

R00A04 Subcabinet Fund

Operating Budget Data

(\$ in Thousands)

	<u>FY 04</u> <u>Actual</u>	<u>FY 05</u> <u>Working</u>	<u>FY 06</u> <u>Allowance</u>	<u>FY 05-06</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Fund	\$26,258	\$35,966	\$34,234	-\$1,733	-4.8%
Special Fund	2,074	2,405	648	-1,757	-73.1%
Federal Fund	25,096	25,049	23,694	-1,355	-5.4%
Reimbursable Fund	<u>5,525</u>	<u>1,500</u>	<u>1,500</u>	<u>0</u>	
Total Funds	\$58,953	\$64,920	\$60,075	-\$4,845	-7.5%

- The allowance for the Subcabinet Fund decreases by \$4.8 million. Of this amount, \$2.1 million represents a transfer of Safe and Stable Families funding to the Department of Human Resources. Adjusting for this transfer, the budget declines \$2.7 million.

Analysis in Brief

Major Trends

Out-of-home Placements: Out-of-home placements and the rate of entry rose steadily from the mid-1990s through the end of the decade and have declined steadily since fiscal 2000.

Issues

Juvenile Delinquency Prevention Funding Consolidated in Youth Strategies Initiative: Funding in the fiscal 2006 allowance for juvenile delinquency prevention will be distributed through the Youth Strategies Initiative rather than being earmarked for specific programs as in the past.

Wraparound Initiative Savings Estimate Overly Optimistic?: Based on \$1 million in general funds in the Subcabinet Fund for wraparound pilot projects in Baltimore City and Montgomery County, the budget for the Mental Hygiene Administration has been reduced by \$4.6 million. These savings estimates are likely overly optimistic.

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

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R00A04 – Subcabinet Fund

Adolescent Pregnancy Prevention Funding Declines: Funding in the allowance is consolidated and reduced compared to the current year.

Recommended Actions

1. Add language authorizing transfer of funding to DHR contingent on failure of legislation reauthorizing or extending the sunset date for the Office for Children, Youth, and Families and the Subcabinet Fund
2. Adopt narrative requesting a report on out-of-home placements.
3. Adopt narrative requesting a report on awards granted under the Youth Strategies Initiative.

R00A04 Subcabinet Fund

Operating Budget Analysis

Program Description

Article 49D of the Annotated Code of Maryland charges the Subcabinet for Children, Youth, and Families with maintaining a statewide system of interagency budgeting and funding. The Subcabinet, chaired by the Special Secretary for Children, Youth, and Families includes the Department of Health and Mental Hygiene (DHMH), the Department of Human Resources (DHR), the Department of Juvenile Services (DJS), the Maryland State Department of Education (MSDE), the Department of Budget and Management, the Department of Housing and Community Development, the Maryland Department of Aging, the Maryland Department of Planning, the Department of Disabilities, and the Governor's Office of Crime Control and Prevention (GOCCP). As part of the system, the Subcabinet maintains a Subcabinet Fund, develops a plan for a continuum of services that is family- and children-oriented; implements an interagency effort to maximize available resources; uses outcome measures and fiscal incentives to encourage more effective use of State funds; and enters into community partnership agreements with local management boards. The Subcabinet Fund is administered by the Governor's Office for Children, Youth, and Families (OCYF) on behalf of the Subcabinet for Children, Youth, and Families.

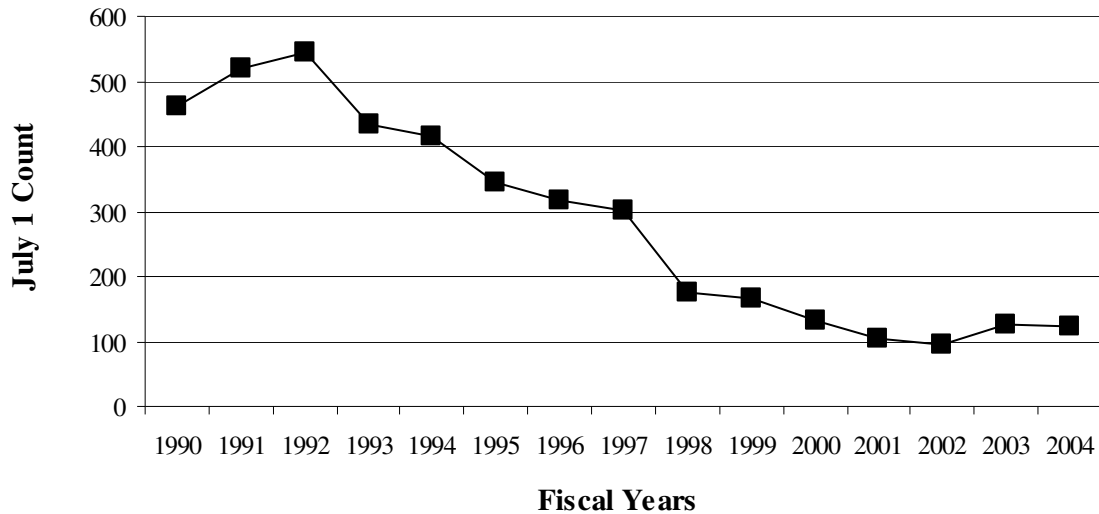
Performance Analysis: Managing for Results

