

N00A01
Administration
Department of Human Resources

Operating Budget Data

(\$ in Thousands)

	<u>FY 09</u> <u>Actual</u>	<u>FY 10</u> <u>Working</u>	<u>FY 11</u> <u>Allowance</u>	<u>FY 10-11</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Fund	\$101,666	\$95,167	\$96,817	\$1,649	1.7%
Contingent & Back of Bill Reductions	0	0	-1,178	-1,178	
Adjusted General Fund	\$101,666	\$95,167	\$95,639	\$472	0.5%
Special Fund	3,069	3,156	2,569	-587	-18.6%
Contingent & Back of Bill Reductions	0	0	-18	-18	
Adjusted Special Fund	\$3,069	\$3,156	\$2,551	-\$605	-19.2%
Federal Fund	104,538	91,214	106,249	15,035	16.5%
Contingent & Back of Bill Reductions	0	0	-832	-832	
Adjusted Federal Fund	\$104,538	\$91,214	\$105,416	\$14,202	15.6%
Reimbursable Fund	3,601	375	375	0	
Contingent & Back of Bill Reductions	0	0	0	0	
Adjusted Reimbursable Fund	\$3,601	\$375	\$375	\$0	0.0%
Adjusted Grand Total	\$212,874	\$189,912	\$203,981	\$14,069	7.4%

Note: For purposes of illustration, the Department of Legislative Services has estimated the distribution of selected across-the-board reductions. The actual allocations are to be developed by the Administration.

- There are four deficiency appropriations in the Department of Human Resources (DHR) Administration, totaling approximately \$9.8 million. Two of these deficiency appropriations, totaling approximately \$2.4 million, are related to the cost of rent for DHR headquarters. Approximately \$6.8 million is associated with four enhancements to the Child Support Enforcement System. The fourth will provide \$550,000 in funding for consulting services to assist in the development of a document imaging management system.

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

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N00A01 – DHR Administration

- The fiscal 2011 allowance for DHR Administration increases by approximately \$14.1 million, or 7.4%. Federal funds increase by approximately \$14.2 million, or 15.6%. The fiscal 2011 allowance decreases special funds in DHR Administration by \$605,401, or 19.2%
- The general funds allowance will be reduced by an additional \$400,000, for a net increase of \$71,705. About \$400,000 of the \$2.0 million general fund reduction in Section 24 of the fiscal 2011 budget bill will be allocated to DHR for the consolidation of local administrative functions.
- Major changes in the allowance include the areas of personnel, new major information technology (IT) projects, and in the programs of the Office of Grants Management.

Personnel Data

	<u>FY 09</u>	<u>FY 10</u>	<u>FY 11</u>	<u>FY 10-11</u>
	<u>Actual</u>	<u>Working</u>	<u>Allowance</u>	<u>Change</u>
Regular Positions	1,018.00	977.00	953.00	-24.00
Contractual FTEs	<u>31.67</u>	<u>2.90</u>	<u>2.90</u>	<u>0.00</u>
Total Personnel	1,049.67	979.90	955.90	-24.00

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	68.62	7.20%
Positions and Percentage Vacant as of 12/31/09	79.00	8.09%

- The fiscal 2011 allowance abolishes 24 regular positions. The abolished positions are 4 positions from the Office of the Secretary; 1 position from the Office of Grants Management; 3 positions from the Division of Budget, Finance, and Personnel; 5 positions from the Office of Technology for Human Services; and 11 positions from Local General Administration (LGA).
- An additional decrease of at least 15 regular positions in LGA is expected as the result of the consolidation of local department administrative functions required under Section 24 of the fiscal 2011 budget bill.
- The turnover expectancy increases from 5.13 to 7.2% in the fiscal 2011 allowance.
- As of December 31, 2009, DHR Administration had a vacancy rate of 8.09%, or 79.0 positions. When the positions abolished in the fiscal 2011 allowance are accounted for, the number of vacancies decreases to 55.0. DHR Administration must keep 68.62 positions vacant to meet the turnover expectancy. If the current vacancy level continues, DHR Administration will not be able to meet the turnover expectancy.

Analysis in Brief

Major Trends

Minority Business Enterprise Procurements Remains Below Statewide Goal: DHR has been well below the statewide goal of 25% of procurement dollars with Minority Business Enterprises (MBE) in each year from fiscal 2007-2009. In fiscal 2009, DHR had only 9% of procurement contract dollars with MBE.

Managing for Results Submission for Fiscal 2011 Includes New and Revised Measures: With the fiscal 2011 submission, DHR has developed new or revised Managing for Results measures for many of the programs within DHR Administration. These new measures are more focused on activities than outcomes of the programs.

Issues

Local General Administration Consolidation: LGA supports the activities of the Local Departments of Social Services (LDSS) by providing support services including: personnel, budget, finance, procurement, information technology, facility support, and the director and assistant directors. These functions are performed within each jurisdiction regardless of the size of the jurisdiction. Consolidating some administrative functions of some jurisdictions could result in a reduction in overstaffing that results from the need to perform each activity in each jurisdiction. In addition, some jurisdictions in which the LGA is understaffed relative to the functional activities of LDSS may see benefits through workload sharing. Section 24 of the fiscal 2011 budget bill specifies that DHR develop a plan to consolidate local department administrative functions, including the abolishment of at least 15 positions.

Recommended Actions

	<u>Funds</u>	<u>Positions</u>
1. Reduce positions and funding for salaries and wages in the Citizen’s Review Board for Children to reflect savings from Chapters 629 and 630 of 2009.	\$ 354,453	5.0
2. Adopt committee narrative requesting the Department of Human Resources submit a plan on the Citizen’s Review Board for Children.		
3. Reduce funding for Child First Authority grant by 25%.	119,187	
4. Delete funding for tuition assistance.	239,251	
5. Delete funding for enhancements to Maryland Children’s Electronic Social Services Information Exchange.	1,724,419	
6. Adopt committee narrative requesting a copy of the report on implementation of consolidation of local administrative functions.		
7. Adopt committee narrative requesting additional or alternative performance measures for the Citizen’s Review Board for Children and Office of Grants Management.		
8. Amend language to require additional savings to be realized from the consolidation of local administrative function in the Department of Human Resources.		
Total Reductions	\$ 2,437,310	5.0

Updates

Information Technology Maintenance Contract: In June 2008, DHR released a request for proposals for a new information technology (IT) maintenance contract as part of the replacement for an existing combined IT hosting and maintenance contract set to end June 30, 2009. The new IT maintenance contract was expected to be awarded and in place in early 2009; however, a protest in the procurement has prevented the contract award.

