

D18A18
Governor's Office for Children

Operating Budget Data

(\$ in Thousands)

	<u>FY 05</u> <u>Actual</u>	<u>FY 06</u> <u>Working</u>	<u>FY 07</u> <u>Allowance</u>	<u>FY 06-07</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Fund	\$3,908	\$2,694	\$1,851	-\$843	-31.3%
Special Fund	156	131	0	-131	-100.0%
Federal Fund	356	291	250	-41	-14.1%
Reimbursable Fund	<u>567</u>	<u>538</u>	<u>285</u>	<u>-253</u>	<u>-47.0%</u>
Total Funds	\$4,987	\$3,654	\$2,386	-\$1,268	-34.7%

- The \$1.3 million decrease results from removal of funding for positions abolished in the fiscal 2006 budget. When the effect of this decrease is removed, the allowance increases \$71,344 (3.1%).

Personnel Data

	<u>FY 05</u> <u>Actual</u>	<u>FY 06</u> <u>Working</u>	<u>FY 07</u> <u>Allowance</u>	<u>FY 06-07</u> <u>Change</u>
Regular Positions	50.00	23.00	23.00	0.00
Contractual FTEs	<u>4.00</u>	<u>4.00</u>	<u>1.00</u>	<u>-3.00</u>
Total Personnel	54.00	27.00	24.00	-3.00

Vacancy Data: Regular Positions

Turnover, Excluding New Positions	0.23	0.98%
Positions Vacant as of 12/31/05	7.00	30.40%

- The number of regular positions remains unchanged in the fiscal 2007 allowance.
- Three contractual positions were abolished to help pay for position reclassifications to get the right mix of positions to run the office.
- The high turnover rate on December 31, 2005, reflects the startup status of the office as it transitions from the previous structure under the Office for Children, Youth, and Families (OCYF).

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

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Analysis in Brief

Major Trends

Maryland’s Babies Will Be Born Healthy: In calendar 2004 the rates for both infant mortalities and low birth weight babies increased slightly from calendar 2003.

Maryland’s Children and Youth Will Be Healthy: The percentage of children fully immunized by age two decreased in calendar 2004 after two years of increases. Calendar 2004 was also only the second year since 1995 that Maryland’s rate lagged that of the United States as a whole.

Issues

Office for Children Replaces the Office for Children, Youth, and Families: OCYF ceased to exist on June 30, 2005, with the sunset of its authorizing statute, Article 49D. The Office for Children was created by executive order to continue many of the functions of OCYF.

Increased Oversight of Group Homes Considered: There was considerable legislative interest in group home oversight during the 2005 interim. Some of the proposals to improve oversight would require legislation; others can be accomplished through budget language or other means.

Recommended Actions

1. Add budget language to require the Department of Health and Mental Hygiene, the Department of Human Resources, and the Department of Juvenile Services to report on retained earnings by group home providers.
2. Add budget language requiring the Department of Health and Mental Hygiene, the Department of Human Resources, and the Department of Juvenile Services to submit provider audits to the Maryland State Department of Education (MSDE) so that MSDE can incorporate review of the audits into the rate setting process.
3. Add budget language to require the Department of Health and Mental Hygiene, the Department of Human Resources, and the Department of Juvenile Services to submit a report on proposed minimum direct care spending.
4. Add budget language to require the Department of Human Resources, the Department of Juvenile Services, and the Maryland State Department of Education to report on a methodology for incorporating performance-based incentives into the fiscal 2008 rates for group homes.

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Governor's Office for Children

Operating Budget Analysis

Program Description

The Governor's Office for Children (OC) promotes the State's vision for a stable, safe, and healthy environment for children and families. OC conducts work needed to accomplish the Three-Year Children's Plan including development of interagency policies to carry out the plan and promoting efficient interagency use of federal and State funds. OC also facilitates the work of the Maryland Children's Cabinet and promotes child well-being by:

- using results and indicators in planning, decision making, and evaluation;
- partnering with the local management boards (LMBs);
- using data and technology (State Child, Youth, and Family Information System) to continuously evaluate and measure outcomes;
- advancing integrated systems of care; and
- ensuring fiscal accountability.

The key goals of OC are to:

- lead interagency policy formulation that promotes stable, safe, and healthy environments for children and families;
- maximize prevention, early intervention, and community-based services across agencies that improve outcomes for Maryland's children and reduce the reliance on costly institutional services;
- increase the capacity of communities to meet the specific needs of their jurisdictions' children and families;
- ensure the effectiveness of local and State programs and services for children and families through independent monitoring and evaluation, resulting in program improvement;
- develop and implement an interagency data collection system to improve planning and delivery of services critical to the health, safety and well-being of children and families statewide; and
- improve the fiscal efficiency and accountability of programs that serve children and families, particularly those funded through the Children's Cabinet Interagency Fund.

