

N00B
Child Welfare
Department of Human Resources

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	\$290,168	\$298,782	\$348,445	\$49,663	16.6%
Special Fund	3,973	1,846	5,221	3,375	182.8%
Federal Fund	160,718	182,428	203,621	21,193	11.6%
Reimbursable Fund	<u>7,587</u>	<u>10,968</u>	<u>0</u>	<u>-10,968</u>	<u>-100.0%</u>
Total Funds	\$462,446	\$494,024	\$557,287	\$63,263	12.8%

- Foster care/adoption maintenance payments increase \$29 million.
- New initiatives include an increase in the Guardian Assistance rate from \$300 to \$535 per month (\$3.1 million); substance abuse treatment in Baltimore City for parents with children in foster care as part of the Maryland Opportunities Compact (\$3 million); a second \$25 per month rate increase for foster care and adoption families for a total rate increase of \$50 since the beginning of fiscal 2006 (\$2.5 million); foster family recruitment, retention and training (\$1.5 million), and respite care services for foster families (\$700,000).

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	2,394.00	2,537.70	2,552.70	15.00
Contractual FTEs	<u>1.17</u>	<u>0.00</u>	<u>2.00</u>	<u>2.00</u>
Total Personnel	2,395.17	2,537.70	2,554.70	17.00

Vacancy Data: Regular Positions

Turnover, Excluding New Positions	100.83	3.95%
Positions Vacant as of 12/31/05	166.50	6.56%

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

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- Fifteen new regular positions and two new contractual positions in fiscal 2007. Of the new regular positions, 5 are in the Licensing and Monitoring unit, 9 go to Baltimore City as part of the 30 new positions to help implement the Baltimore City Department of Social Services' strategic action plan to improve service delivery; and 1 staff attorney position goes to the Somerset Department of Social Services which does not currently have an attorney on staff.
- One contractual position goes to Prince George's County to assist in the Independent Living program and one goes to St. Mary's County as a fully locally funded contractual position.

Analysis in Brief

Major Trends

Caseload Declines While Median Length of Stay Stabilizes: As in previous years, the overall foster care and adoptions caseload is declining. Regular foster care is declining while adoptions and institutional foster care are increasing.

Children Reside in Permanent Homes: The percentage of children who exit care to permanency increased slightly in fiscal 2005. With the number of children age 15 and older increasing; however, it will be difficult for exits to permanency to reach 80% as projected by the department.

Child Safety: Both the number of Child Protective Service investigations and the findings of abuse or neglect continued a downward trend in fiscal 2005. The department is projecting a slight increase in both measures in fiscal 2006.

Issues

Department of Human Resources Implements Program Improvement Plan in Response to Federal Child and Family Services Review: Maryland was found not to be in substantial conformance with any of the seven child welfare outcomes assessed and is in substantial conformity with only three of the seven systemic factors assessed. The Department of Human Resources (DHR) developed a Program Improvement Plan designed to improve Maryland's performance on these measures.

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.

DHR Opposes Pilot Project for Differential Response: The General Assembly restricted \$1 million of the DHR fiscal 2006 budget until the department submitted a plan to implement a differential response pilot project in fiscal 2007. The report submitted by DHR indicated opposition to piloting this best practice in Maryland.

DHR Misses Target on Filled Caseworker and Supervisor Positions and It Is the Wrong Target Anyway: According to the State’s official personnel data base, DHR did not have the number of filled child welfare caseworker and supervisor positions necessary to meet the Child Welfare League of America’s recommendation as required by language added to its fiscal 2006 budget. A legislative performance audit, released in December 2005, indicates that the filled position target set in the budget was too low anyway due to DHR not taking leave usage into account when calculating case-to-staff ratios.

Assessment of Baltimore City Call Center Leads to Recommendation for Statewide Protective Services Screening: Committee narrative in the 2005 *Joint Chairmen’s Report* requested the Citizen’s Review Board for Children to assess the new Baltimore City Child Protective Services’ call center. The assessment resulted in suggested improvements to the Baltimore City call center but also lead to the recommendation that all child and adult protective services be handled by a statewide call center.

Recommended Actions

Funds

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.
5. Add budget bill language restricting use of funds to the purposes appropriated or for transfer to N00G00.03 Child Welfare Services.

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6.	Reduce funds for increase to monthly guardianship subsidy.	\$ 626,400
7.	Add budget bill language to the general fund appropriation requiring the Department of Human Resources to develop a new methodology and procedure for calculating case-to-staff ratios and meeting a filled position target.	
8.	Add budget bill language restricting use of funds to the purposes appropriated or for transfer to N00G00.01 Foster Care Maintenance Payments	
	Total Reductions	\$ 626,400

Updates

Extended Hours Plus Initiative Statistics Reported: As requested in the 2005 *Joint Chairmen's Report*, DHR provided statistics relating to the Baltimore City Extended Hours Plus Initiative.

Child Fatalities Involving Child Abuse or Neglect Reported: DHR reported the number of child fatalities in which child abuse or neglect was a factor for calendar 2001 through 2004 and provided preliminary data for calendar 2005.

DHR in Process of Soliciting Proposals for Private Adoption Services: Funds in DHR's fiscal 2006 budget were restricted to only be used to enter into contracts with private adoption agencies to help place foster children that had no permanency plan. DHR indicates the request for proposals is currently out, and it expects to have signed contracts by June 2006.

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Child Welfare
Department of Human Resources

Operating Budget Analysis

Program Description

The mission of the Department of Human Resources' (DHR) Child Welfare programs is to support the healthy development of families, assist families and children in need, and protect abused and neglected children. The department conducts programs that facilitate family preservation and family reunification by providing early intervention and prevention services and intensive case management to families. Specific services for families and children include adoptive services, intensive family services, protective services, and placement of abused or neglected children in foster care homes. Staff in local departments of social services typically provide or coordinate the delivery of these services.

Key goals of the Social Services Administration (SSA) include:

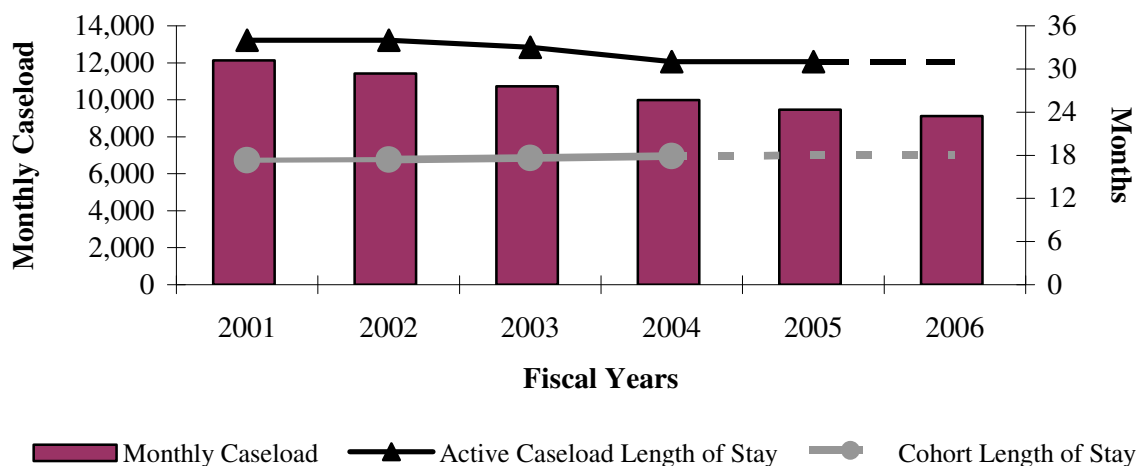
- children reside in permanent homes;
- children are safe from abuse and neglect; and
- children receive appropriate social services consistent with their overall well being.