The Subcabinet Fund uses data from other sources to provide information about trends related to programs supported by the Subcabinet Fund. Indicators related to two of the Subcabinet Fund's major programs, community service initiatives (return/diversion) and family preservation, are discussed below.

Out-of-state Placements

In 1992 the General Assembly established the goal of returning all children from out-of-state placements by July 1, 1997. While not meeting this goal, the State has made significant progress in this area. As shown in **Exhibit 1**, out-of-state placements declined every year from the peak of 545 at the beginning of fiscal 1992 to 94 at the beginning of fiscal 2002 and then increased to 125 in fiscal 2003. The count on July 1, 2004, was 123. **The Subcabinet should comment on the factors leading to the recent increase in out-of-state placements and current efforts being made to continue reducing out-of-state placements.**

**Exhibit 1
Out-of-state Placements**



Note: Excludes Department of Juvenile Services' placements at Glenn Mills in Pennsylvania. The data provided by the Office for Children, Youth, and Families does not include placement at Glenn Mills prior to fiscal 2003. The Glenn Mills counts on July 1, 2003 and 2004 were 22 and 21, respectively.

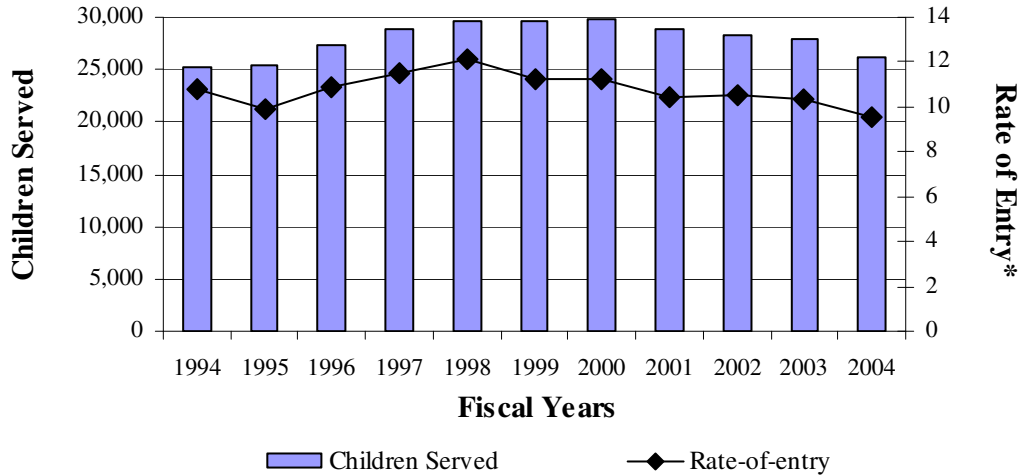
Source: Office for Children, Youth, and Families

Out-of-home Placements

Exhibit 2 shows all out-of-home placements and the rate of entry from fiscal 1994 through 2004. Out-of-home placements rose steadily from the mid 1990s through the end of the decade and have declined steadily since fiscal 2000. The rate of entry peaked in fiscal 1998 and had declined each year since.

Despite the decline in the number of out-of-home placements and the rate-of-entry into these placements, the total cost for placements continues to rise. The fiscal 2004 cost for out-of-home placements was \$621.8 million, nearly an 8% increase over the \$576.2 million paid in fiscal 2003. Factors contributing to the increasing costs include an increase in the proportion of foster care placements and higher costs associated with DJS placements.