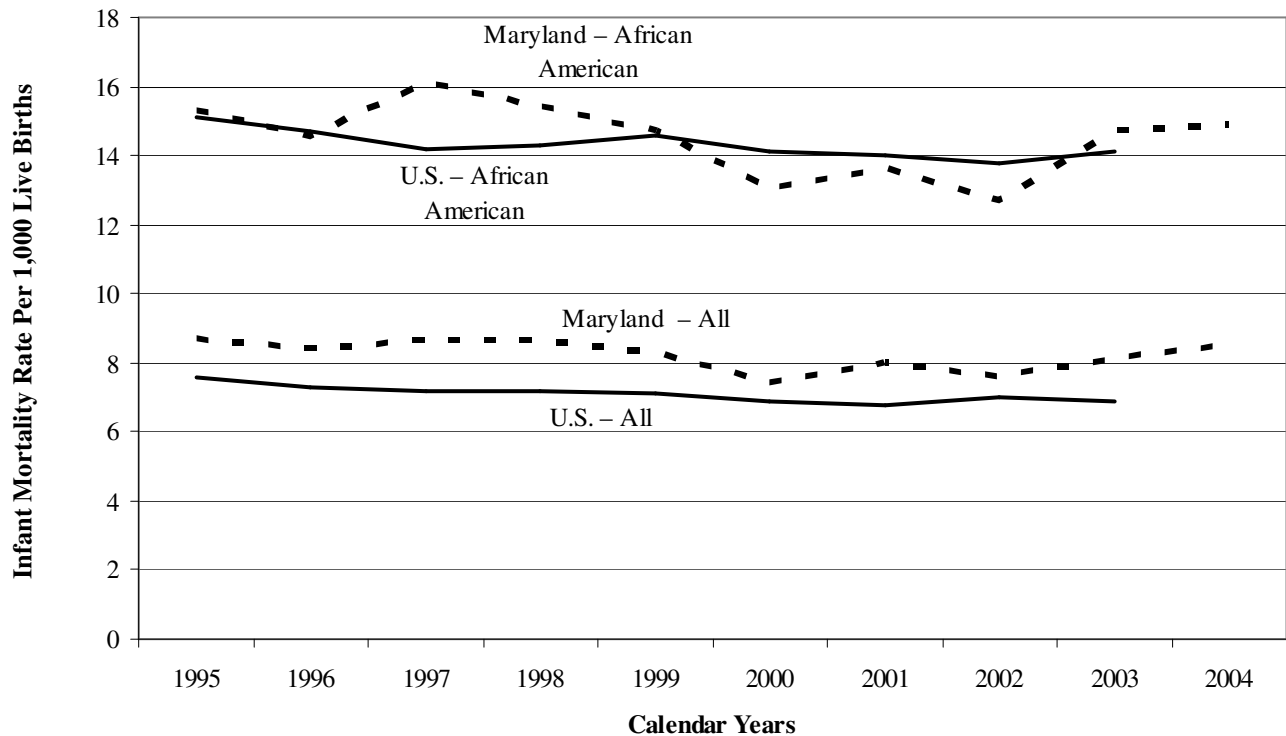
Performance Analysis: Managing for Results

Maryland’s Babies Will Be Born Healthy

Infant Mortality Rate

Exhibit 1 compares the infant mortality rates for Maryland and the United States both in total and for African American babies. The total Maryland infant mortality rate has fluctuated slightly since calendar 1995 and has slightly exceeded the rate for the United States as a whole during this period. The infant mortality rate for Maryland African American babies trended downward from calendar 1997 to 2003 but increased in both 2003 and 2004 and exceeded the United States rate for African American babies in five out of the last nine years.

Exhibit 1
Infant Mortality Rate
Maryland and the United States
Calendar 1995 – 2004