Fiscal 2009 Enhancements to the Maryland Children’s Electronic Social Services Information Exchange: In fiscal 2009, DHR had \$4 million available for enhancements to the Maryland Children’s Social Services Information Exchange. DHR identified 10 enhancements expected to be

N00A01 – DHR Administration

completed with this funding. A delay in the procurement of a planned new IT maintenance contract delayed the implementation of these enhancements. However, a contract modification in May 2009 allowed DHR to move forward on the implementation of these enhancements. DHR anticipates the implementation of most of these enhancements in the first half of calendar 2010.

N00A01 – DHR Administration

N00A01
Administration
Department of Human Resources

Operating Budget Analysis

Program Description

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

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

Office of the Secretary

The Office of the Secretary provides overall direction and coordination for all programs and activities of DHR. The Office of the Secretary includes the offices of the attorney general, chief of staff, deputy secretaries, communications, constituent services, employment and program equity, inspector general, planning and performance, and government, corporate, and community affairs offices. Other programs contained within the Office of the Secretary are:

- the Citizen's Review Board for Children (CRBC);
- the Maryland Commission for Women;
- the Office of Grants Management; and
- the Maryland Legal Services Program.

The key goal of the Office of the Secretary is to comply with statewide requirements for agency performance. The four programs within the Office of the Secretary contain goals specific to the program's operations.

Operations Office

The Operations Office consists of two divisions. The Division of Budget, Finance, and Personnel supports the programs of other units in the department through the management and control of fiscal and personnel systems. The Division of Administrative Services provides key

administrative services including fleet management, real estate, records management, and risk management, to DHR, as well as disaster relief and emergency response throughout the State. The key goals of the Operations Office are to improve business processes to better serve DHR central office, local departments of social services (LDSS), and community partners and to ensure a safe working environment for employees.

Office of Technology for Human Services

OTHS is responsible for the overall management and direction of DHR's information systems. This includes responsibility for computer applications and systems; computer and communication equipment; computer peripheral equipment; telephone systems and equipment; ancillary facility and support equipment; and consumables and supplies. OTHS is responsible for the development and administration of DHR's information technology (IT) systems including;

- the Child Support Enforcement System (CSES);
- the Client Automated Resource and Eligibility System (CARES);
- the Office of Home Energy Programs system: and
- the Maryland Children's Electronic Social Services Information Exchange (MD CHESSIE).

The key goal of OTHS is to ensure the delivery of high quality products and services that are responsive to the changing needs of the department and the department's customers.

Local General Administration

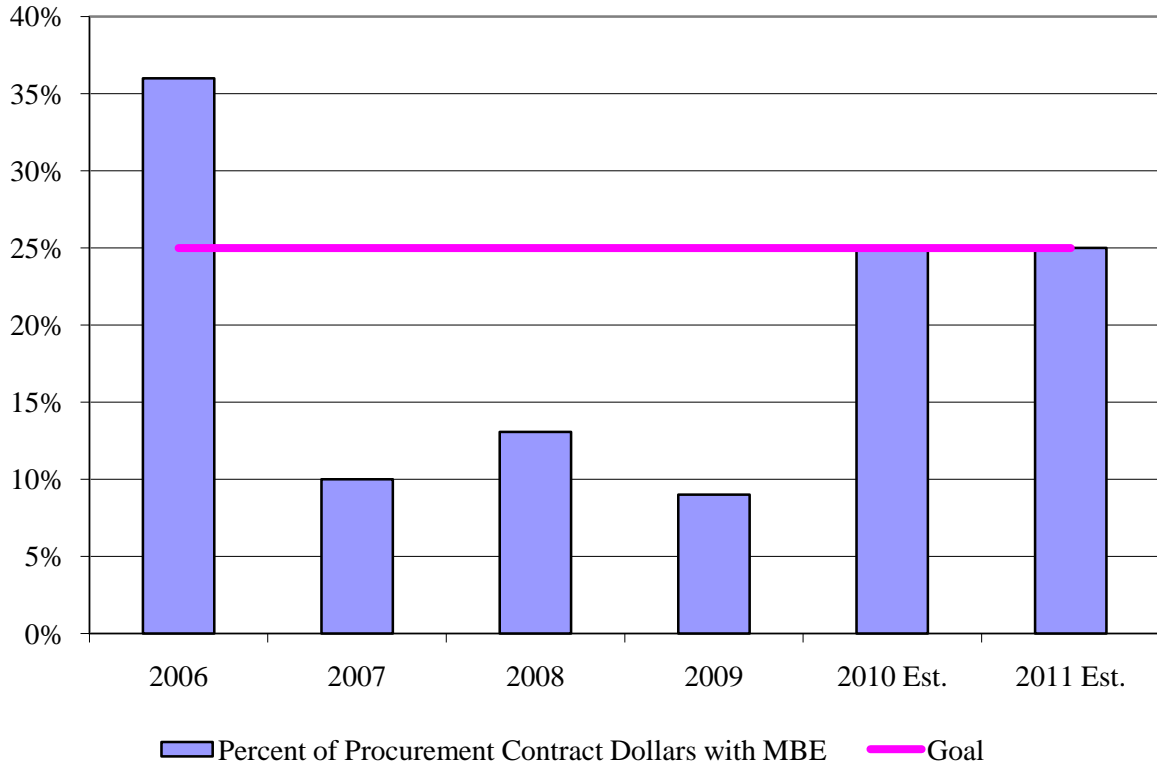
LDSS are situated in each county and Baltimore City; the administrative budgets of LDSS are combined into the local department operations unit for the purposes of the State budget.