Exhibit 2
Children Served in Out-of-home Placements and
Rate-of-entry into Out-of-home Placements

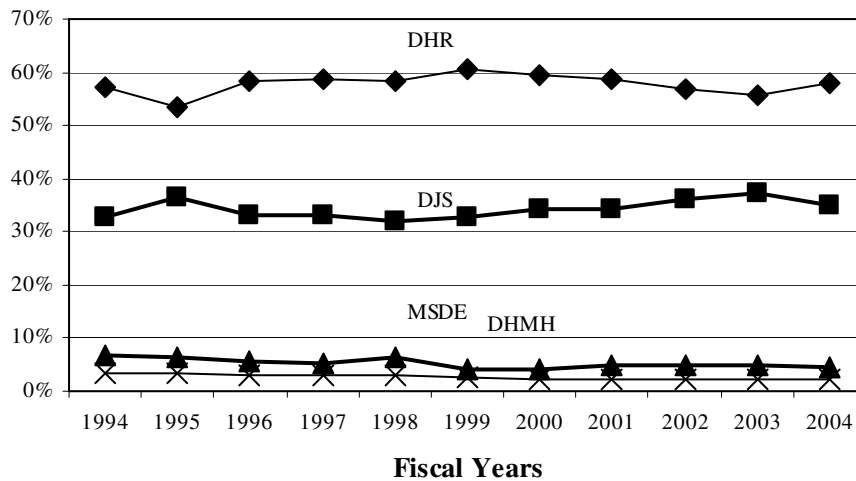


*Per 1,000 children under 18 years of age.

Source: Office for Children, Youth, and Families

The proportion of children in out-of-home placements by agency has remained relatively stable as shown in **Exhibit 3**. In fiscal 2004, DHR placements increased slightly as a share of all placements, and those for the DJS decreased slightly. The placements for the DHMH and the MSDE remained relatively stable.

Exhibit 3
Proportion of Out-of-home Placements by Referring Agency
Fiscal 1994 – 2004

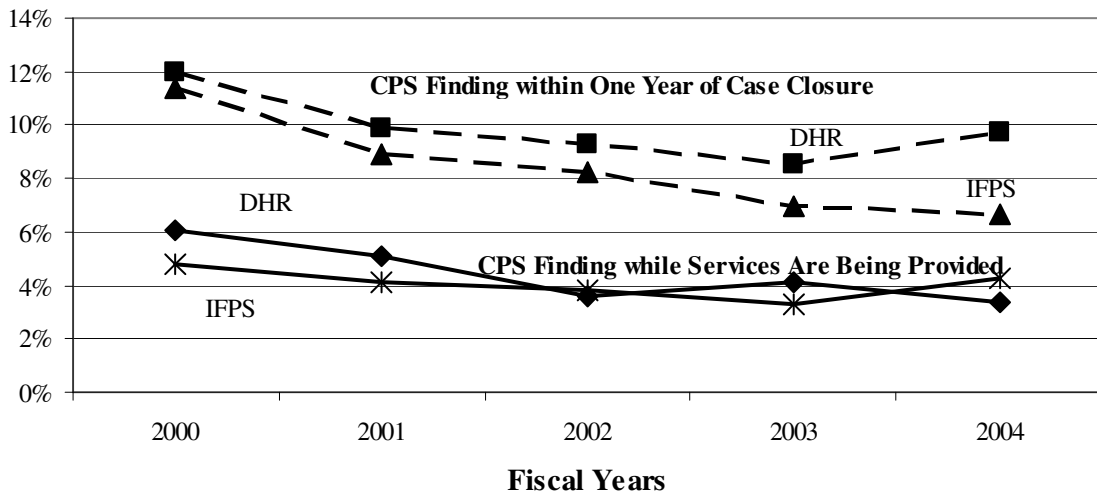


Source: Office for Children, Youth, and Families

Family Preservation and the Safety of Children

Family preservation services have been shown to be effective in reducing the need for out-of-home placements, but these services are not 100% effective in eliminating abuse and neglect. **Exhibit 4** shows the percent of families that had an indicated finding of child abuse or neglect while receiving DHR family prevention services and Interagency Family Preservation Services (IFPS) and the percent of families that had an indicated finding of child abuse or neglect within one year of case closure for each program. There has been an overall decline since fiscal 2000 in the percent of families that had an indicated finding both while services were being provided and within one year of case closure. In fiscal 2004, however, the percent of families with an indicated finding while services were being provided increased for IFPS and the percent of families with findings within one year of case closure increased for DHR participants. It is unclear whether the increases are the beginning of a change in the downward trend given that there were continued declines in each measure for one of the programs.

