel & Utilities	17,897	141,921	147,223	5,302	3.7%
07 Motor Vehicles	32,054	28,515	10,260	-18,255	-64.0%
08 Contractual Services	110,475,815	128,094,898	126,462,377	-1,632,521	-1.3%
09 Supplies & Materials	284,713	198,114	259,760	61,646	31.1%
10 Equip - Replacement	115,627	670	0	-670	-100.0%
11 Equip - Additional	131,423	3,541	7,379	3,838	108.4%
12 Grants, Subsidies, and Contributions	16,548,640	10,476,069	10,564,509	88,440	0.8%
13 Fixed Charges	1,626,497	2,492,540	2,613,820	121,280	4.9%
<b>Total Objects</b>	<b>\$ 163,706,738</b>	<b>\$ 176,282,382</b>	<b>\$ 172,538,637</b>	<b>-\$ 3,743,745</b>	<b>-2.1%</b>
<b>Funds</b>					
01 General Fund	\$ 38,145,201	\$ 42,785,583	\$ 42,923,120	\$ 137,537	0.3%
03 Special Fund	37,606,207	35,115,237	34,401,851	-713,386	-2.0%
05 Federal Fund	79,271,234	98,006,562	94,838,666	-3,167,896	-3.2%
09 Reimbursable Fund	8,684,096	375,000	375,000	0	0%
<b>Total Funds</b>	<b>\$ 163,706,738</b>	<b>\$ 176,282,382</b>	<b>\$ 172,538,637</b>	<b>-\$ 3,743,745</b>	<b>-2.1%</b>

Note: The fiscal 2005 appropriation does not include deficiencies, and the fiscal 2006 allowance does not reflect contingent reductions.

**Fiscal Summary**  
**DHR – Adult and Community Services**

<u>Program/Unit</u>	<u>FY04 Actual</u>	<u>FY05 Wrk Approp</u>	<u>FY06 Allowance</u>	<u>Change</u>	<u>FY05 - FY06 % Change</u>
01 General Administration	\$ 589,561	\$ 623,373	\$ 856,160	\$ 232,787	37.3%
03 Maryland Office of New Americans	3,239,610	6,863,036	5,467,315	-1,395,721	-20.3%
04 Legal Services	12,916,524	13,190,695	13,345,970	155,275	1.2%
05 Shelter and Nutrition	19,241,654	7,906,582	8,134,007	227,425	2.9%
07 Adult Services	15,267,500	20,104,411	20,235,482	131,071	0.7%
11 Victim Services	14,827,136	16,201,633	15,997,804	-203,829	-1.3%
12 Office of Home Energy Programs	62,489,113	70,999,726	70,015,392	-984,334	-1.4%
04 Adult Services	35,135,640	40,392,926	38,486,507	-1,906,419	-4.7%
<b>Total Expenditures</b>	<b>\$ 163,706,738</b>	<b>\$ 176,282,382</b>	<b>\$ 172,538,637</b>	<b>-\$ 3,743,745</b>	<b>-2.1%</b>
General Fund	\$ 38,145,201	\$ 42,785,583	\$ 42,923,120	\$ 137,537	0.3%
Special Fund	37,606,207	35,115,237	34,401,851	-713,386	-2.0%
Federal Fund	79,271,234	98,006,562	94,838,666	-3,167,896	-3.2%
<b>Total Appropriations</b>	<b>\$ 155,022,642</b>	<b>\$ 175,907,382</b>	<b>\$ 172,163,637</b>	<b>-\$ 3,743,745</b>	<b>-2.1%</b>
Reimbursable Fund	\$ 8,684,096	\$ 375,000	\$ 375,000	\$ 0	0%
<b>Total Funds</b>	<b>\$ 163,706,738</b>	<b>\$ 176,282,382</b>	<b>\$ 172,538,637</b>	<b>-\$ 3,743,745</b>	<b>-2.1%</b>

Note: The fiscal 2005 appropriation does not include deficiencies, and the fiscal 2006 allowance does not reflect contingent reductions.

**Fiscal 2006 Cost Containment Actions**  
**As Submitted by the Agency**  
**Estimated Fiscal 2006 Savings**  
**Compared to Fiscal 2005**

<u>Cost Saving Action/ Efficiency Measure</u>	<u>Program Name</u>	<u>Subprogram Name</u>	<u>Total Funds</u>	<u>General Funds</u>	<u>Special Funds</u>	<u>Positions Reduced</u>	<u>Impact of Action</u>
Pamphlet and Printing Reduction	General Administration	Executive Director's Office	\$388	\$307			Minimal
Position Abolition	Adult Services	Office of Personal Care Services	26,995	26,995		1.00	Duties assumed by existing staff
Position Abolition	Victim Services Program	Project Retain	45,855	0		1.00	Duties assumed by existing staff
Position Abolition	Adult Services	Allegany	5,074	665		0.20	Duties assumed by existing staff
Position Abolition	Adult Services	Anne Arundel	19,858	2,600		1.00	Duties assumed by existing staff
Position Abolition	Adult Services	Carroll	19,722	2,581		0.50	Duties assumed by existing staff
Position Abolition	Adult Services	Cecil	22,427	2,936		1.00	Duties assumed by existing staff
Position Abolition	Adult Services	Kent	14,173	1,854		0.50	Duties assumed by existing staff
Position Abolition	Adult Services	Prince George's	39,443	5,163		1.00	Duties assumed by existing staff
Position Abolition	Adult Services	Wicomico	29,677	3,884		1.00	Duties assumed by existing staff
Pamphlet & Printing Reduction	Adult Services	Allocated Adult Services	39	6			Minimal
Background Checks	Adult Services	Allocated Adult Services	2,917	383			Minimal
Unallocated Program Adjustment to Lease Related Costs	Adult Services	Allocated Adult Services	12,401	1,623			Minimal