The general administration program provides essential support services and staff to operate the 24 LDSS, including the management of staff, finance, statistical reporting, general services, central records, fleet operations, buildings and grounds, equipment, supplies, procurement, and inventory. The key goal of Local General Administration (LGA) is to provide excellent customer service in each LDSS.

Performance Analysis: Managing for Results

DHR's goal for the Office of the Secretary is to comply with statewide requirements for agency performance. One of the measures for this goal is the percent of procurement dollars with Minority Business Enterprises (MBE). As shown in **Exhibit 1**, after achieving 36.0% of procurement contract dollars with MBE and exceeding the statewide goal in fiscal 2006, DHR's performance has been well below the statewide goal. In fiscal 2009, DHR had only 9.0% of procurement contract dollars with MBE, a decrease of 4.1 percentage points from fiscal 2008.

Exhibit 1
Percent of Procurement Contract Dollars with Minority Business Enterprises
Fiscal 2006-2011



Source: Department of Human Resources

During fiscal 2009, DHR developed a plan to improve the performance of the agency in this area during fiscal 2009 and 2010. This plan included targeting certain types of procurements, reviewing per-diem contracts for MBE contracting or establishing MBE goals for the contracts, encouraging group home providers to seek MBE certification, and planning outreach activities. DHR indicates that it established a 5% MBE goal for the group home provider contracts of a certain size. In addition, DHR indicates that it has undertaken several initiatives to increase the number of certified MBEs in the health and human services field. DHR has also participated in outreach activities including an event held in November 2009 co-sponsored with the Maryland Judiciary and Morgan State University. **DHR should comment on any additional activities it plans to undertake to improve its performance in this area in fiscal 2010 and 2011.**

DHR's fiscal 2011 submission of Managing for Results (MFR) included a number of changes to both goals and performance measures in most of the DHR Administration programs. Some of

N00A01 – DHR Administration

these changes were relatively minor, such as combining measures previously reported separately into one measure in the Commission for Women or streamlining measures to focus on two key indicators of performance in OTHS. However, other changes were more substantive reflecting a different focus, for example, measuring performance in the area of procurement rather than personnel and overall customer service in the Division of Budget, Finance, and Personnel.

However, the impact of the changes to the measures for two programs, the Office of Grants Management and CRBC, are of concern.

In fiscal 2010, the goals and measures of the Office of Grants Management included a variety of measures that reflected the aggregated performance of those receiving funding through the office, including shelter programs, food programs, and victim assistance programs. Some examples of the measures included in fiscal 2010 were:

- the number of bednights of emergency shelter provided for homeless persons;
- the number of bednights of transitional housing provided for homeless persons;
- the number of homeless women and their children receiving emergency shelter and related services;
- the number of meals distributed to hungry Marylanders; and
- the number of victims receiving community-based services to alleviate the immediate crisis, ensure safety, and help stabilize their lives.

These measures had been included in MFR submissions in the appropriate programs of the now abolished Community Services Administration prior to the formation of the office of Grants Management. With the fiscal 2011 MFR submission, DHR altered the goal and measures of this program to more directly link to the activities of the Office rather than the outcomes of the grant funding. DHR indicates the office does not have a direct influence over the outcomes previously measured.

The new goal for the Office of Grants Management is that funding for program services is efficiently and effectively administered and monitored. The new measures are the percent of vendors that are monitored annually and the percent of contracts executed timely.

In prior fiscal years, CRBC reported on measures that directly connected to the activities of CRBC (by reporting the statewide total number of cases reviewed by the case review panel/teams and the statewide total number of cases reviewed by local board), as well as the performance of the child welfare program, including:

- the percent of applicable cases reviewed in which children are protected from abuse and neglect;

N00A01 – DHR Administration

- the percent of applicable cases reviewed in which children are safely maintained in their homes when possible;
- the percent of applicable cases reviewed in which children have permanency and stability in living arrangements;
- the incidence of indicated findings of child abuse or neglect within 12 months following release of the child committed to DHR; and
- the percent of children in out-of-home placement with more than two out-of-home placements in a fiscal year.

The data availability for these measures has been inconsistent in recent years. The fiscal 2011 submission for CRBC includes two recurring measures of activity and a new measure, the statewide percent of out-of-home placement cases for which reports were submitted to local departments and the courts within 20 days of the review. This submission eliminates the measures of the performance of the child welfare program. DHR explains that these changes were made to better reflect the performance of CRBC.

For both of these programs, the changes made in MFR reporting provide revised measures and goals to reflect the activity of the program defined in terms of the particular work of the program. However, these revised measures do not fully reflect the outcomes these programs are designed to achieve.

The mission of CRBC is to monitor child welfare systems and review cases, make findings and recommendations, and advocate to improve the administration of the system and the management of individual cases. As a result, children will be safe; be placed in stable, permanent living arrangements without undue delay; enjoy continuity of relationships; and have the opportunity to develop to their full potential.

The mission of the Office of Grants Management is to assist disadvantaged and vulnerable individuals to meet their basic needs, integrate into the community, and achieve economic independence.

The Department of Legislative Services (DLS) is concerned that focusing on the specific activities of the programs, while useful, limits the ability of the General Assembly to ensure that these programs are making progress in meeting the overall goals of the programs. **As a result, DLS recommends that DHR include, beginning with the fiscal 2012 budget allowance, additional or alternative performance measures for CRBC and the Office of Grants Management to ensure the programs are meeting the mission of the programs.**

Fiscal 2010 Actions

Proposed Deficiency

There are four deficiency appropriations proposed for fiscal 2010 in DHR Administration totaling approximately \$9.8 million. The majority of the funding included in these deficiency appropriations are federal funds, approximately \$6.48 million, with \$941,453 in general funds and the remaining \$2.36 million in special funds.