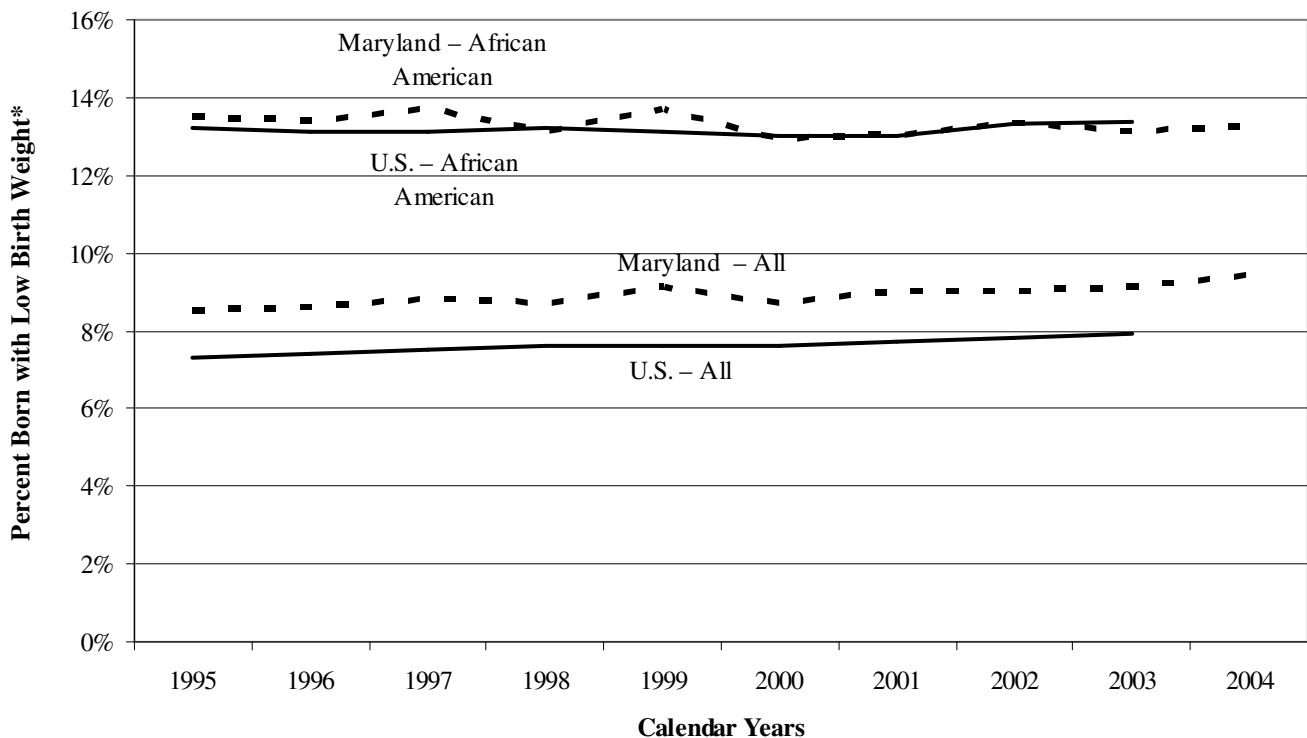


Source: *Maryland Vital Statistics Annual Report, 2004*; *Maryland’s Results for Child Well-Being, 2005*

Low Birth Weight Babies

Exhibit 2 compares low birth weight babies for Maryland and the United States both in total and for African American babies. The percent of babies born with low birth weight (less than 2,500 grams, or 5.51 pounds) in Maryland as a whole has fluctuated slightly since calendar 1995 but has trended upward from 8.5% in calendar 1995 to 9.4% in calendar 2004. The Maryland rate has exceeded the rate for the United States as a whole for this entire period. The percentage of low birth weight African American babies in Maryland has fluctuated since 1995 and exceeded the United States rate for African American babies four times in the last nine years.

Exhibit 2
Low Birth Weight Babies
Maryland and the United States
Calendar 1995 – 2004



*Measures the percent of births less than 2,500 grams (5.51 pounds).

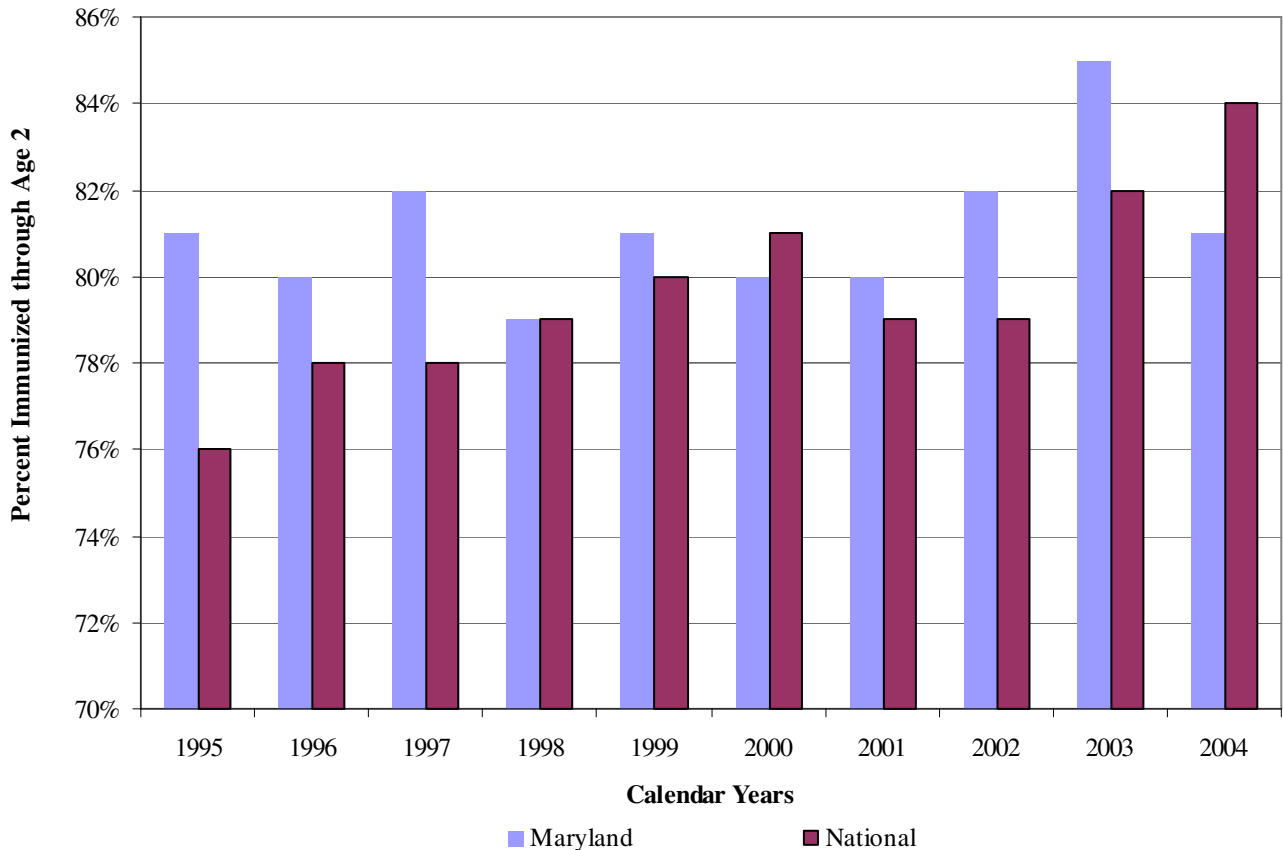
Source: *Maryland Vital Statistics Annual Report, 2004*; *Maryland’s Results for Child Well-Being, 2005*