Performance Analysis: Managing for Results

Caseload Declines, Median Length of Stay Remains Stable

Exhibit 1 shows the trends in out-of-home placements. As in previous years, the overall child welfare caseload is declining. Family foster care is declining while institutional foster care and adoptions are increasing.

**Exhibit 1
Out-of-home Care
Caseload and Length of Stay
Fiscal 2001 – 2006**



Notes:

“Active Length of Stay” measures how long children have been in their current episode of care, for all children on a single day (the last day of the fiscal year.) Data shown are median.

“Cohort Length of Stay” measures how long children who enter care in a given fiscal year stay in their first episode of care. This measure better represents the short stay of many children because so few of them are in care on a single day.

The dotted portion of each line indicates DHR’s projections for length of stay.

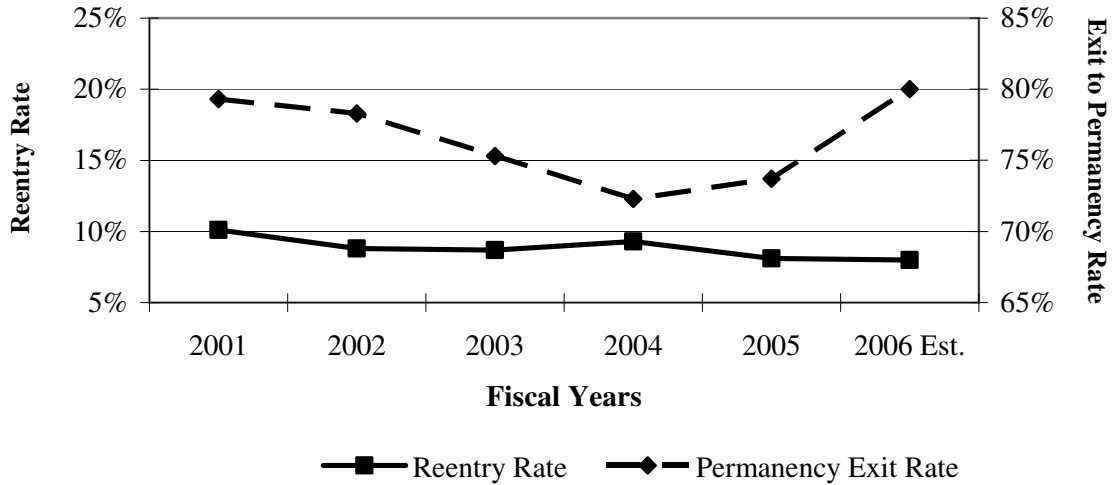
Source: Department of Human Resources

The average length of stay for the entire active caseload was at 34 months in fiscal 2001 and 2002 and declined to 31 months by fiscal 2004 where it is estimated to remain. The length of stay, when measured for a given cohort of entering children, is much shorter because it is not affected by children who were placed in out-of-home care years ago and are “aging in place.” Children entering foster care today tend to stay for shorter periods. A growing percentage of the caseload is over the age of 15, and many of those older children will remain in care until they are old enough to live independently.

Children Reside in Permanent Homes

Exhibit 2 shows the trends related to permanency. The percentage of children who re-enter foster care within one year of their last out-of-home placement declined in fiscal 2005 after a small up tick in fiscal 2004. The percentage of children who exit foster care to a permanent home increased slightly in fiscal 2005. DHR’s estimate of an 80% exit to permanency rate in fiscal 2006 seems a bit optimistic given the high number of older children exiting care because they have reached the age of independence (the department does not consider independent living an exit to permanency.)

**Exhibit 2
Permanency Measures
Fiscal 2001 – 2006**

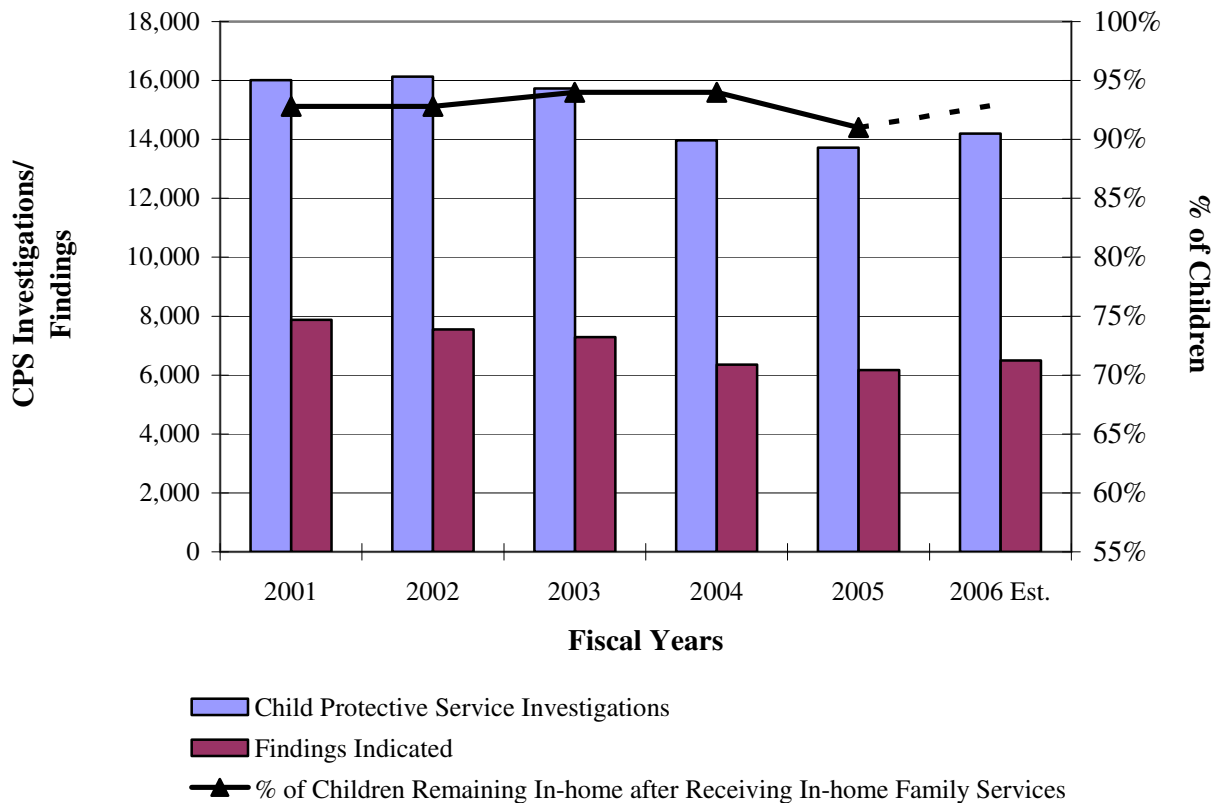


Source: Department of Human Resources

Children Are Safe from Abuse and Neglect

Exhibit 3 relates to the safety of children. Both the number of Child Protective Services investigations and the findings of abuse or neglect were lower in fiscal 2005 than in fiscal 2004. Both measures are expected to increase slightly in fiscal 2006. The percent of children who do not enter foster care within one year of receiving in-home family services declined in fiscal 2005, but DHR is projecting a rebound in fiscal 2006 to slightly under the level experienced in fiscal 2004.