Exhibit 4
Family Preservation Services and Indicated Findings of Neglect or Abuse
Fiscal 2000 – 2004



DHR = Department of Human Resources
IFPS = Interagency Family Preservation Services

Source: Maryland State Budget

Governor's Proposed Budget

As shown in **Exhibit 5** the fiscal 2006 allowance for the Subcabinet Fund decreases \$4,844,522 (7.5%) compared to the fiscal 2005 working appropriation. The significant budgetary changes are discussed following Exhibit 5.

Exhibit 5 Subcabinet Fund Current and Proposed Budget

<u>LMB Spending</u>	<u>FY 2005 Working</u>	<u>FY 2006 Allowance</u>	<u>FY2005 – 2006 Difference</u>	<u>% Change</u>
LMB Administration	\$4,111,424	\$4,111,424	\$0	0.0%
Interagency Family Preservation	10,918,023	10,709,069	-208,954	-1.9%
Community Service Initiative (Return/Diversion)	11,756,156	11,756,156	0	0.0%
Community Partnerships	5,977,556	5,945,556	-32,000	-0.5%
Home Visiting	5,216,299	4,590,343	-625,956	-12.0%
Subtotal	37,979,458	37,112,548	-\$866,910	-2.3%
Other Programs	26,940,277	22,962,664	-3,977,613	-14.8%
Total LMB Fund	64,919,735	60,075,213	-\$4,844,522	-7.5%

Source: Office for Children, Youth, and Families

- Funding for Home Visiting programs decrease by nearly \$626,000 in fiscal 2006. The reduction represents a general cost saving measure. OCYF indicates it is currently reviewing performance data to guide reductions in a manner that will have the least impact on children and family outcomes.
- The reduction of \$208,954 for IFPS is due to policy refinements that will slightly reduce program eligibility.
- Community Partnership funding decreases by \$32,000 due to the completion of one project.
- Other programs decrease by \$3,997,613. The programs are listed in **Exhibit 6**, and a discussion of the funding changes follows the exhibit.

Exhibit 6
“Other Program” Subcabinet Funding
Current and Proposed Budget

	FY 2005 <u>Wkg Approp</u>	FY 2006 <u>Allowance</u>	<u>Change</u>
Consolidation of Funding			
Juvenile Delinquency Prevention and Diversion Initiative	\$0	\$2,775,458	\$2,775,458
DJs Prevention Services	167,822	0	-167,822
Choice	585,635	0	-585,635
Youth Service Bureau	2,048,438	0	-2,048,438
New Initiatives			
Wraparound Maryland	0	1,000,000	1,000,000
End of Grant			
Infant Mortality Grants	150,000	0	-150,000
Home Visiting Training	182,970	0	-182,970
Governor's Council on Adolescent Pregnancy – Grants	663,627	50,000	-613,627
One-time Funding			
Custody Relinquishment Initiative	200,000	0	-200,000
School-Based Health Centers (SBHC)	2,871,825	2,175,206	-696,619
Custody Relinquishment and Children with Intensive Needs	723,868	0	-723,868
Voluntary Placement Agreement Pilot Projects	1,000,000	0	-1,000,000
Other			
Subcabinet After School Program	4,319,106	4,742,329	423,223
IFS and Families Now	11,739,206	12,079,671	340,465
Office for Children, Youth, and Families (Training)	140,000	140,000	0
Safe and Stable Families	2,147,780	0	-2,147,780
Total	\$26,940,277	\$22,962,664	-\$3,977,613

Source: Office for Children, Youth, and Families

- **Consolidation of Funding:** In fiscal 2006, juvenile delinquency prevention funding, which had previously been divided between Youth Service Bureaus, DJS Prevention Services, and the Choice program, is consolidated into the Juvenile Delinquency Prevention and Diversion Initiative. These funds, along with funding through the GOCCP will be awarded to the Local Management Boards (LMBs) through a Notice of Funds Available process (see Issue 1). The fiscal 2005 funding for the three programs being consolidated is \$26,437 more than the fiscal 2006 funding for the new initiative.