Maryland’s Children and Youth Will Be Healthy

Children Fully Immunized through Age Two

Exhibit 3 compares the percentage of Maryland children fully immunized through age two with the United States rate. Maryland has generally fared well in this comparison having lagged the United States rate in only 2 of the past 10 years. Calendar 2004 was one of these years, however, and was also the first decrease in the rate in three years. **The executive director should comment on the factors which contributed to the decline in this measure in 2004.**

Exhibit 3
Percentage of Children Immunized through Age Two
Calendar 1995 – 2004



Source: Maryland State Budget; Office for Children

Governor’s Proposed Budget

As shown in **Exhibit 4**, the fiscal 2007 allowance for OC is \$1.3 million less than the current working appropriation. The decrease is explained by the removal of funds from abolished positions that were restricted in the fiscal 2006 budget to increase the State subsidy for employee and retiree health insurance. When the removal of this funding is adjusted for, the allowance increases by \$71,334, or 3.1%.

Exhibit 4
Governor's Proposed Budget
Governor's Office for Children
(\$ in Thousands)

How Much It Grows:	General <u>Fund</u>	Special <u>Fund</u>	Federal <u>Fund</u>	Reimb. <u>Fund</u>	<u>Total</u>
2006 Working Appropriation	\$2,694	\$131	\$291	\$538	\$3,654
2007 Governor's Allowance	<u>1,851</u>	<u>0</u>	<u>250</u>	<u>285</u>	<u>2,386</u>
Amount Change	-\$843	-\$131	-\$41	-\$253	-\$1,268
Percent Change	-31.3%	-100.0%	-14.1%	-47.0%	-34.7%

Where It Goes:

Personnel Expenses

Position reclassifications.....	\$207
Underfunding of fiscal 2006 base for health insurance	73
Increments and other compensation.....	53
Employee and retiree health insurance	31
Decreased turnover	24
Removal of funds from abolished positions restricted in fiscal 2006 to increase the State subsidy for employee and retiree health insurance	-1,339
Other fringe benefit adjustments.....	11

Other Changes

Federal grant pass through to Children's Cabinet Interagency Fund for Baltimore City One-Stop Family Support Resource Center.....	150
Department of Budget and Management telecommunication allocation.....	41
Children's Trust Fund – grants to combat child neglect and abuse.....	-232
Elimination of three contractual positions with savings directed to paying for position reclassifications.....	-138
Conference travel.....	-45
Fixed charges	-28
Food services	-26
Printing services.....	-20
Other	-30

Total **-\$1,268**

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

Issues

1. Office for Children Replaces the Office for Children, Youth, and Families

Background

The Governor’s Office for Children, Youth, and Families (OCYF) was authorized under Article 49D of the Annotated Code of Maryland. Led by the Special Secretary, the office oversaw State policies for children, youth, and families. The Subcabinet for Children, Youth, and Families, consisting of the Special Secretary and the heads of State agencies providing services to children and their families, was charged with ensuring that services were provided effectively, efficiently, and in an integrated system. The subcabinet maintained a statewide system of interagency budgeting and funding, including the Subcabinet Fund, which supported services preventing unnecessary out-of-home placements of children and other initiatives.

Article 49D required LMBs in each jurisdiction to implement a local interagency service delivery system for children, youth, and families. The Subcabinet for Children, Youth, and Families Resource Fund supported LMBs. Additionally, the State Coordinating Council and local coordinating councils for residential placement of children with disabilities were established.

2005 Session

The Governor’s Office for Children, Youth, and Families’ statutory authority terminated June 30, 2005, as did Article 49D, after the failure of Senate Bill 222/House Bill 293 – Administration bills seeking to reauthorize the office as a permanent entity and rename it the Governor’s Office for Children (OC).

With the failure of Senate Bill 222/House Bill 293, provisions in the fiscal 2006 budget took effect reducing the office’s budget from \$4.0 million to \$1.9 million and abolishing 18 of the office’s positions.