**Exhibit 3
Safety Measures
Fiscal 2001 – 2006**



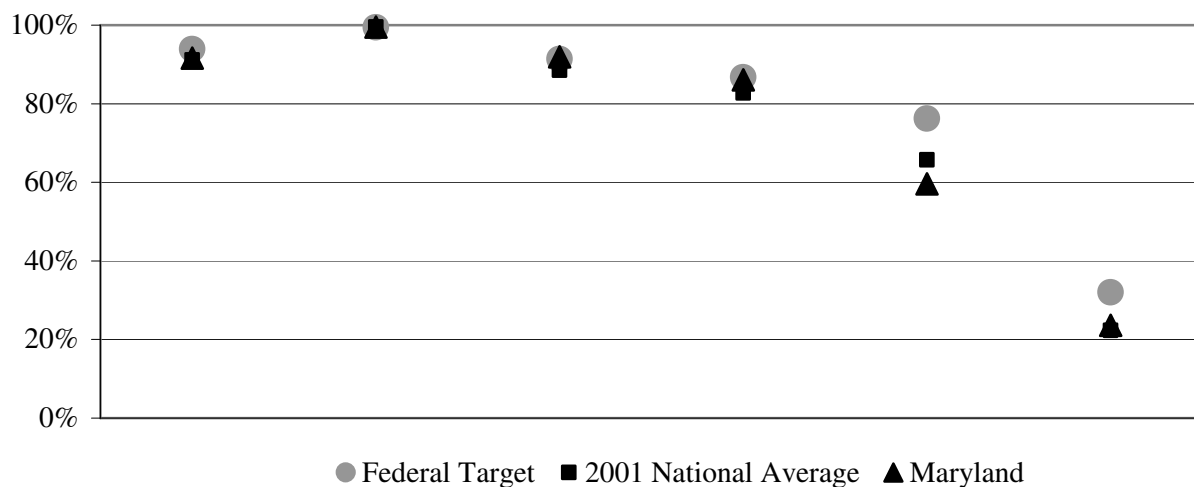
Note: The dotted line indicates the department’s projected performance

Source: Department of Human Resources

Federal Child Welfare Performance Measures

Exhibit 4 illustrates Maryland’s performance on six federal welfare performance measures. Maryland met two of the federal targets and was above the national average on four of the measures. Maryland also showed improvement in three of the measures compared with last year.

**Exhibit 4
Maryland's Performance Compared to
Federal Standards and National Averages**



	Children without a substantiated recurrence of maltreatment within six months of case closure¹	Child not subject of substantiated maltreatment by foster parent or facility staff^{1,2}	Children not re-entering foster care within 12 months of prior episode^{1,3}	Children in foster care less than one-year who have had two or fewer placements³	Children exiting foster care through reunification who do so within one year of entry⁴	Children exiting foster care through adoption who do so within two years of entry⁵
Federal Target	93.9%	99.4%	91.4%	86.7%	76.2%	32.0%
National Average	91.1%	99.5%	88.5%	82.7%	65.7%	22.3%
Maryland	91.6%	99.5%	91.9%	86.1%	59.6%	23.6%

State Fiscal Year 2005 data

Notes:

¹For ease of illustration, these measures were inverted from the federal measure.

²Maryland data does not include facility staff.

³In Maryland data, out-of-home care includes kinship care and foster care.

⁴For Maryland, time in care includes trial home visits or aftercare.

⁵In Maryland data, adoptive placement is used as a proxy for adoptive finalization in many cases.

Source: Department of Human Resources

Governor's Proposed Budget

As illustrated in **Exhibit 5**, the fiscal 2007 allowance for Child Welfare increases \$63.3 million. Of this increase, over 76% (\$48.4 million) directly relates to increased funding for foster care, new initiatives to increase subsidies to foster and guardianship families, to provide substance abuse treatment services to parents with children in foster care, to provide respite services to foster families, and for additional family preservation and independent living contractual services.

New Initiatives

Guardianship Assistance Rate Increase

Guardianship is a permanent out-of-home placement for a child wherein the court appoints a relative caregiver as the permanent legal guardian of the child and the local department of social services is then no longer involved in the care, custody, or supervision of the child. In fiscal 1998 DHR participated in a IV-E Waiver Demonstration Project which permitted the use of foster care payments to subsidize families that agreed to accept guardianship of relative children. The subsidy is intended to continue until the child reaches the age of 18 (or 21 if enrolled in a formal education or training program.) When the waiver officially ended March 31, 2004, Maryland agreed to continue the subsidies for the 200 children in the program at the rate of \$300 per month. The \$3.1 million included in the fiscal 2007 allowance, will increase the monthly subsidy for these 200 children to \$575 and allow between 340 and 400 new subsidized guardianships at the \$575 rate.

The subsidized guardianship program was originally started to address the growing number of families receiving child-only Temporary Assistance for Needy Families grants under the Family Investment Administration that were becoming licensed foster families in order to receive the higher monthly subsidy. It was thought at that time that subsidized guardianship would be an appealing alternative to outright foster family licensure due to the much lower involvement of the State in the child and families' lives. The caseload under the guardianship waiver program did not remain at the 500 participant level anticipated when the program began. The current rate increase is an attempt to once again attract participants. Given that the State involvement is much less in guardianship than in foster family cases, however, it is questionable whether the guardianship rate needs to be raised to equal that for foster families to have the desired outcome. **It is therefore recommended that the funds for the guardianship subsidy increase be reduced by 20% to maintain a differential between the guardianship and foster family rates. DHR should comment on why it believes the rates should be equal.**

Exhibit 5
Governor's Proposed Budget
DHR – Child Welfare
(\$ in Thousands)

How Much It Grows:	General Fund	Special Fund	Federal Fund	Reimb. Fund	Total
2006 Working Appropriation	\$298,782	\$1,846	\$182,428	\$10,968	\$494,024
2007 Governor's Allowance	<u>348,445</u>	<u>5,221</u>	<u>203,621</u>	<u>0</u>	<u>557,287</u>
Amount Change	\$49,663	\$3,375	\$21,193	-\$10,968	\$63,263
Percent Change	16.6%	182.8%	11.6%	-100.0%	12.8%

Where It Goes:

Personnel Expenses

Employee and retiree health insurance.....	\$3,476
Increments and other compensation	3,433
Underfunding of health insurance in fiscal 2006 base	1,671
Retirement and deferred comp	1,511
Remove savings from positions abolished in fiscal 2006.....	1,145
Decreased turnover.....	940
New positions.....	603
Workers' compensation premium assessment	214
Other fringe benefit adjustments	227

Protecting Children

Foster Care maintenance payments.....	29,233
Guardianship Assistance rate increase.....	3,132
Maryland Opportunity Compact – substance abuse treatment.....	3,000
Promoting Safe and Stable Families – Program Improvement Plan implementation	2,550
Foster care family rate increase.....	2,528
Flex Funds which provide emergency support services.....	1,679
Foster Care Family recruitment, retention and training	1,504
Family Preservation – contractual services.....	1,435
Motor vehicle replacements and operating costs.....	1,186
Independent Living – contractual services.....	838
Respite care for foster families.....	700
Montgomery County grant – increments and cost-of-living allowance.....	439
Other.....	1,820