R00A04 – Subcabinet Fund

- **New Initiatives:** The fiscal 2006 allowance contains \$1 million for two demonstration projects related to proving wraparound services (see Issue 2).
- **End of Grant:** Subcabinet funding for three programs ends in fiscal 2006. The Infant Mortality Grants and grants to reduce adolescent pregnancies are both being phased out. The intent when the grants were started was for a gradual reduction of State funding to be replaced by local funds or private funds raised by the local jurisdictions. Although the State funds will no longer be provided, OCYF advises it knows of no local jurisdiction that has stepped up to continue the funding. The \$50,000 in fiscal 2006 for adolescent pregnancy prevention is intended to continue providing training to groups statewide that are interested in addressing this issue. The funding for Home Visiting Training is discontinued with each site to be responsible for training costs in their operating budgets as needed.
- **One-time Funding:** One-time only funding for the listed programs was provided only for fiscal 2005. The reduction to School-based Health Centers reflects the removal of \$400,000 in one-time funding for health centers in Prince George’s County. If the county does not provide the necessary funding in fiscal 2006, it could be forced to close some centers or reduce services. The remaining reduction of \$296,619 represents a general cost saving measure in the statewide program and may result in reductions to current services but is not expected to result in the closing of any sites. **The Subcabinet should comment on the outcomes of the pilot projects relating to voluntary placements and custody relinquishment.**
- **Other:** The After School Program increase represents a partial restoration of the funding level of \$10 million the program received when it was funded as the Maryland After School Opportunity Fund in DHR. The Intensive Family Services and Family Now funding increase is employee related. Safe and Stable Family is eliminated from the Subcabinet Fund and moved back to the DHR budget at its request. Training provided through OCYF is funded at the same level as fiscal 2005.

Recommendations of the Joint Committee on Children, Youth, and Families

The Joint Committee on Children, Youth, and Families held a series of hearings during the 2004 interim on the goal of children entering school ready to learn. One of the recommendations contained in the committee’s *2004 Interim Report* was that the State maintain funding for all early childhood programs including Youth Service Bureaus. In the fiscal 2006 allowance, funding for juvenile delinquency prevention is being distributed through the Youth Strategies Initiative. While not funded directly as in previous years, Youth Services Bureaus may receive funding through the Youth Strategies Initiative (See Issue 1).

Issues

1. Juvenile Delinquency Prevention Funding Consolidated in Youth Strategies Initiative

In fiscal 2006, funding included in the Subcabinet Fund for juvenile delinquency prevention services is being consolidated into one program called the Juvenile Delinquency Prevention and Diversion Initiative (JDPDI) instead of being spread among three programs as had been the practice in previous years. The three programs from which funds are being taken and their current year funding amounts are Youth Services Bureaus (\$2,048,438), DJS Prevention Services (\$167,822), and the Choice program (\$585,635). Funding for the new initiative is \$2,775,458 in fiscal 2006 or \$26,437 less than the combined funding of the three programs in the current fiscal year. The JDPDI funding will be pooled with, and disbursed through, the Youth Strategies Initiative administered by the GOCCP on behalf of the State Advisory Board for Juvenile Services.

The Youth Strategies Initiative, formerly called the Youth Strategies Consolidated Grant, was started in January 2001 with the goal that all children of the State can maximize their potential and become law-abiding residents. It seeks to establish effective and coordinated local service delivery systems that meet the needs of youth in each jurisdiction. Federal and State funding totaling \$3,162,640 from the following programs will be combined with the Subcabinet Fund monies to make \$5,938,098 available for the Youth Strategies Initiative in fiscal 2006:

- Office of Juvenile Justice and Delinquency Prevention's (OJJDP) Enforcing the Underage Drinking Laws Program
- Safe and Drug Free Schools and Communities
- Juvenile Accountability Block Grant
- OJJDP's Formula Grants Program
- Title V Community Prevention Grants

The Subcabinet Fund's JDPDI funds comprise \$1,802,625 in federal Temporary Assistance for Needy Families funds and \$972,833 in general funds.

GOCCP and OCYF issued a Notice of Funds Available to LMBs on February 18, 2005, with a submission deadline of April 15, 2005. Notification of awards for the Subcabinet Fund monies is planned for May 18, 2005, and notification of awards for the GOCCP funding is planned for June 10, 2005.

Only LMBs or their designees are eligible to apply for the funding but can use any vendors to provide services including Youth Service Bureaus. Grants will be awarded for a two-year period with funding in the second year contingent on availability of funds and satisfactory performance during the first year. After the initial two-year period, changes to the process may be made to address any problems experienced in administering the initiative, and subsequent grant awards could be for periods longer than two years.

R00A04 – Subcabinet Fund

Each of Maryland’s 24 jurisdictions were assigned to one of five tiers using a formula derived from the jurisdiction’s juvenile violent and non-violent arrests, out-of-home placements, child poverty levels, adolescent substance abuse rates, and high school drop-out rates proportionate to the child population. The maximum amount a jurisdiction can apply for is based on its tier. **Exhibit 7** lists the tier and maximum annual grant for each jurisdiction. The total amount included in the allowance is approximately \$1 million less than the sum total of the maximum grant amounts for all jurisdictions. This suggests that the Subcabinet does not expect to award the maximum grant allowed to all jurisdictions.