Governor’s Response

Despite the termination of the office’s statutory authority, the office’s functions and programs continue today much as they were outlined in the Administration bills. On June 9, 2005, the Governor issued Executive Order 01.01.2005.34 establishing OC, the Children’s Cabinet (formerly the Subcabinet for Children, Youth, and Families), and the Advisory Council for Children. OC’s duties under the executive order are to support the Children’s Cabinet; promote values, policies, and practices that improve the well-being of Maryland’s children and families; partner with LMBs and oversee the Children’s Cabinet Interagency Fund (formerly the Subcabinet for Children, Youth, and Families Resource Fund); and help the Children’s Cabinet allocate funds for grants to any State agency, local government, LMB, or private organization.

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The executive order created the position of executive director as head of OC to replace the Special Secretary position under OCYF. The executive order also requires OC to develop a State three-year plan for integrating children and family services, establish interagency policies to implement the plan, and determine the most efficient way to use funds. The Children’s Cabinet must submit the plan to the Governor by October 1, 2006.

With the termination of Article 49D, an emergency regulation was issued by the Department of Health and Mental Hygiene (DHMH), the Maryland State Department of Education (MSDE), the Department of Human Resources (DHR), and the Department of Juvenile Services (DJS) to continue the efforts to coordinate improvements in delivering services to children through the LMBs, the local coordinating councils, and the State Coordinating Council.

Continued Concerns

Although the office continues to operate, it is no longer codified under State statute. The Joint Committee on Children, Youth, and Families held two hearings during the 2005 interim regarding OC. Some of the concerns raised during the hearings include the following:

- By not codifying OC in statute, the office easily could be eliminated by a subsequent Administration.
- LMBs, previously codified under Article 49D, that are not codified under local resolution or law, no longer have statutory authority.
- The State Coordinating Council and the local coordinating councils, also previously codified under Article 49D, no longer have statutory authority.

Senate Bill 294/House Bill 301 of the 2006 session have been introduced to recodify the LMBs, the State Coordinating Council, and the local coordinating councils. No legislation has yet been introduced that would codify OC. **The executive director should comment on the need for and/or any plans OC has to seek legislation to codify the office.**

2. Increased Oversight of Group Homes Considered

Background

For many years, concerns have been raised relating to the licensing, monitoring, and funding of group homes, also known as residential child care programs or community-based homes for children. In 2005 the Senate Budget and Taxation Committee; the House Health and Government Operations Committee; and the Joint Committee on Children, Youth, and Families held briefings on the issue, again bringing the issue of State oversight of group homes to the forefront.

Overview of Group Homes

In fiscal 2004, Maryland placed 26,263 children in out-of-home placements at a cost of \$622 million. Group homes represent one form of out-of-home placements, with an average of 2,690 children residing in group homes each day at an annual cost of \$167 million. Group homes offer home-like settings that provide structure and 24-hour supervision, basic care, social work, and health care services. Many group homes utilize community-based ancillary services and enroll children in the local school system. Depending on the facility and the level of intensity of services, group home placements cost between \$34,000 and \$119,000 per child annually.

State Oversight of Group Homes

Three State agencies are involved in the licensure, monitoring, and placement of children in group homes: DHMH, DHR, and DJS. Each agency licenses, monitors, and places children in group homes according to individual agency standards. DHMH licenses and monitors 167 facilities (34%) but places less than 1% of the children in group homes. DHR licenses and monitors 305 facilities (62%) and places approximately 80% of the children in group homes. DJS licenses 20 facilities (4%) and places approximately 19% of the children in group homes. DJS monitors all facilities in which it places children (124).

Licensing and Monitoring

To become licensed as a group home, an applicant begins at the Governor’s Office for Children (formerly the Governor’s Office for Children, Youth, and Families), which serves as a “single point of entry” and refers applicants to the appropriate agency. Licenses are issued for two years and must be obtained for each facility. The licensing agencies monitor group homes by reviewing records, inspecting the facility, and interviewing staff and residents. When a child is placed in a group home, a caseworker from the placing agency (e.g., the local Department of Social Services caseworker for DHR) is assigned to that child and is responsible for visiting the child regularly to monitor the child’s progress and the appropriateness of the placement.

If licensing violations are found in group homes, corrective action plans and sanctions are implemented. In fiscal 2004, DHR issued 14 sanctions, including closing 6 facilities, and placed 73 providers (41%) under corrective action plans. DHMH issued 10 sanctions, including the revocation of 1 license, the surrender of 3 licenses, and 6 intermediate sanctions or consent agreements. DJS implemented 4 moratoriums on placement at facilities with which it contracts but does not license.

Rate Setting and Financial Oversight

Rates for group homes are set by the Interagency Rates Committee (IRC), which is staffed by MSDE. Group homes are assigned to a category based on service intensity, detailed budget submissions are reviewed to identify allowable costs, and programs are compared to other providers in the same category and designated as “preferred” or “nonpreferred” based on their relative costs.

The IRC establishes a per diem rate for each group home that is paid by all agencies that contract for beds with that home.

The main financial oversight of group homes is the requirement that providers submit annual independent audits to their licensing agencies. However, these audits are reviewed by licensing and monitoring staff rather than the IRC and do not factor into the development of the homes’ rates.