Total **\$63,263**

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

Maryland Opportunities Compact – Substance Abuse Treatment

The fiscal 2007 allowance contains \$3 million for the Family Recovery Program which provides substance abuse treatment to parents of young children entering foster care in Baltimore City. The goal of the program is to shorten the length of stay in foster care by assisting parents in overcoming their addiction and regaining custody of their children. The Family Recovery Program is part of the Maryland Opportunities Compact which is a partnership between the State and the private and non-profit sectors. In fiscal 2006, the Family Recovery Program is being funded with foundation grants and is serving approximately 250 participants at any given time. The State funds in fiscal 2007 will continue the program at the 250 participant level. The program provides case management services and involves incentives and sanctions to help ensure compliance with the treatment program. The program has agreements with Baltimore Substance Abuse Systems to access publicly funded treatment slots but pays for the recommended treatment when public slots are not available. This program is modeled on a program in San Diego where the average length of stay in foster care was reduced from 45 months to between 8 and 16 months. Of the \$3 million in the fiscal 2007 allowance, \$1 million is coming out of the Dedicated Purpose Account. These funds were part of the \$2 million “good faith” seed funding for the Maryland Opportunities Compact appropriated to the Dedicated Purpose Account in fiscal 2006.

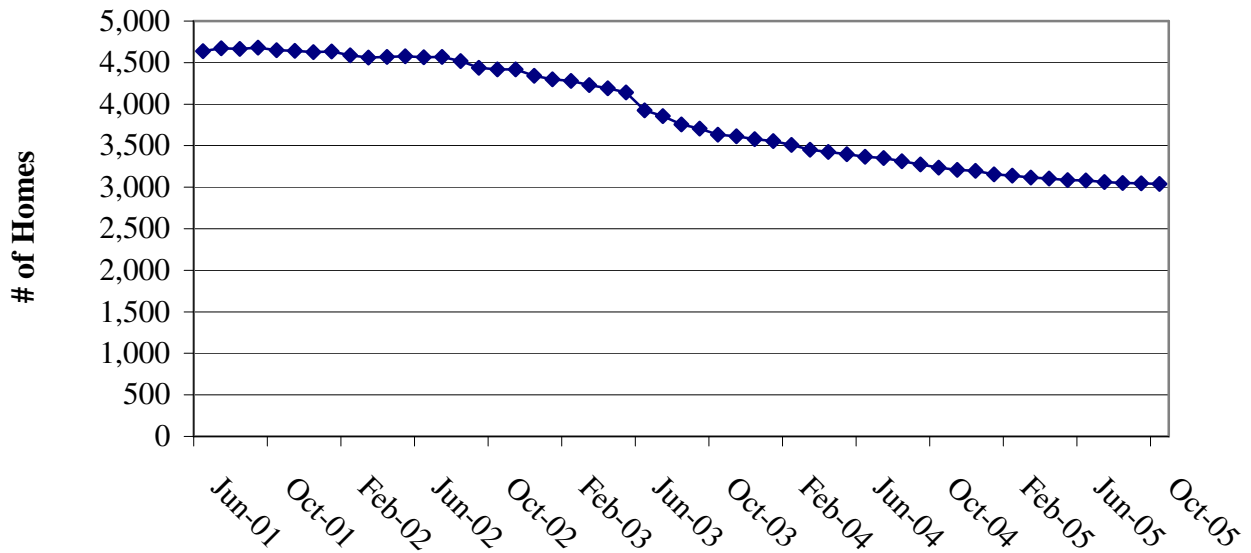
Foster Family Recruitment, Retention, and Training

There are several initiatives included in the allowance to help increase the number of foster families. Recruiting and retaining foster families is important because foster family placements are the lowest cost out-of-home placements. As shown in **Exhibit 6**, the number of available foster families has declined dramatically from 4,638 families at the end of fiscal 2001 to just 3,041 as of October 2005. If sufficient foster families are not available, children may be placed in more restrictive, higher cost placements.

Funding in the allowance includes:

- \$1.5 million specifically for recruitment, retention, and training of foster care families. This includes \$500,000 to reestablish the Foster Parent Association; and
- \$3 million to provide an increase of \$25 per month effective July 1, 2006, in the subsidies for foster families and subsidized adoptions. When combined with the \$25 increase that took effect January 1, 2006, the increase in the monthly subsidies totals \$50.

Exhibit 6
Approved Foster Care Homes in Maryland

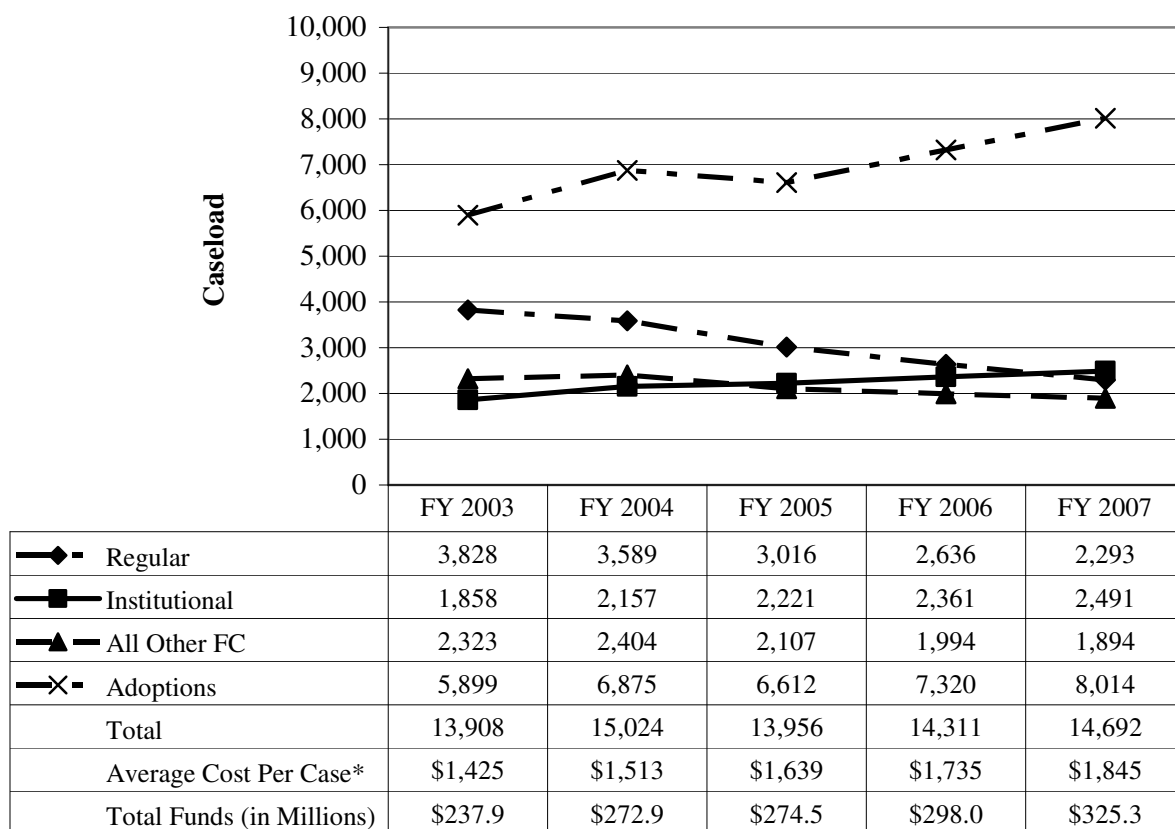


Source: Department of Human Resources

Caseload and Expenditure Trends

Exhibit 7 shows trends in foster care and adoptions caseload and expenditures from fiscal 2003 through 2007. Subsidized adoptions and institutional foster care are expected to continue to increase while non-institutional foster care continues to decline. The increase in the average cost per case reflects both the growing institutional foster care which is the highest cost placement type and the rate increases for regular foster care and subsidized adoptions.