Two of these proposed appropriations would provide additional funding for rent for DHR headquarters. One of these deficiency appropriations, approximately \$1.4 million, would provide funding for outstanding fiscal 2009 rent. The second deficiency appropriation would provide additional funding to support rent in fiscal 2010, \$989,983. The general fund portion of these two deficiency appropriations is \$941,453, with the remaining portion from federal funds. The fiscal 2011 allowance for rent at DHR headquarters increases by \$878,528, which brings the funding more in line with the anticipated expenditures.

One of these deficiency appropriations, approximately \$6.8 million, would provide funding to support four enhancements to CSES. Approximately \$2.3 million of this funding will be provided through the Child Support Reinvestment Fund, and \$4.5 million of the funding provided through federal funds available as a result of the American Recovery and Reinvestment Act of 2009 (ARRA). The ARRA temporarily reinstated the ability of the State to match Child Support Reinvestment funds, incentive payments received from the federal government for performance, with federal IV-D funds. This ability to match extends through the close of federal fiscal 2010.

One of the enhancements to CSES is to improve futures payment processing through an enhanced distribution process. As with the next two projects, DHR indicates that this enhancement is needed to meet a federal requirement and because this impacts performance reported to the federal office. DHR explains that failing to report reliable data could lead to the loss of federal funding.

Another enhancement is the second phase of enhancements necessary to improve the capturing of medical support information. The first phase of the enhancement enabled CSES to track the party responsible for medical support, the date the party became responsible for medical support, the date the medical support began to be provided, and information on the custodial parent's medical insurance. The second phase will improve the ability to send, track, and receive medical support information from the employers of noncustodial parents.

The third project is expected to improve the capacity to identify child support payments as unclaimed/abandoned and create electronic processes necessary for the forwarding of these unclaimed/abandoned payments to the Maryland Comptroller of the Treasury. DHR indicates it chose to complete this enhancement because this issue has been the subject of State and federal audit findings.

The fourth enhancement will make adjustments that are necessary to reflect a transition to a new banking institution.

N00A01 – DHR Administration

In September 2009, the Department of Information Technology (DoIT) submitted several Information Technology Project Requests (ITPRs) for review and approval. Three of these ITPRs were for enhancements to CSES: futures payment processing-iteration II, medical support phase II, and unclaimed/abandoned property. In October 2009, the budget committee chairmen sent a letter approving these three projects, along with several other projects.

It is the understanding of DLS that no expenditures made after the close of federal fiscal 2010 will be eligible for this match even if the project began prior to the deadline. As a result, these enhancements must be completed prior to the close of federal fiscal 2010 or require either additional Child Support Reinvestment Fund support to account for unavailable federal funds, or require general funds in a similar amount as would have been spent in Child Support Reinvestment Funds to receive the federal match.

DHR has several major IT projects underway in fiscal 2010. These projects include enhancements to MD CHESSIE and CARES, originally funded in fiscal 2009. **DHR should comment on whether it anticipates any difficulties in completing the enhancements to CSES prior to the close of federal fiscal 2010.**

The fourth proposed deficiency appropriation would provide \$550,000 to fund a consulting contract to assist DHR with the development of a document imaging system to be used primarily in the local operations of the Family Investment Administration and Child Support Enforcement Administration. The majority of the funding for this proposed deficiency appropriation (\$503,250) is provided through federal funds available as a result of the ARRA. The fiscal 2011 allowance contains \$5.5 million of federal funds available through the ARRA to implement this system.

Impact of Cost Containment

The fiscal 2010 appropriation of DHR Administration decreased by approximately \$5.7 million as a result of cost containment actions approved by the Board of Public Works (BPW) on July 22, August 26, and November 18, 2009. The majority of this reduction (approximately \$4.07 million) occurs among general funds. The remaining reductions occur among federal funds (approximately \$1.66 million) and special funds (\$13,623). Additional federal fund reductions may occur as a result of the furlough plan.

Most of these decreases occur in personnel related areas including:

- approximately \$3.28 million as a result of anticipated savings from maintaining vacancies;
- approximately \$1.14 million from savings associated with the furlough plan;
- \$93,940 as a result of abolishing one vacant position (the Executive Director position) in the Maryland Commission for Women; and

N00A01 – DHR Administration

- \$41,000 to remove funding for cost-of-living adjustments and increments from the local general administration portion of the grant to Montgomery County.

The Office of Grants Management funding decreased by \$563,000 to eliminate general fund support for the Victims of Crime Assistance (VOCA) program. VOCA funding is provided to organizations for direct services to victims of crime. The fiscal 2010 federal fund appropriation, including funding available as a result of the ARRA, for the VOCA program is approximately \$8.0 million. In fiscal 2009, federal fund expenditures in the VOCA program totaled approximately \$8.3 million.

A decrease of \$548,862 occurs in the Office of Grants Management to reduce the funding for the Service-linked Housing program funding by 50%. The Service-linked Housing program is used to connect low-income individuals to community services to attempt to avoid episodes of homelessness. This program provides funding to 13 jurisdictions (Allegany, Anne Arundel, Baltimore, Caroline, Carroll, Frederick, Garrett, Harford, Howard, Montgomery, Prince George's, and Washington counties, and Baltimore City). In fiscal 2009, the Service-linked Housing program served 2,887 individuals. The fiscal 2011 allowance eliminates funding for this program.

Decreases totaling \$78,692 occurred as the result of across-the-board reductions for certain operating expenses.

In addition to funding reduced from DHR Administration's fiscal 2010 appropriation, a reduction of \$100,000 in DoIT can be expected to impact the IT operations of DHR. Specifically, this action reduced the encumbered funding expected to be available for one of the nine enhancements (Performance Optimization) to MD CHESSIE; \$900,000 is expected to remain for this enhancement.

Federal Stimulus Fund

DHR Administration programs benefited from several funding sources included in the ARRA, including two programs within the Office of Grants Management and for IT systems.