Exhibit 7
Youth Strategy Initiative Tier and Maximum Grant by Jurisdiction

	<u>Maximum Grant</u>
Tier One	
Caroline	\$120,000
Dorchester	120,000
Garrett	120,000
Kent	120,000
Queen Anne's	120,000
Somerset	120,000
Talbot	120,000
Tier Two	
Allegany	180,000
Calvert	180,000
Carroll	180,000
Cecil	180,000
Charles	180,000
Frederick	180,000
Harford	180,000
Howard	180,000
St. Mary's	180,000
Washington	180,000
Wicomico	180,000
Worcester	180,000
Tier Three	
Anne Arundel	520,000
Montgomery	520,000
Prince George's	520,000
Tier Four	
Baltimore	840,000
Tier Five	
Baltimore City	1,520,000
Total	\$6,920,000

Source: Office for Children, Youth, and Families; Governor’s Office of Crime Control and Prevention

R00A04 – Subcabinet Fund

Awards of funding will be based on proposals that:

- document need;
- identify at-risk target populations;
- demonstrate strong collaborative planning and integration of services; and
- employ effective practices.

Exhibit 8 shows the proposed scoring that will be used to evaluate proposals.

Exhibit 8
Youth Strategies Initiative Proposed Grant Scoring Criteria

Description of partner organizations, letters of commitment	10 points
Updated Needs Assessment and Strategic Plan	10 points
Year Three (3) Performance and Capacity:	10 points
Proposed Strategies for Youth Strategies Initiative:	60 points
1. Strategies Aligned with Need	
2. Goals and Objectives	
3. Incorporation of Principles	
4. Evaluation Plan.	
Sustainability	10 points
Total Points	100 points
Budget	Accept/Do Not Accept
Up to 10 points for 25% cash match (2 points will be given for each 5% cash match identified)	+10
Up to 3 incentive points for demonstration of strong partnerships	+3
Up to 3 incentive points for integration of gender responsive programming into proposed strategies	+3

Source: Office for Children, Youth, and Families; Governor’s Office of Crime Control and Prevention

OCYF indicates that Youth Service Bureaus will benefit in the proposal scoring process by the bonus points awarded for matched funding. Since local funds currently make up at least 25% of the Youth Service Bureau funding, proposals including the bureaus will get full credit on that criteria.

R00A04 – Subcabinet Fund

This process gives local jurisdictions, through their LMBs, more control in designing strategies to combat juvenile delinquency. Jurisdictions with Youth Service Bureaus are not precluded from using the bureaus, and with the larger pool of funding, each jurisdiction with a Youth Service Bureau is eligible for more funding under the Youth Strategies Initiative than the bureaus are receiving in the current year. **The Department of Legislative Services recommends that funding for juvenile delinquency prevention be provided through the Youth Strategies Initiative. Committee narrative requesting a report on the distribution of funding is included in the Recommended Actions section.**

2. Wraparound Initiative Savings Estimate Overly Optimistic?

The State is proposing a \$1 million (all general funds) wraparound initiative to be funded in the Subcabinet Fund. The program is a pilot, to be initially developed in Montgomery County and Baltimore City. Wraparound is essentially the development of a service plan tailored to the unique needs of an individual that utilizes community services and natural supports. Services can be traditional (for example, case management, respite care, and after school care) as well as non-traditional (for example, family support activities, art opportunities, and big brother/big sister programs). The intent of wraparound is to divert youth from restrictive residential placements which tend to be more expensive and in the case of juvenile detention programs for example, lacking in extensive treatment options.

The general funds included in the allowance are intended to fund the pilot projects while the State applies for a Medicaid waiver to allow federal dollars to be used to support the effort. Based on the \$1 million included in the Subcabinet Fund, the allowance assumes \$4.6 million in savings in the DHMH Mental Hygiene Administration's budget.