**Exhibit 7
Paid Cases and Expenditures
Fiscal 2003 – 2007**



*Monthly

Source: 2003 – 2005 Department of Human Resources
2006 – 2007 Department of Legislative Services' Estimate

The Department of Legislative Services (DLS) estimates the total cost for fiscal 2007 is \$6.6 million less than included in the allowance. This amount should help reduce the amount of expenditures that roll into the subsequent fiscal year. In recent years DHR has bills from the prior fiscal year amounting to between \$12 and \$13 million. **Budget bill language is included in the Recommended Actions section of this analysis that will restrict funds appropriated for foster care maintenance payments to that purpose only or for transfer to child welfare services, the program from which child welfare case workers are funded.**

Issues

1. Department of Human Resources Implements Program Improvement Plan in Response to Federal Child and Family Services Review

Beginning in 2000, the U.S. Department of Health and Human Services' Administration for Children and Families initiated a new process to review state child welfare programs called the Child and Family Services Review (CFSR). The review evaluates a state's child welfare system against a set of national standards. Maryland was the forty-seventh state to undergo the CFSR which was conducted the week of November 17, 2003. The findings were published in the final report dated June 9, 2004.

The final report noted that Maryland was not in substantial conformity with any of the seven child welfare outcomes assessed and is in substantial conformity with only three of the seven systemic factors assessed. **Exhibit 8** lists the outcome measures and the systemic factors assessed in the review. It also indicates the number of items needing improvement for each measure.

Exhibit 8 Federal Child and Family Services Review Assessment Results

<u>Outcome Measures</u>	<u>Areas Needing Improvement</u>
Safety	
Children are safe from abuse and neglect	1 of 2
Children are safely maintained at home when possible	2 of 2
Permanency	
Children have permanent and stable living arrangements	6 of 6
Continuity of family relationships is preserved	5 of 6
Child and Family Well Being	
Families have enhanced capacity to provide for children's needs	3 of 4
Children receive services to meet their educational needs	1 of 1
Children receive services to meet their physical and mental health needs	1 of 2
<u>Systemic Factors</u>	
Statewide Information System	1 of 1
Case Review System	4 of 5
Quality Assurance System	1 of 2
<i>Training</i>	<i>0 of 3</i>
Service Array	2 of 3
<i>Agency Responsiveness to the Community</i>	<i>0 of 3</i>
<i>Foster and Adoptive Parent Licensing, Recruitment and Retention</i>	<i>1 of 5</i>

Italics indicate Maryland was found to be in substantial conformity on that measure

Source: U.S. Department of Health and Human Services, Administration for Children and Families

The federal standards were set very high. As a result, no state was found to be in substantial conformity on all measures. **Exhibit 9** shows Maryland’s rating on the seven outcomes compared to the national median. The CFSR standard for each outcome is 90%.

Exhibit 9
Maryland’s Ratings on Outcomes Compared to National Median
CFSR Standard = 90%

	<u>Maryland</u>	<u>National Median</u>
Permanency 1	27.7%	50.9%
Well Being 1	61.2%	60.0%
Permanency 2	64.3%	77.3%
Well Being 3	80.4%	69.9%
Safety 2	81.3%	80.8%
Well Being 2	86.5%	83.0%
Safety 1	87.2%	85.8%

Source: Department of Human Resources

States not meeting the federal standards on all measures face federal penalties unless they develop a Program Improvement Plan (PIP) to target areas the state will work to improve. The Administration for Children and Families must approve the PIP, and a follow-up review will be conducted in two years. The PIP developed by DHR covers the two-year period from March 2005 to 2007 and focuses on five priority areas. These priority areas and the CFSR findings they address are shown in **Exhibit 10**.

Exhibit 10
Program Improvement Plan Priority Areas and
Child and Family Service Review Findings Addressed

Priority Area\Findings Addressed

Court Practices

- Delays in filing Termination of Parental Rights (TPR)
- Reluctance to terminate parental rights
- Timely completion of adoption paperwork

Comprehensive Assessment

- Inconsistency in involving family members in the case planning process
- Difficulty in identifying and accessing needed services
- Inability to match children with appropriate resources

Quality Assurance

- Current review system is compliance focused
- Too many reviews (streamlining of number and types needed)

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- Inability to track children's placement with private providers
- Multiple data systems

Access to Services

- Critical service gaps in:
 - Mental health including substance abuse services
 - Dental services
 - Educational services
 - Culturally responsive services
 - Services to support families outside the child welfare system

Source: Department of Human Resources

As part of the PIP implementation strategy, DHR created six committees – a PIP Steering Committee and one committee for each PIP priority area. As shown in Exhibit 9, Maryland is substantially below the federal standards on several outcomes notably Permanency Outcome 1 – Children have permanent and stable living arrangements. **The department should brief the committees on what it expects Maryland's scores to be on the seven outcomes at the end of the two-year PIP.**

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: the Department of Health and Mental Hygiene (DHMH), the Department of Human Resources (DHR), and the Department of Juvenile Services (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 four 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 the Maryland State Department of Education (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, 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 SSA 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. For those items that can be accomplished through budget bill language, the recommended language is included in the Recommended Actions section of this analysis.

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;
- 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

Budget bill language is included in the Recommended Actions section to:

- 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; and
- 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.

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

3. DHR Opposes Pilot Project for Differential Response

Background

Differential response refers to a system of differing responses to reports of child abuse/neglect based on an assessment of risk to the safety and wellbeing of the child(ren) that is the subject of the report. Certain incidents would be required to be referred for investigation because of their relative severity and potential to involve criminal violations. Lower risk reports would be screened into an assessment track which would attempt to provide family support services designed to reduce the risk of future child abuse or neglect and thus divert the family from entering the child welfare system in the future.

The General Assembly restricted \$1 million of DHR's fiscal 2006 appropriation until the department developed a plan to pilot differential response in one or more jurisdictions. In developing the plan the department was instructed to work with the University of Maryland's School of Social Work and to:

- evaluate models implemented by other states;
- determine the additional resources necessary to implement a pilot program;
- develop ways of coordinating State, local, and non-profit resources;
- develop methods of tracking parents who have had children removed because of child maltreatment;
- create an evaluation model for measuring the efficacy of the pilot program;
- determine the local jurisdiction(s) where the pilot could be implemented;
- identify funding sources for the pilot; and
- identify any statutory changes necessary to implement the pilot.

The plan was to have been submitted to the committees for review and comment by October 1, 2005.

DHR Response

DHR'S response, dated January 24, 2006, was submitted at the end of January. It indicates that while a two-track system of response to allegations of child abuse and neglect is envisioned, it does not include expanding the response system to include an intervention for all situations where risk factors generally associated with child abuse and neglect exist. Responses would be limited only to situations where risk of neglect or abuse is high. For example, drug-affected newborns and extreme threats to a child's health and welfare would receive a response while families experiencing high levels of stress following the loss of employment would likely be screened out.