Supplemental Budget Number 1 to the fiscal 2010 budget bill provided a supplemental appropriation in the Office of Grants Management for the VOCA program of \$523,800 available as a result of the ARRA. DHR indicates that ultimately \$873,000 of the ARRA funding was available for VOCA. The majority of this funding will be used to increase funding to 36 organizations and local governments. The distribution was announced in January 2010. The remainder of the award will be used for administrative costs.

Supplemental Budget Number 2 to the fiscal 2010 budget bill provided a supplemental appropriation in the Office of Grants Management for The Emergency Food Assistance Program (TEFAP) of \$494,000, available as a result of the ARRA. DHR indicates that it received \$309,027 funding for TEFAP as a result of the ARRA in federal fiscal 2010. DHR intends to allocate these funds after receiving requests from organizations for additional funding. These requests were due to DHR on December 5, 2009.

N00A01 – DHR Administration

In addition, as noted above, two proposed fiscal 2010 deficiency appropriations would utilize at least some funding available as a result of the child support and Temporary Assistance for Needy Families (TANF) provisions of the ARRA to improve the IT systems of the department.

Proposed Budget

As shown in **Exhibit 2**, the DHR Administration fiscal 2011 allowance increases by approximately \$14.1 million, or 7.4%, compared to the fiscal 2010 working appropriation, after accounting for contingent and back of the bill reductions. The major changes occur in the areas of personnel, IT, and the Office of Grants Management programs.

The fiscal 2011 allowance increase occurs primarily among federal funds, an increase of approximately \$14.2 million, or 15.6%. The general fund appropriation increases by approximately \$472,960 million, or 0.5%. However, the fiscal 2011 allowance decreases the special fund appropriation by \$605,403, or 19.2%.

The fiscal 2011 budget reflects several across-the-board actions to be allocated by the Administration. This includes a combination of employee furloughs and government shut-down days similar to the plan adopted in fiscal 2010; a reduction in overtime based on accident leave management; streamlining of State operations; hiring freeze and attrition savings; a change in the injured workers' settlement policy and administrative costs; and a savings in health insurance to reflect a balance in that account. For purposes of illustration, DLS has estimated the distribution of selected actions relating to employee furloughs, health insurance, and the Injured Worker's Insurance Fund cost savings.

It is the understanding of DLS that \$400,000 of the \$2 million reduced as part of Section 24 of the fiscal 2011 budget bill will be allocated to DHR for the consolidation of local administrative functions. This would further reduce the increase in general funds to \$71,705.

**Exhibit 2
Proposed Budget
DHR – Administration
(\$ in Thousands)**

How Much It Grows:	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimbursable Fund</u>	<u>Total</u>
2010 Working Appropriation	\$95,167	\$3,156	\$91,214	\$375	\$189,912
2011 Allowance	<u>96,817</u>	<u>2,569</u>	<u>106,249</u>	<u>375</u>	<u>206,009</u>
Amount Change	\$1,649	-\$587	\$15,035	\$0	\$16,097
Percent Change	1.7%	-18.6%	16.5%		8.5%
Contingent Reduction	-\$1,178	-\$18	-\$832	\$0	-\$2,028
Adjusted Change	\$472	-\$605	\$14,202	\$0	\$14,069
Adjusted Percent Change	0.5%	-19.2%	15.6%	0.0%	7.4%

Where It Goes:

Personnel Expenses

Regular earnings primarily due to fiscal 2010 cost containment actions partially offset by estimated Section 18 reductions	\$2,384
Employee and retiree health insurance	736
Employee retirement.....	731
Workers' compensation premium assessment.....	628
Other fringe benefit adjustments	100
Accrued leave payout	-145
Increase in turnover from 5.13 to 7.2%	-1,324
Abolition of 24 positions	-1,353

Office of Grants Management

Increase in funding for Maryland Emergency Food Program for the Maryland Food Bank.....	1,000
Increase in funding for domestic violence program at Northwest Hospital Center.....	150
Decrease in funding for Statewide Nutrition Assistance Program	-30
Elimination of funding for Healthy Marriage Initiative Program in Caroline County	-63
Decrease in funding for rape crisis service program	-436
Decrease in grant funding in TEFAP primarily due to removing ARRA funding	-509
Removal of one-time ARRA funding for VOCA.....	-524
Elimination of funding for Service Linked Housing Program	-549

N00A01 – DHR Administration

Where It Goes:

Information Technology

Five new major IT projects partially offset by decreased funding associated with earlier projects	14,178
Increased costs associated with technology integration, network engineering, and voice communications contracts.....	1,378
EBT system contract costs due to increased caseloads.....	1,044
Software licenses	957
Anticipated costs associated with IT hosting and planned new maintenance contract.....	763
Statewide personnel system allocation	283
Anticipated costs in a new Quality Assurance Quality Control contract due to increase in IT projects.....	218
End of two capital lease payments and reduced cost of remaining capital lease.....	-3,772

Administrative Expenses

Fixed charges primarily due to increased cost of rent and insurance	1,358
Increase in postage, telephone, cell phone, and DBM paid telecommunications	475
Grant to Montgomery County	335
Increase in fuel and utilities primarily due to electricity	276
Collections expenses.....	-125
Aligning contractual services funding for equipment rental in LGA, equipment repairs, and building repairs	-134
Elimination of funding for out-of-state travel and reduced funding for in-state travel	-160
Changes associated with closure of print shop in October 2008 cost containment.....	-195
Completion of migration to Network Maryland and conversion of dialup access users to wireless internet cards	-304
Elimination of funding for stipends and tuition.....	-325
Unallocated reduction.....	-2,560
Other	-419

Total **\$14,069**

ARRA: American Recovery and Reinvestment Act of 2009

DBM: Department of Budget and Management

EBT: Electronic Benefit Transfer

IT: information technology

LGA: Local General Administration

TEFAP: The Emergency Food Assistance Program

VOCA: Victims of Crime Assistance Program

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

Impact of Cost Containment

The fiscal 2011 allowance for DHR Administration abolishes 24 positions for a reduction of approximately \$1.35 million. Of these positions abolished, 11 occur in LGA. The remaining position abolitions occur in:

- the Office of the Secretary (4 positions);
- the Office of Grants Management (1 position);
- the Division of Budget, Finance, and Personnel (3 positions); and
- OTHS (5 positions).