There is some evidence that wraparound programs can reduce reliance on residential programs, although it is unclear from the available data if the savings projected for this particular initiative are realistic. At this time, it is not known how many federal dollars will be claimed for the wraparound services used. Certainly, the notion of saving \$4.6 million in residential treatment expenditures on the basis of \$1 million of wraparound services is extremely optimistic based on data from other programs which have been touted as national models. **The Subcabinet should explain to the committees the methodology it used in arriving at the cost savings estimate and actions that will be taken if the savings are not realized.**

3. Adolescent Pregnancy Prevention Funding Declines

The fiscal 2006 allowance consolidates and reduces funding for adolescent pregnancy prevention. Funding previously budgeted in the DHR and the OCYF are consolidated with funding in the DHMH. The consolidated funding, however, is less in fiscal 2006 than the aggregate of the funding in fiscal 2005. In addition, as discussed above, funding in the Subcabinet Fund is less in fiscal 2006 due to the termination of grants previously provided to local jurisdictions. **Exhibit 9** shows the funding for adolescent pregnancy prevention in fiscal 2005 and 2006. **Exhibit 10** shows the declines both in Maryland and nationally in adolescent pregnancies from calendar 1993 to 2002. **The**

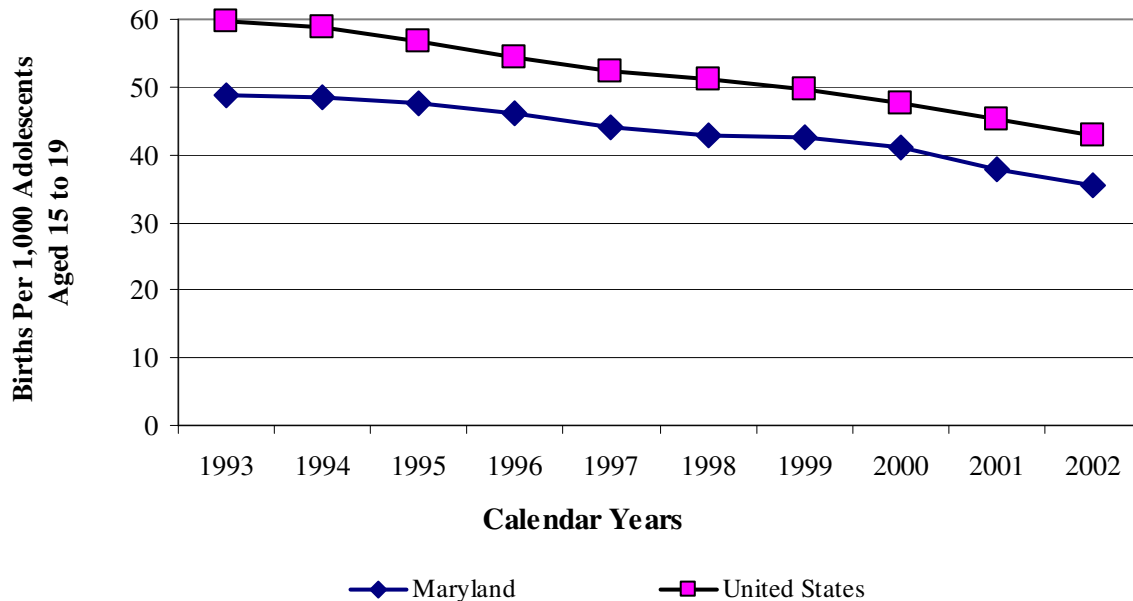
Subcabinet should explain to the committees why efforts to prevent adolescent pregnancies are being scaled back.

**Exhibit 9
Adolescent Pregnancy Prevention Funding**

	<u>FY 2005</u>	<u>FY 2006</u>	<u>Change</u>
Subcabinet Fund: Community grants, training, and media campaign.	\$663,627	\$50,000	-\$613,627
Governor’s Council on Adolescent Pregnancy – transferred to Dept. of Health and Mental Hygiene	567,019	0	-567,019
Dept. of Health and Mental Hygiene – increase reflects consolidation of funds from other agencies	536,169	1,147,979	611,810
Dept. of Human Resources: Best Friends – abstinence education	399,000	0	-399,000
Total	\$2,165,815	\$1,197,979	-\$967,836

Source: Maryland State Budget

**Exhibit 10
Birth Rates for Adolescents Ages 15 through 19
Calendar 1993 – 2002**



Source: Department of Health and Mental Hygiene

Recommended Actions

1. Add the following language:

Provided that contingent on the failure of Senate Bill 222 and House Bill 293 reauthorizing or extending the sunset date for the Office for Children, Youth, and Families, authorization is hereby provided to transfer these appropriations to the Department of Human Resources. The Department of Human Resources shall administer the funds for the purposes herein appropriated.

Explanation: If legislation reauthorizing or extending the sunset date for the Office for Children, Youth, and Families which administers the Subcabinet Fund is not passed this language authorizes the transfer of funds in the Subcabinet Fund to DHR to administer.