The DHR report warns that a move to a differential response that is based on comprehensive assessment and identification of risk factors would be crippled without having the casework workforce needed to absorb the increased demand for ongoing service. The report also indicates that moving to a two-track system of response would require:

- changes to Maryland Family Law Section 5-701 which specifies the actions that must follow the acceptance of an allegation of child abuse or neglect for intervention; and
- an additional 75 workers and 15 supervisors statewide.

DHR concludes that the benefit of piloting a two-track model is minimal since several states have documented the benefits of the approach and that “[p]iloting such a system in Maryland would temporarily create an extremely uneven provision of child protective activities in the State”. (DHR, Differential Response – Response to Recommendations in the Department of Human Resources Budget Amendments N00B00.04 General Administration – State, page 3)

Assessment

Instead of developing a plan to implement a differential response pilot project as directed by the budget bill language, DHR simply dismisses the concept based on the temporary inequities between the manner in which families in the pilot jurisdiction would be treated compared with families in the rest of the State and the assertion that it envisions a less ambitious two-track system for response to allegations of child abuse and neglect that involves a “slight widening of the front door to service...”. (DHR, page 1) The whole point of doing a pilot study in one or more jurisdictions is to develop the data needed to determine if moving to a system geared more toward preventative services can reduce the incidence of child abuse and neglect in a cost effective manner. DHR may not wish to institute such a pilot, but its response should nevertheless have provided the information requested in the budget language, namely the identification of a jurisdiction where the pilot could best be implemented, the additional resources that would be required, the evaluation model that would be used to measure the efficacy of the pilot, etc. **It is therefore recommended that the funding not be released until DHR resubmits a report which complies with fiscal 2006 budget bill language.**

4. DHR Misses Target on Filled Caseworker and Supervisor Positions and It Is the Wrong Target Anyway

In its continuing effort to encourage DHR to maintain a child welfare workforce large enough to allow for manageable caseloads, the General Assembly added language to the fiscal 2006 budget bill withholding \$2 million of the department’s appropriation unless it had 1,863 filled caseworker and supervisor positions on January 1, 2006. This number was derived from DHR’s estimate of the number of filled positions required to meet the Child Welfare League of America’s (CWLS)

guidelines. As **Exhibit 11** indicates, according to the data in Maryland’s official personnel database, as of January 1, 2006 the department had only 1,825.65 filled caseworker and supervisor positions. This is 37.35 positions short of the number required by the budget language. The database was missing data on the vacancy status of 36.55 positions, of which 29.75 fall in the worker or supervisor categories. However, even if all these positions are assumed to be filled, DHR would still be 7.6 positions short of the required level.

Exhibit 11
Child Welfare Position Status: Filled v. Vacant
As of January 1, 2006

	<u>Filled</u>	<u>Vacant</u>	<u>Missing Data</u>	<u>Total</u>
Caseworker	1,513.65	97.50	29.75	1,640.90
Supervisor	312.00	18.00	0.00	330.00
Support	409.00	40.00	5.30	454.30
Other	25.00	0.00	1.50	26.50
Total	2,259.65	155.50	36.55	2,451.70
Workers & Supervisors	1,825.65	115.50	29.75	1,970.90
Shortfall from required number of filled positions (1,863):	37.35			
Shortfall if "missing data" positions are assumed to be filled:	7.60			

Source: Department of Budget and Management (Personnel Database), Department of Human Resources

More critical than missing the target number of filled positions, however, is the fact that the target number estimated by DHR is too low. During the 2005 interim, the Office of Legislative Audits was asked to review the staffing report DHR provided to the General Assembly during the 2005 legislative session to determine if it was consistent with industry standards and if the reported staff-to-caseload ratios were reliable. The audit report, issued in December 2005, indicated several problems in the manner in which DHR calculated the ratios. The biggest problem identified in the report relating to this issue was that DHR did not factor in employee leave usage when calculating the caseload-to-staff ratios. The CWLA guides for calculating staffing ratios clearly state

...anticipated vacation and sick leave time, agency holidays, and regularly scheduled training events should be deducted from the number of calendar days to arrive at the total actual workdays available per worker per month. This should be done before computing caseloads.

(Child Welfare League of America. “Guidelines for Computing Caseload Standards.” Available at <http://www.cwla.org/programs/standards/caseloadstandards.htm>. Emphasis added.)

The audit report concludes that a conservative estimate factoring in leave usage would result in the need for an additional 130 caseworkers and an additional 26 supervisors.

Efforts to help keep families together, to keep children safe, and to develop permanency plans for children in out-of-home placements are hindered when caseworkers and supervisors are burdened with too many cases. High caseloads prevent workers from meeting face-to-face with clients and from delivering the services needed to improve the lives of the children entrusted to the State’s care. If Maryland hopes to improve outcomes for children and to meet the federal targets for child wellbeing it must deal with the caseload ratio issue. **It is, therefore, recommended that DHR:**

- 1. contract with CWLA for technical assistance in developing a methodology for calculating caseload-to-staff ratios that conform to best practices;**
- 2. develop a process for calculating child welfare staffing that is verifiable, complies with generally accepted accounting practices, and addresses the problems identified in the legislative performance audit report issued December 2005 regarding the comprehensiveness and accuracy of the underlying data used to calculate the required number of workers and supervisor positions; and**
- 3. report to the budget committees on the methodology, procedure, and the calculated number of staff needed based on the methodology and procedure.**

Budget language to restrict funds in DHR’s budget until these actions are carried out is included in the Recommended Action section for consideration. Budget language is also recommended to restrict funds budgeted for child welfare services to that purpose only or for transfer to foster care maintenance payments.

5. Assessment of Baltimore City Call Center Leads to Recommendation for Statewide Protective Services Screening

Committee narrative was added to the 2005 *Joint Chairmen’s Report* requesting the Citizens’ Review Board for Children (CRBC), in consultation with DHR and the Baltimore City Department of Health, to assess the process by which calls reporting child abuse or neglect are handled by the Baltimore City Child Protective Services’ Call Center. The call center was created by DHR in an effort to improve the process of handling reports of child abuse or neglect in the city. Since creation of the center, all calls are received through a central telephone number and training for call center operators has been increased.

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The CRBC's review was generally favorable indicating that screeners are courteous and knowledgeable about their jobs, that screening decisions were highly accurate, and that many cases not investigated were referred appropriately. The CRBC report does note several areas where improvements are needed including an upgraded phone system, revised training, improved interagency cooperation, revised staffing patterns, and improvements to the computer equipment and systems including the MD CHESSIE (Electronic Social Services Information Exchange) system (the report does note that MD CHESSIE had just been implemented and due to implementation problems the results might not be typical.)

The report concludes that the screening function could be performed more efficiently and more expertly if done on a statewide basis. The report indicates that the benefits of moving to such a system would include elimination of inter-jurisdictional issues and an increase in coverage that is lacking in some counties. Communication technology certainly makes a statewide center feasible and the efficiencies of a central system should also facilitate the development of a highly trained call screening workforce. **DHR should brief the committees on actions it has taken to address the recommendations for improvement contained in the CRBC report and comment on the concept of a statewide call center.**

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 a 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 and 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

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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, and 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, and DJS	October 1, 2006

5. Add the following language:

Provided that all appropriations provided for Program N00G00.01 Foster Care Maintenance Payments are to be used only for the purposes herein appropriated, and there shall be no budgetary transfer to any other program or purpose except that funds may be transferred to program N00G00.03 Child Welfare Services.