An additional 15 positions are expected to be reduced as a result of the consolidation of local administrative functions, as specified in Section 24 of the fiscal 2011 budget bill. These are to be identified by June 1, 2010.

In addition, two reductions occur as part of departmentwide cost containment actions. A reduction of \$123,938 occurs as a result of the elimination of out-of-state travel and in-state conference travel. An additional reduction for other in-state travel led to a total reduction in travel of \$59,942. The fiscal 2011 allowance also reduced the funding for stipends and tuition, a decrease of \$324,592.

Personnel

The fiscal 2011 allowance includes increases in the areas of salaries and wages resulting from expenditures reduced as part of one-time cost containment actions, including the furlough plan and a hiring freeze.

Office of Grants Management

The fiscal 2011 allowance eliminates two programs in the Office of Grants Management. A decrease of \$62,565 eliminates the funding for the Healthy Marriage Initiative program “Parents as Partners” in Caroline County. This program focused on increasing parental involvement and nurturing mothers and fathers. DHR indicates that in fiscal 2009 this program served 25 people.

The cost containment actions approved by BPW on November 18, 2009, included a reduction of 50% of the funding for the Service-linked Housing program. The remaining funding for the program, \$548,861, is eliminated with the fiscal 2011 allowance.

Two additional programs in the Office of Grants Management decrease primarily as a result of funding available through the ARRA in fiscal 2010 that are not available in fiscal 2011. These

N00A01 – DHR Administration

programs are VOCA, a decrease of \$523,800, and TEFAP, a decrease in grant funding of \$509,054, of which \$494,000 was provided through the ARRA.

The funding for grants provided through the Rape Crisis Services program decreases by \$436,069 in the fiscal 2011 allowance. This is a reduction of 22.4% of the grant funding available to this program in the fiscal 2010 working appropriation. This program provides funding for services including a 24-hour hotline, counseling, accompanying victims to medical appointments/treatment, and assisting victims access other services to victims of rape and other sexual offenses.

DHR should comment on the impact these reductions are expected to have on the services provided by the organizations receiving this grant funding.

The Maryland Emergency Food program provides grants to assist various emergency food providers to purchase food. The grant funding available through this program nearly doubles in the fiscal 2011 allowance to just over \$2 million, an increase of \$1 million. DHR indicates that the additional funding will be provided to the Maryland Food Bank and used for Baltimore City residents who are unable to purchase food and who are in crisis situations but whose needs cannot be met through the Family Investment Administration or other resources in the community.

Information Technology

In October 2008, BPW approved an award for a new IT hosting contract as part of the replacement for the existing combined IT hosting and maintenance contract. This contract began in November 2008 and extends through June 2014. The second piece of the replacement for the existing combined IT hosting and maintenance contract, a contract for IT maintenance services, is currently under protest. The fiscal 2011 allowance assumes this contract will be awarded. The fiscal 2011 allowance for these contracts increases by \$763,290, primarily as a result of anticipated costs for the new maintenance contract.

The fiscal 2011 allowance provides funding for five new major IT projects. One project is the third phase of enhancement funding for MD CHESSIE. Funding for enhancements to this system was also available in fiscal 2008 and 2009. The enhancements planned in fiscal 2011 are:

- implement Chafee National Youth in Transition Database to comply with federal requirements to track and collect information on independent living services and children receiving those services;
- interface State Children, Youth, and Families Information System and MD CHESSIE to provide two-way integration and update the provider/contract information electronically;
- provide additional audit trails, improve placement verification, and improve financial screens;
- revise in-home service response to provide a uniform decision tool to assist caseworkers in making decisions; and

N00A01 – DHR Administration

- enhance case service plans to assist those with limited English proficiency.

These enhancements are expected to begin on July 1, 2010, and be implemented by June 30, 2011. The total anticipated project cost for this phase of enhancements is approximately \$2.46 million, of which \$1.7 million of federal funds appears in the fiscal 2011 allowance of DHR Administration. The remaining \$739,037 appears in the fiscal 2011 allowance for the Major Information Technology Development Project Fund. DHR advises that an additional approximately \$911,500 general funds will be required and fewer federal funds available for this project than what are included in the fiscal 2011 allowance. Rather than the project being supported with 70% federal funds, only approximately 33% of this project will be able to be supported through federal funds.

A second major IT project in the fiscal 2011 allowance is referred to as Enterprise Content Management. This project will enable DHR to capture, maintain, manage, and share documentation and information both within DHR and between DHR and its business partners. Primarily, DHR will seek to implement a document imaging and storage system. However, DHR indicates other technology may also be included as part of this project. The exact technology to be purchased has not been determined. However, a proposed deficiency appropriation for fiscal 2010 will provide funding for consultant services to assist DHR in developing the proposed system. The total funding available for this project in the fiscal 2011 allowance is \$5.5 million. This project will be supported through funding from TANF, available as a result of the ARRA. DHR intends to implement this project in three phases to be completed by May 15, May 31, and June 15, 2011.

The remaining three projects are designed to improve IT systems primarily used by the Family Investment Administration. A project referred to as Business Process Management System is an attempt to begin to incrementally modernize the CARES system by providing a web-based front end (referred to as common-access front-end) to improve the presentation layer and more closely match the business processes of the worker. This new piece will be driven by the aspects of case management, such as, intake, determination, management and maintenance, and redetermination. The fiscal 2011 allowance funding for this project is \$8.5 million available through TANF, available as a result of the ARRA. The implementation for this project is expected to be completed by June 1, 2011. DHR intends to procure separate contracts to implement the Enterprise Content Management and Business Process Management System rather than using the agency's IT maintenance contract.

A project to upgrade the WORKS system will provide functionality to track and measure the success of the Maryland Reaching Independence and Stability through Employment (RISE) program, improve the registration function for children in foster care, and allow for the direct download of information from CSES for noncustodial parents participating in MD RISE. The fiscal 2011 allowance funding for this project is approximately \$1.1 million, provided through TANF. DHR expects this project will be completed by June 30, 2011.