2. Adopt the following narrative:

Out-of-home Placements: To facilitate evaluation of Maryland’s family preservation programs in stemming the flow of children from their homes, the Office for Children, Youth, and Families (OCYF) is requested to submit to the committees data on the total number of out-of-home placements and entries by jurisdiction over the previous three years and similar data on out-of-state placements. OCYF should also provide information on the costs associated with out-of-home placements, the reasons for new placements, and an evaluation of data derived from the application of the North Carolina Family Assessment Scale. Data should also be collected concerning indicated findings of child abuse and neglect occurring while families are receiving family preservation services or within one year of case closure. Other subcabinet agencies should provide the appropriate information to OCYF by October 1, 2005.

Information Request	Author	Due Date
Out-of-home placement data and evaluation	OCYF	December 1, 2005

3. Adopt the following narrative:

Youth Strategies Initiative Grant Awards: The committees request that the Governor’s Office for Children, Youth, and Families and the Governor’s Office of Crime Control and Prevention report on the grant awards made under the Youth Strategies Initiative. The report should list the awards by jurisdiction and should also indicate the amounts for services to be provided by Youth Service Bureaus. The offices are requested to provide the report to the committees by July 1, 2005.

R00A04 – Subcabinet Fund

Information Request	Authors	Due Date
Grant award amounts by jurisdiction and the amounts for services to be provided by Youth Service Bureaus	OCYF GOCCP	July 1, 2005

Current and Prior Year Budgets

Current and Prior Year Budgets Subcabinet Fund (\$ in Thousands)

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2004					
Legislative Appropriation	\$34,258	\$2,522	\$28,499	\$10,900	\$76,179
Deficiency Appropriation	4,653	0	0	0	4,653
Budget Amendments	-213	0	0	0	-213
Cost Containment	-2,419	0	0	0	-2,419
Reversions and Cancellations	-10,022	-447	-3,403	-5,375	-19,247
Actual Expenditures	\$26,258	\$2,074	\$25,096	\$5,525	\$58,953
Fiscal 2005					
Legislative Appropriation	\$35,771	\$2,405	\$25,049	\$1,500	\$64,724
Budget Amendments	195	0	0	0	195
Working Appropriation	\$35,966	\$2,405	\$25,049	\$1,500	\$64,920

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

R00A04 – Subcabinet Fund

Fiscal 2004

The \$4.6 million general fund deficiency was added for the DJS for one-time renovations, security improvements, training, Information Technology disaster protection, development of master facility plans, and design funds for renovations of Gary Hall at the Hickey School (\$1.5 million); to cover shortfalls in the DHR family preservation programs for fiscal 2002 (\$1.4 million) and 2004 (\$1.2 million); and for Local Management Boards to implement one-time projects agreed to as part of multi-year agreements (\$283,000).

One budget amendment was processed transferring \$212,500 to cover costs of relocatable classrooms at the Hickey School along with the initial start-up staffing.

Of the \$10 million in general fund reversions, \$9.6 million represents reversion of the fund balance above the \$1 million balance allowed in statute. This reversion was accomplished through Supplemental Budget No. 1 to the fiscal 2005 operating budget. The remaining \$400,000 represents normal reversion of funds remaining at the end of the year. The special fund cancellation of \$447,000 is an error. According to the MSDE, which acts as the fiscal agent for the Subcabinet Fund, four local government payments were incorrectly booked as a reduction of expenditures instead of attainment of funds. Special fund expenditures actually totaled \$2,473,970, and a special fund cancellation of \$47,412 should have been recorded reflecting lower than anticipated local government payments. The \$3.4 million federal fund cancellation represents under attainment of Title IV-E foster care funds.

Fiscal 2005

The fiscal 2005 increase represents cost-of-living expenses associated with local management boards.

**Object/Fund Difference Report
Subcabinet Fund**

<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>
Objects					
12 Grants, Subsidies, and Contributions	\$ 58,953,233	\$ 64,919,735	\$ 60,075,213	-\$ 4,844,522	-7.5%
Total Objects	\$ 58,953,233	\$ 64,919,735	\$ 60,075,213	-\$ 4,844,522	-7.5%
Funds					
01 General Fund	\$ 26,257,676	\$ 35,966,253	\$ 34,233,544	-\$ 1,732,709	-4.8%
03 Special Fund	2,074,304	2,404,652	647,712	-1,756,940	-73.1%
05 Federal Fund	25,096,231	25,048,830	23,693,957	-1,354,873	-5.4%
09 Reimbursable Fund	5,525,022	1,500,000	1,500,000	0	0%
Total Funds	\$ 58,953,233	\$ 64,919,735	\$ 60,075,213	-\$ 4,844,522	-7.5%

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