Explanation: This language restricts funds appropriated for foster care payments to that use only or for transfer to N00G00.03 Child Welfare Services which is where child welfare caseworker positions are funded.

	<u>Amount Reduction</u>	<u>Position Reduction</u>
6. Reduce funds for increase to monthly guardianship subsidy. The budget as introduced provided funds to increase the subsidized guardianship monthly rate to be equal with the rate for family foster care. Because guardians are not subject to the annual licensure procedures required of foster families, the rates should not be equal. The reduction allows the guardianship subsidy to be set at 80% of the foster family rate.	\$ 626,400	GF

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7. Add the following language to the general fund appropriation:

, provided that \$2,000,000 of this appropriation may not be expended until:

- (1) the Department of Human Resources (DHR) contracts with the Child Welfare League of America for technical assistance in developing a methodology for calculating child welfare case-to-worker ratios that conforms to best practices including, but not limited to, accounting for employee leave usage and training requirements when calculating the number of hours per month child welfare caseworkers and supervisors can devote to casework;
- (2) DHR develops a procedure for applying the methodology for calculating case-to-worker ratios that is verifiable, conforms to generally accepted accounting procedures, and addresses the problems identified in the legislative performance audit report issued December 2005 regarding the comprehensiveness and accuracy of the underlying data used to calculate the required number of worker and supervisor positions;
- (3) DHR provides a report to the budget committees by September 1, 2006 that:
 - a. describes the methodology that was developed with the help of the Child Welfare League of America;
 - b. describes the procedures that will be used for calculating the number of workers and supervisors required to meet the staffing ratios recommended by the Child Welfare League of America;
 - c. lists, by jurisdiction:
 - i. the number of filled child welfare caseworker and supervisor positions that would be required to meet the Child Welfare League of America's staffing guidelines using the new methodology;
 - ii. the number of authorized positions; and
 - iii. the number of filled positions as of July 1, 2006; and
- (4) the budget committees have reviewed and commented on the report or 45 days have elapsed from the date the committees received the report.

Further provided that \$2,000,000 of this appropriation may not be expended unless DHR has on January 1, 2007, at least the lesser of:

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- (1) 1,941 filled caseworker and supervisor positions; or
- (2) filled caseworker and supervisor positions equal to the number required to achieve the Child Welfare League of America’s staffing guidelines using the new methodology as reported pursuant to (3)(c)(i) above.

It is the intent of the General Assembly that DHR increase as quickly as possible the number of filled child welfare caseworker and supervisor positions in order to attain the case-to-worker ratios recommended by the Child Welfare of America.

Explanation: A legislative audit of the manner in which DHR was calculating the needed filled child welfare caseworker and supervisor positions to meet the Child Welfare League of America (CWLA) standards revealed that DHR was underestimating the number of staff by failing to account for staff leave usage and scheduled training. This language restricts funding until DHR consults with CWLA to develop a methodology for calculating case-to-worker ratios that conforms to best practices and works with the Office of Legislative Audits to develop a procedure for doing the case-to-worker calculations that is verifiable and adheres to generally accepted accounting standards. The language requires DHR to report to the budget committees on the methodology, procedure for calculating, and the number of filled positions required to meet the CWLA using the new methodology and calculation procedure.

An additional amount of funding is withheld unless DHR has on December 1, 2006, the lesser of 1,941 filled caseworker and supervisor positions or the number that would be required to meet the CWLA standards using the new methodology and calculation procedures. The target of 1,941 filled positions was derived by adding to the January 1, 2006, target of 1,863 (which does not take leave usage into account), half the number of additional caseworker and supervisor positions that the legislative audit indicates would be a conservative estimate of the additional number of positions that would be needed if leave usage is factored into the calculation (65 additional caseworkers and 13 additional supervisors.)

Information Request	Author	Due Date
Report on new methodology and procedure to be used for calculating the number of filled positions required to meet the CWLA guidelines, and the number of authorized and filled positions as of July 1, 2006	DHR	September 1, 2006

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8. Add the following language:

Provided that all appropriations provided for Program N00G00.03 Child Welfare Services are to be used only for the purposes herein appropriated, and there shall be no budgetary transfer to any other program or purpose except that funds may be transferred to program N00G00.01 Foster Care Maintenance Payments.

Explanation: This language restricts funds appropriated for child welfare services to that use only or for transfer to N00G00.01 Foster Care Maintenance Payments.

Total General Fund Reductions **\$ 626,400**

Updates

1. Extended Hours Plus Initiative Statistics Reported

Committee narrative included in the 2005 *Joint Chairmen's Report* requested DHR to report various statistics about its Extended Hours Plus (EHP) initiative for the November 2004 – November 2005 time period. The EHP initiative extended Child Protective Services staffing to 24 hours a day, 7 days a week in Baltimore City. The department submitted the following information for the period from November 4, 2004, through October 31, 2005:

- Total number of reports of alleged abuse or neglect handled by EHP = 2,209
- Number of reports received during non-traditional business hours including Saturdays and Sundays = 2,209
- Number of reports from Johns Hopkins Hospital (JHH) to which EHP responded = 197
- Number of reports from the University of Maryland's Medical Center (UMMC) to which EHP responded = 112
- The overall acceptance rate of cases reported to EHP by mandated reporters, JHH, and UMMC = 100%
- Average wait-time for a child to be seen by a caseworker once a report was received from JHH and UMMC = no hard data. JHH tracked calls and response times over a two-week period, and average wait time was 1 hour 33 minutes. UMMC was unable to provide data on this issue.

2. Child Fatalities Involving Child Abuse or Neglect Reported

Committee narrative included in the 2005 *Joint Chairmen's Report* requested DHR to provide a report by jurisdiction on child fatalities that involved child abuse or neglect for calendar 2001 through 2004. **Exhibit 12** displays the data provided by the department.

Exhibit 12
Child Deaths Reported to DHR Where Child Abuse or Neglect Are Determined
by DHR Staff to Be a Contributing Factor
Calendar 2001 – 2004

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>Total</u>
Allegany	1		2		3
Anne Arundel		2		3	5
Baltimore City	10	7	7	10	34
Baltimore	6	2	1	3	12
Calvert		1		1	2
Caroline		2			2
Carroll		1	2		3
Cecil					0
Charles	1	1			2
Dorchester			1		1
Frederick			1	1	2
Garrett					0
Harford	2	2		2	6
Howard	1	3	1		5
Kent					0
Montgomery	4	2	2	1	9
Prince George's	4	5	3	2	14
Queen Anne's					0
St. Mary's					0
Somerset		1		1	2
Talbot					0
Washington	2	3	2	4	11
Wicomico	1	1			2
Worcester	2				2
Total	34	33	22	28	117

Source: Department of Human Resources

Preliminary data provided by DHR on child fatalities in calendar 2005 indicate that 27 fatalities have a determination that maltreatment was a factor. Eight additional cases involving determinations of maltreatment are currently active or have been active within the past six months. Final numbers on child fatalities in calendar 2005 are expected by the end of February 2006.