The fifth project will connect the online work readiness assessment tool (OWRA) to the WORKS system. This change will allow OWRA to automatically populate certain fields and allow the data to be stored on the server for WORKS. OWRA is a set of tools used by the State in assessing the readiness of a customer to obtain employment. OWRA can also be used to assist caseworkers

N00A01 – DHR Administration

identify barriers to employment and develop a plan for education, training, and work activities. The fiscal 2011 allowance for this project is approximately \$1.49 million, provided through TANF. DHR anticipates this project will be completed by March 1, 2011. **DHR should comment on the ability of the agency to effectively oversee five new major IT projects in fiscal 2011. In addition, DLS recommends the deferral of enhancements to MD CHESSIE to enable the department to focus on the remaining IT projects, including two projects funded through the ARRA.**

The fiscal 2011 allowance for major IT projects also recognizes the completion of enhancements to CARES. These enhancements were originally funded in fiscal 2009. Some of the funding for this project, \$531,860, was brought into the fiscal 2010 appropriation through a budget amendment. The allowance also recognizes the elimination of federal funds in the major IT development program that DLS understands were included in error in fiscal 2010.

Issues

1. Local General Administration Consolidation

LDSS are situated in each county and Baltimore City; the administrative budgets of LDSS are combined into the local department operations unit, known as LGA, for the purpose of the State budget.

LGA provides essential support services and staff to operate the 24 LDSS including the management of staff, finance, statistical reporting, general services, central records, fleet operations, buildings and grounds, equipment, supplies, procurement, and inventory. These positions support the positions working in the various areas of LDSS (local child welfare services, local adult services, local family investment services, and local child support). However, LGA does not support the independent Offices of Child Support Enforcement Operations that operate separately from LDSS in Anne Arundel, Baltimore, Montgomery, and Prince George's counties, and Baltimore City. Montgomery County operations' administrative functions are supported through LGA, but through a grant with only one State position.

Exhibit 3 provides information on the number of authorized local positions by functional activity in each LDSS, the number of authorized administrative positions in each LDSS, and the number of local positions compared to the number of local administrative positions. Because of the variety of functions performed by positions budgeted in LGA, a minimum number of positions is required to support the facility and work performed in LDSS even in jurisdictions with small caseloads. Calvert County has the fewest number of positions budgeted in LGA at 5.0 with Baltimore City having the highest number of positions at 158.9. Position counts reflect positions abolished with the fiscal 2011 allowance. The other local positions that are supported through the work of LGA also vary by county. For example, Queen Anne's County has the fewest local positions at 30.5 with Baltimore City having the highest number of local positions at 2,140.0.¹

¹ Local child support is not included for those counties where child support offices are stand alone from the Local Departments of Social Services. Queen Anne's County also does not include child support positions because child support functions are operated through a private contract until fiscal 2011.

Exhibit 3
Local Positions to Local General Administration Positions by County

	<u>Family Investment</u>	<u>Child Welfare</u>	<u>Adult Services</u>	<u>Child Support</u>	<u>Work Opportunities</u>	<u>Total Other Positions with Allowance</u>	<u>Total LGA Positions with Allowance</u>	<u>Ratio of Total Other Positions/LGA Positions</u>
Allegany	46.80	66.80	15.00	22.50	0.00	151.10	12.50	12.09
Anne Arundel	90.50	131.80	13.00		2.00	237.30	22.00	10.79
Baltimore City	804.00	1118.50	207.50		10.00	2140.00	158.90	13.47
Baltimore County	170.50	164.75	56.50		4.00	395.75	30.00	13.19
Calvert	22.50	24.50	8.00	12.50	0.00	67.50	5.00	13.50
Caroline	14.00	27.75	7.00	11.50	0.00	60.25	7.00	8.61
Carroll	24.00	41.00	4.50	16.50	0.00	86.00	19.00	4.53
Cecil	37.00	53.00	12.00	17.00	0.00	119.00	16.00	7.44
Charles	25.60	55.50	7.50	12.00	0.00	100.60	15.00	6.71
Dorchester	18.50	28.00	11.00	15.00	1.00	73.50	14.00	5.25
Frederick	28.50	58.00	11.00	16.00	1.00	114.50	12.00	9.54
Garrett	17.50	26.00	3.50	7.00	0.00	54.00	9.50	5.68
Harford	53.00	73.25	13.00	23.50	1.00	163.75	12.50	13.10
Howard	36.50	50.50	3.50	18.50	0.00	109.00	9.00	12.11
Kent	10.50	11.00	4.00	7.50	0.00	33.00	7.00	4.71
Prince George's	227.00	197.00	48.00		3.00	475.00	36.00	13.19
Queen Anne's	11.50	16.00	3.00		0.00	30.50	6.00	5.08
St. Mary's	32.00	39.60	5.00	14.50	0.00	91.10	15.00	6.07
Somerset	22.50	25.00	5.50	10.00	0.00	63.00	8.00	7.88
Talbot	13.00	21.80	3.00	5.00	0.00	42.80	9.00	4.76
Washington	49.50	98.30	21.00	29.00	1.00	198.80	12.50	15.90
Wicomico	36.00	52.00	3.00	21.00	1.00	113.00	19.00	5.95
Worcester	19.00	29.50	5.00	13.00	0.00	66.50	7.00	9.50

	<u>Family Investment</u>	<u>Child Welfare</u>	<u>Adult Services</u>	<u>Child Support</u>	<u>Work Opportunities</u>	<u>Total Other Positions with Allowance</u>	<u>Total LGA Positions with Allowance</u>	<u>Ratio of Total Other Positions/LGA Positions</u>
Montgomery							1.00	
Total	1809.90	2409.55	470.50	272.00	24.00	4985.95	461.90	10.79

LGA: Local General Administration

Notes: Local Child Support Office is not included in position counts for Anne Arundel, Baltimore City, Baltimore, Montgomery, and Prince George's counties because the Local Department of Social Services does not include these offices. Queen Anne's County child support was omitted because it is in transition from privatized operation. Montgomery County Department of Health and Human Services receives a grant from DHR and as a result only has one authorized State position, the Executive Director. The exhibit reflects position reductions occurring in allowance based on allocations by subprogram.