Shortcomings of the Current System

To support the interim study of group homes, the Department of Legislative Services (DLS) conducted a review of licensing, monitoring, and contracting practices relating to group homes, noting three major observations. First, the State is not a smart purchaser of group home services. Referral practices and provider rates are not standardized nor guided by performance data. Second, there is insufficient financial oversight of group homes. The rate setting process does not include review of audits or actual spending patterns, licensing agencies do not compare budgets submitted by providers to actual spending patterns, and group homes are not required to spend a minimum amount of funding on direct care. Finally, the licensing and monitoring process is disjointed. There is no single agency guiding the system, and there are inconsistent practices and a lack of communication among agencies. There is no single point of entry for complaints about group homes, and, particularly for DHR, there is tension between the dual roles of enforcing licensing standards and maintaining adequate placement capacity. The licensing and monitoring agencies have also found it difficult to perform the requisite number of inspections due to an insufficient number of staff.

Personnel Added

The fiscal 2007 allowance for DHR includes 5 new positions for the licensing and monitoring function. This would bring the number of monitoring staff in DHR to 13 from the current 8. DHR has also announced that the licensing and monitoring unit is being moved from the Social Services Administration to the Office of the Secretary in order to provide separation between the programmatic and enforcement efforts of the department. This move should reduce the potential conflicts that can arise between the competing goals of enforcing laws and regulations governing the operation of group homes and maintaining placement capacity.

DJS has announced that it will transfer six additional positions to its licensing and monitoring unit upon closure of the Hickey School. These will more than double the number of monitoring staff in the department from the current five.

Although DHMH has added an additional six surveyors (monitors) to the Office of Health Care Quality (OHCQ) via transfers in fiscal 2006 and is anticipating five new positions in and three additional transfers to OHCQ in fiscal 2007, none of these new positions are currently expected to be added to the Developmental Disabilities unit which monitors the residential programs licensed by the department.

Recommendations

Based on these observations, DLS offers the following options for improving oversight of group homes. The recommendations are divided between those that would require legislation and those which could be accomplished by adding language to the budget bill.

Legislation

Options for improving oversight of group homes that would require legislation include:

- consolidating licensing and monitoring of group homes within a single agency. If this is done within an existing agency, it should be placed in the DHMH’s OHCQ, and minimum staffing requirements should be codified so that understaffing does not become a problem;
- requiring DHR, DHMH, and DJS to collect and disseminate performance data from group homes; and
- addressing the need to develop additional capacity for group home placements in underserved areas by establishing a single group home capital grant/loan program.

Budget Bill Language

Options for improving oversight of group homes that could be accomplished through budget bill language:

- require DHR, DHMH, and DJS to report on earnings retained by providers;
- require copies of all provider audits to be submitted to MSDE and used in setting rates;
- request a report from DHR, DHMH, and DJS on the appropriate percentage of dollars that should be expended on direct care and the feasibility of requiring group homes to spend a minimum percentage of State dollars on direct care; and
- request a report from DHR, MSDE, and DJS on a methodology for incorporating performance-based incentives into the fiscal 2008 rates for group homes.

The executive director should brief the committee on its efforts to improve the licensure and oversight of group homes.

Recommended Actions

1. Add the following language:

SECTION XX. AND BE IT FURTHER ENACTED, That \$100,000 of the general fund appropriation for M00A01.01 – Executive Direction, and \$100,000 of the general fund appropriation for N00A01.01 – Office of the Secretary, and \$100,000 of the general fund appropriation for V00D01.01 – Office of the Secretary may not be expended until:

- (1) the Department of Health and Mental Hygiene, the Department of Human Resources, and the Department of Juvenile Services submit a report to the budget committees and the Interagency Rates Committee in the Maryland State Department of Education by January 31, 2007, listing by provider, the amount and percentage of annual funding paid to licensed child residential group home providers in Maryland that was retained by the provider at the end of the previous fiscal year; and
- (2) the budget committees have reviewed and commented on the report or 45 days have elapsed from the date the committees received the report.

It is the intent of the General Assembly that the departments should submit this report on an annual basis.

Explanation: In order to improve oversight of group homes for children and ensure that provider rates are being set properly, it is important for the State to monitor the amount of earnings providers retain each year. This language restricts funding in the budgets of the Department of Health and Mental Hygiene, the Department of Human Resources, and the Department of Juvenile Services until the departments provide report on retained earnings to the budget committees and the Interagency Rate Committee.

Information Request	Authors	Due Date
Report on earnings retained by child residential group home providers	DHMH DHR DJS	January 31, 2007

2. Add the following language:

SECTION XX. AND BE IT FURTHER ENACTED, That \$100,000 of the general fund appropriation for M00A01.01 – Executive Direction, and \$100,000 of the general fund appropriation for N00A01.01 – Office of the Secretary, and \$100,000 of the general fund appropriation for V00D01.01 – Office of the Secretary may not be expended until:

- (1) the Department of Health and Mental Hygiene, the Department of Human Resources, and the Department of Juvenile Services submit a copy of each

independent audit of rate contracts for fiscal 2006 for licensed child residential group homes in Maryland to the Interagency Rates Committee in the Maryland State Department of Education by January 31, 2007;

- (2) the Maryland State Department of Education submits a report by March 31, 2007 to the budget committees certifying receipt of the audits and listing the providers from which audit reports were not received; and
- (3) the budget committees have reviewed and commented on the report or 45 days have elapsed from the date the committees received the report.