3. DHR in Process of Soliciting Proposals for Private Adoption Services

Language added to DHR'S fiscal 2006 budget restricts \$500,000 which may only be used to enter into contracts with private adoption agencies to provide adoption placement services for Maryland children in public foster care who have no identified permanency resource. In a report dated December 8, 2005, DHR indicates there are 131 children committed to the department who have a plan for adoption but who do not have a placement resource. DHR intends to partner with multiple providers to help increase the number of adoptions for children in foster care. Contracts will focus services on those children presenting challenges in finding permanent homes, namely African American males aged 12 or older, children with multiple disabilities, and sibling groups wishing to be placed together.

DHR indicates that the request for proposal is currently out and that it intends to have approved and signed contracts by June 2006.

Current and Prior Year Budgets

Current and Prior Year Budgets					
Child Welfare					
(\$ in Thousands)					
	<u>General</u>	<u>Special</u>	<u>Federal</u>	<u>Reimb.</u>	<u>Total</u>
Fiscal 2005	Fund	Fund	Fund	Fund	
Legislative Appropriation	\$254,276	\$1,098	\$171,239	\$10,167	\$436,780
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	35,893	2,924	-387	0	38,430
Reversions and Cancellations	0	-49	-10,134	-2,580	-12,764
Actual Expenditures	\$290,168	\$3,973	\$160,718	\$7,587	\$462,446
Fiscal 2006					
Legislative Appropriation	\$298,004	\$1,846	\$182,428	\$10,968	\$493,246
Budget Amendments	778	0	0	0	778
Working Appropriation	\$298,782	\$1,846	\$182,428	\$10,968	\$494,024

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

Fiscal 2005

The fiscal 2005 budget for Child Welfare closed out \$25.7 million higher than the legislative appropriation. This increase was the net result of increases by budget amendments totaling \$38.4 million partially offset by cancellations at the end of the year totaling \$12.8 million.

General funds were added by budget amendment to help cover the costs of foster care placements (\$31.5 million); cover salary costs due to less than budgeted turnover (\$4.7 million); provide for a cost-of-living allowance (\$981,937); and adjust the salaries of some child welfare positions pursuant to the annual salary review (\$183,000). These increases were partially offset by transfers made to help cover the costs of development of the MD CHESSIE System. The federal fund decrease by budget amendment of \$387,355 also relates to MD CHESSIE and reflects the reduced federal matching funds obtained due to reprogramming the general funds to MD CHESSIE development. The special fund increase resulted primarily from greater than anticipated local government participation.

Of the \$12.8 million in cancellations, \$2.5 million of the federal fund cancellation, and almost the entire reimbursable fund cancellation results from lower than expected expenditures for Family Preservation Services. The federal funds will carry forward into subsequent fiscal years. The remaining \$7.5 million federal fund cancellation is in the Medical Assistance program and reflects federal fund attainment in accordance with the Social Services Time Study results.

Fiscal 2006

The fiscal 2006 working appropriation is \$778,230 higher than the legislative appropriation and reflects an increase in general funds by budget amendment for the cost-of-living allowance.

Audit Findings

Audit Period for Last Audit:	March 29, 2001 – May 2, 2004
Issue Date:	March 2005
Number of Findings:	6
Number of Repeat Findings:	3
% of Repeat Findings:	50%
Rating: (if applicable)	n/a

- Finding 1:** SSA’s records reflected that, while there have been some improvements in the delivery and monitoring of critical services to children in foster care, many children were still not receiving the required services.
- Finding 2:** SSA did not ensure that federal funds were being obtained for all eligible foster care children.
- Finding 3:** SSA did not determine the extent of overpayments and whether funds paid to group care providers were used for allowable expenditures in a timely manner.
- Finding 4:** SSA did not monitor decisions of case workers to place foster care children with non-preferred providers which generally charged higher rates.
- Finding 5:** Licenses and license renewals for group home providers were being issued without always ensuring that the required documentation, such as evidence of criminal background checks, had been obtained.
- Finding 6:** SSA did not adequately monitor a contractor to ensure that effective management services were being provided to the family support centers located throughout the State.

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

**Object/Fund Difference Report
DHR Child Welfare**

<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	2394.00	2537.70	2552.70	15.00	0.6%
02 Contractual	1.17	0	2.00	2.00	N/A
Total Positions	2395.17	2537.70	2554.70	17.00	0.7%
Objects					
01 Salaries and Wages	\$ 141,557,031	\$ 143,846,256	\$ 157,065,613	\$ 13,219,357	9.2%
02 Technical & Spec Fees	1,059,367	4,933,003	5,360,901	427,898	8.7%
03 Communication	2,196,373	1,852,152	2,063,843	211,691	11.4%
04 Travel	1,170,006	1,145,930	1,121,292	-24,638	-2.2%
06 Fuel & Utilities	265,945	252,639	295,318	42,679	16.9%
07 Motor Vehicles	686,323	966,008	2,152,456	1,186,448	122.8%
08 Contractual Services	25,893,599	22,608,045	32,356,844	9,748,799	43.1%
09 Supplies & Materials	796,118	723,633	791,362	67,729	9.4%
10 Equip – Replacement	37,714	0	0	0	0.0%
11 Equip - Additional	94,034	0	97,539	97,539	N/A
12 Grants, Subsidies, and Contributions	280,379,331	308,481,447	346,621,691	38,140,244	12.4%
13 Fixed Charges	8,310,229	9,215,107	9,360,240	145,133	1.6%
Total Objects	\$ 462,446,070	\$ 494,024,220	\$ 557,287,099	\$ 63,262,879	12.8%
Funds					
01 General Fund	\$ 290,168,446	\$ 298,781,935	\$ 348,444,774	\$ 49,662,839	16.6%
03 Special Fund	3,972,965	1,846,131	5,221,439	3,375,308	182.8%
05 Federal Fund	160,717,849	182,428,319	203,620,886	21,192,567	11.6%
09 Reimbursable Fund	7,586,810	10,967,835	0	-10,967,835	-100.0%
Total Funds	\$ 462,446,070	\$ 494,024,220	\$ 557,287,099	\$ 63,262,879	12.8%

**Fiscal Summary
DHR Child Welfare**

<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>
04 General Administration – State	\$ 21,860,801	\$ 23,564,807	\$ 27,629,507	\$ 4,064,700	17.2%
01 Foster Care Maintenance Payments	285,560,506	306,262,795	346,074,537	39,811,742	13.0%
03 Child Welfare Services	155,024,763	164,196,618	183,583,055	19,386,437	11.8%
Total Expenditures	\$ 462,446,070	\$ 494,024,220	\$ 557,287,099	\$ 63,262,879	12.8%
General Fund	\$ 290,168,446	\$ 298,781,935	\$ 348,444,774	\$ 49,662,839	16.6%
Special Fund	3,972,965	1,846,131	5,221,439	3,375,308	182.8%
Federal Fund	160,717,849	182,428,319	203,620,886	21,192,567	11.6%
Total Appropriations	\$ 454,859,260	\$ 483,056,385	\$ 557,287,099	\$ 74,230,714	15.4%
Reimbursable Fund	\$ 7,586,810	\$ 10,967,835	\$ 0	-\$ 10,967,835	-100.0%
Total Funds	\$ 462,446,070	\$ 494,024,220	\$ 557,287,099	\$ 63,262,879	12.8%

N00B – DHR – Child Welfare

Appendix 4