The Maryland State Department of Education shall incorporate review of these audits into the annual rate-setting process for group homes licensed in Maryland by checking the audit results against reported budget data that were used to develop the rates. It is the intent of the General Assembly that the departments submit audit reports to the Interagency Rates Committee on an annual basis.

Explanation: In order to improve oversight of group homes for children and ensure that provider rates are being set properly, it is important that the audits submitted by the providers at the end of each year be evaluated against the budgets that were submitted by the providers the previous year as part of the rate application process and that the results of this comparison be taken into consideration when the new rates are developed. This language restricts funding in the budgets of the Department of Health and Mental Hygiene, the Department of Human Resources, and the Department of Juvenile Services until the departments provide the audits to the Interagency Rates Committee (IRC). It also requires the IRC to certify the receipt of the audits and to incorporate the review of the audits into the annual rate setting process.

Information Request	Author	Due Date
Report certifying receipt of provider audits and list of audits not received	MSDE	March 31, 2007

- 3. Add the following language:

SECTION XX. AND BE IT FURTHER ENACTED, That \$100,000 of the general fund appropriation for M00A01.01 – Executive Direction, and \$100,000 of the general fund appropriation for N00A01.01 – Office of the Secretary, and \$100,000 of the general fund appropriation for V00D01.01 – Office of the Secretary may not be expended until:

- (1) the Department of Health and Mental Hygiene, the Department of Human Resources, and the Department of Juvenile Services submit a report to the budget committees by October 1, 2006, that reports on the percentage of dollars currently paid to licensed child residential group homes that is spent on direct care and that proposes a minimum

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percentage of the per diem funds paid to child residential group home providers in Maryland that should be spent on the direct care of residents. The report shall also discuss the feasibility of requiring licensed child residential group homes in Maryland to spend a minimum percentage of the per diem funds on the direct care of residents and the recommended method (by statute, regulation or other means) such a requirement would be instituted; and

- (2) the budget committees have reviewed and commented on the report or 45 days have elapsed from the date the report was received by the committees.

Explanation: Currently there is no minimum amount of the State funds received by providers of child residential group homes that must be spent on the direct care of the residents. This language restricts funds in the Department of Health and Mental Hygiene, the Department of Human Resources, and the Department of Juvenile Services until the departments submit a report identifying what the minimum percentage should be for direct care spending and the feasibility of establishing a minimum direct care spending requirement.

Information Request	Authors	Due Date
Report on minimum direct care spending	DHMH DHR DJS	October 1, 2006

- 4. Add the following language:

SECTION XX. AND BE IT FURTHER ENACTED, That \$100,000 of the general fund appropriation for N00A01.01 – Office of the Secretary, and \$100,000 of the general fund appropriation for R00A01.01 – Office of the State Superintendent-Headquarters, and \$100,000 of the general fund appropriation for V00D01.01 – Office of the Secretary may not be expended until:

- (1) the Department of Human Resources, the Department of Juvenile Services and the Interagency Rates Committee in the Maryland State Department of Education submit a report to the budget committees by October 1, 2006 providing a methodology for fiscal 2008 rates set by the Interagency Rates Committee to incorporate performance-based incentives based upon outcomes appropriate for each department; and
- (2) the budget committees have reviewed and commented on the report or 45 days have elapsed from the date the committees received the report.

It is the intent of the General Assembly that the departments should utilize performance-based contracts for all out-of-home placements that utilize rates set by the Interagency Rates Committee annually beginning in fiscal 2008.

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Explanation: Current rate-setting methodology does not incorporate any element related to vendor performance. This language restricts funding in the budgets of the Department of Human Resources, the Maryland State Department of Education, and the Department of Juvenile Services until those agencies provide a report to the budget committees detailing a methodology to incorporate performance-based incentives into the rate-setting process. The language also expresses legislative intent that such incentives be built into rates beginning in fiscal 2008.

Information Request	Authors	Due Date
Report on incorporating performance-based incentives into the rate-setting process	DHR MSDE DJS	October 1, 2006

Current and Prior Year Budgets

Current and Prior Year Budgets Governor's Office for Children (\$ in Thousands)

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2005					
Legislative Appropriation	\$4,120	\$429	\$381	\$746	\$5,676
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	39	0	91	0	131
Reversions and Cancellations	-251	-273	-117	-179	-819
Actual Expenditures	\$3,908	\$156	\$356	\$567	\$4,987
Fiscal 2006					
Legislative Appropriation	\$2,663	\$131	\$291	\$196	\$3,281
Budget Amendments	31	0	0	341	373
Working Appropriation	\$2,694	\$131	\$291	\$538	\$3,654

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

Fiscal 2005

The fiscal 2005 budget for OC closed out \$688,000 less than the legislative appropriation. Budget amendments added \$131,000 during the year for the cost-of-living adjustment (COLA) allowance (\$39,339) and to bring in a federal grant for a One-Stop Family Support Center in Baltimore City (\$91,431). These increases were more than offset by \$819,000 in reversions and cancellations when the budget closed out. The general fund reversion of \$250,922 and the reimbursable fund cancellation of \$178,944 represent unused salary and benefits funds. The special fund cancellation of \$272,784 represents the transfer of the Children’s Trust Fund oversight to DHMH, and the federal fund cancellation of \$116,550 represents unspent grant proceeds that were carried into fiscal 2006.

Fiscal 2006

The fiscal 2006 working appropriation is \$373,000 more than the legislative appropriation. The increase results from budget amendments for the COLA allowance (\$31,149) and to create a reimbursable fund account (\$341,424) for the Office of the Independent Juvenile Services Monitor (OIJJM). The Office on Crime Control and Prevention is the source of funds for the OIJJM. The fiscal 2006 budget as introduced assumed the transfer of the OIJJM from OCYF to the Office on Crime Control and Prevention. The legislation to make the transfer failed, however, necessitating the reimbursable fund amendment. Due to the veto override of HB 1342 (Chapter 12, Acts of 2006), the OIJJM has been transferred to the Office of the Attorney General. A budget amendment will be processed during fiscal 2006 to allow the Office of the Attorney General to access the funds budgeted for the OIJJM.

Audit Findings

Audit Period for Last Audit:	January 15, 2003 – December 31, 2004
Issue Date:	November 2005
Number of Findings:	2
Number of Repeat Findings:	0
% of Repeat Findings:	0%
Rating: (if applicable)	n/a

Finding 1: OCYF did not adequately monitor an advertising contract to ensure compliance with contract provisions. Furthermore, a contract amendment was not approved by the Board of Public Works until it had been in place for almost two years.

Finding 2: Internal controls over collections were not adequate, and collections were not always deposited timely.

**Object/Fund Difference Report
Governor's Office for Children**

<u>Object/Fund</u>	<u>FY05 Actual</u>	<u>FY06 Working Appropriation</u>	<u>FY07 Allowance</u>	<u>FY06 - FY07 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	50.00	23.00	23.00	0	0%
02 Contractual	4.00	4.00	1.00	-3.00	-75.0%
Total Positions	54.00	27.00	24.00	-3.00	-11.1%
Objects					
01 Salaries and Wages	\$ 2,973,862	\$ 2,725,873	\$ 1,785,991	-\$ 939,882	-34.5%
02 Technical & Spec Fees	267,957	203,741	62,662	-141,079	-69.2%
03 Communication	82,395	79,988	114,581	34,593	43.2%
04 Travel	87,620	91,828	40,675	-51,153	-55.7%
07 Motor Vehicles	5,375	5,073	12,400	7,327	144.4%
08 Contractual Services	1,199,147	143,302	85,701	-57,601	-40.2%
09 Supplies & Materials	43,934	21,934	14,900	-7,034	-32.1%
10 Equip - Replacement	685	10,500	5,903	-4,597	-43.8%
11 Equip - Additional	37,068	6,000	6,555	555	9.3%
12 Grants, Subsidies, and Contributions	271,639	328,448	247,067	-81,381	-24.8%
13 Fixed Charges	17,658	37,298	9,534	-27,764	-74.4%
Total Objects	\$ 4,987,340	\$ 3,653,985	\$ 2,385,969	-\$ 1,268,016	-34.7%
Funds					
01 General Fund	\$ 3,908,193	\$ 2,693,959	\$ 1,851,197	-\$ 842,762	-31.3%
03 Special Fund	156,391	131,386	0	-131,386	-100.0%
05 Federal Fund	355,904	291,077	250,000	-41,077	-14.1%
09 Reimbursable Fund	566,852	537,563	284,772	-252,791	-47.0%
Total Funds	\$ 4,987,340	\$ 3,653,985	\$ 2,385,969	-\$ 1,268,016	-34.7%

**Fiscal Summary
Governor's Office for Children**

<u>Program/Unit</u>	<u>FY05 Actual</u>	<u>FY06 Wrk Approp</u>	<u>FY07 Allowance</u>	<u>Change</u>	<u>FY06 - FY07 % Change</u>
01 Office for Children, Youth, and Families	\$ 4,987,340	\$ 1,339,350	\$ 0	-\$ 1,339,350	-100.0%
01 Governor's Office for Children	0	2,314,635	2,385,969	71,334	3.1%
Total Expenditures	\$ 4,987,340	\$ 3,653,985	\$ 2,385,969	-\$ 1,268,016	-34.7%
General Fund	\$ 3,908,193	\$ 2,693,959	\$ 1,851,197	-\$ 842,762	-31.3%
Special Fund	156,391	131,386	0	-131,386	-100.0%
Federal Fund	355,904	291,077	250,000	-41,077	-14.1%
Total Appropriations	\$ 4,420,488	\$ 3,116,422	\$ 2,101,197	-\$ 1,015,225	-32.6%
Reimbursable Fund	\$ 566,852	\$ 537,563	\$ 284,772	-\$ 252,791	-47.0%
Total Funds	\$ 4,987,340	\$ 3,653,985	\$ 2,385,969	-\$ 1,268,016	-34.7%