Source: Department of Human Resources; Governor's Budget Books 2011; Department of Legislative Services

N00A01 – DHR Administration

As shown in Exhibit 3, the variation in both positions in LGA and total local positions results in substantial variation in the number of local positions by positions budgeted in LGA for each county. For example, Carroll County currently has 4.53 workers for each position budgeted in LGA while Washington County has 15.9 workers for each position budgeted in LGA. Excluding Montgomery County, the average number of total other local positions to local administrative positions is 9.09. Both over- and under-staffing in administrative functioning could lead to inefficiencies in the administrative functioning of LDSS.

As introduced, Section 24 of the fiscal 2011 budget bill contains a reduction of \$2 million to streamline State operations. Of this \$2 million, it is the understanding of DLS that \$400,000 is allocated to DHR for the consolidation of administrative functions. Section 24 specifies that at least 15 positions will be abolished as part of this consolidation and that the consolidation should include the functions of procurement, budget, human resources, and training. This section also specifies that DHR should develop a plan to implement this consolidation by June 1, 2010.

DLS concurs that savings could be realized and efficiencies gained through the consolidation of some administrative functions currently performed by LDSS. **However, DLS recommends that Section 24 be altered to reflect an additional savings of \$250,000 in general funds and an additional 10 positions from streamlining local administrative functions at DHR. In addition, DLS also recommends committee narrative requesting DHR provide a report to the budget committees on the implementation of the consolidation including any positions eliminated as a result of the consolidation.**

Recommended Actions

	<u>Amount Reduction</u>		<u>Position Reduction</u>
1. Reduce five positions and funding for salaries and wages in the Citizen’s Review Board for Children to reflect savings from Chapters 629 and 630 of 2009. Chapters 629 and 630 of 2009 alter the types of out-of-home placement cases that will be reviewed and reduce the number of cases reviewed effective July 1, 2009. The fiscal note anticipated savings of 40% of salary expenditures. This reduction would recognize these savings.	\$ 231,777	GF	5.0
	\$ 122,676	FF	

2. Adopt the following narrative:

Plan to Alter Case Reviews in the Citizen’s Review Board for Children: Chapters 629 and 630 of 2009 altered the requirements for the review of out-of-home placement cases. These new requirements allow local boards to review cases based on priorities agreed upon by the Department of Human Resources (DHR) and Citizen’s Review Board for Children (CRBC). This change was expected to reduce the number of cases reviewed and as a result reduce salary expenditures of CRBC. DHR indicates it is still evaluating how the reviews will be conducted. The committees request that DHR submit a report on the changes to case reviews that occur as a result of Chapters 629 and 630 of 2009 and the related reductions in positions.

Information Request	Author	Due Date
Plan to alter case reviews in CRBC	DHR	July 15, 2010

	<u>Amount Reduction</u>	
3. Reduce grant funding for the Child First Authority by 25%. This reduction is commensurate to reductions to similar organizations that occurred during cost containment actions in fiscal 2010. This grant supports activities of the organization that includes after school and summer school programs in the Baltimore City Public School System. In recent years, this program has also received a federal	119,187	GF

N00A01 – DHR Administration

sub-grant through the Maryland State Department of Education.

- | | | | |
|----|--|-----------|----|
| 4. | Delete funding for tuition assistance. This reduction removes the remaining funding for stipends and tuition assistance from the Department of Human Resources Administration. | 141,421 | GF |
| | | 97,830 | FF |
| 5. | Delete funding for enhancements to Maryland Children’s Electronic Social Services Information Exchange. The fiscal 2011 allowance includes funding for five major information technology projects including two projects involving modifications to the WORKS system, one project for modifications to the Client Automated Resource and Eligibility System, and an enterprise content management system. This project should be deferred to enable the Department of Human Resources to complete the remaining projects. The general fund reduction would need to occur in the Major Information Technology Development Project Fund in the Department of Information Technology. | 1,724,419 | FF |

6. Adopt the following narrative:

Implementation of Consolidation of Administrative Functions: Section 24 of the fiscal 2011 budget bill contains a reduction, in part, to implement a consolidation of some administrative functions in the local departments of social services. As part of this consolidation, the Department of Human Resources is expected to produce a plan on how this consolidation will be implemented. The committees request a copy of this plan to better understand how this action will be implemented and impact the local departments.

Information Request	Author	Due Date
Plan for the implementation of the consolidation of administrative functions	DHR	June 1, 2010

7. Adopt the following narrative:

Performance Measures Related to the Citizen’s Review Board for Children and Office of Grants Management: In fiscal 2011, the Department of Human Resources (DHR) submitted revised managing for results goals and measures for the Citizen’s Review Board for Children (CRBC) and Office of Grants Management. The committees are concerned that

focusing on the activities of the programs rather than outcomes of those programs limits the ability of the General Assembly to ensure that these programs are achieving the overall goals of the programs. The committees request that DHR include in the annual budget beginning with the fiscal 2012 budget allowance additional or alternative performance measures for CRBC and Office of Grants Management to reflect the outcomes these programs are designed to achieve.

Information Request	Author	Due Date
Performance measures related to outcomes for CRBC and Office of Grants Management	DHR	With the submission of the fiscal 2012 budget allowance

8. Add the following section:

Section 24. AND BE IT FURTHER ENACTED, That for fiscal 2011, the appropriations in Section 1 of this Act for Executive Branch agencies shall be reduced through the consolidation of administrative functions. This reduction may be allocated to any subobject of expenditure related to the consolidation savings. Funding shall be reduced by ~~\$2,000,000~~ \$2,250,000 in general funds in accordance with a schedule determined by the Governor.

Further provided that the Department of Human Resources shall develop a plan by June 1, 2010 to consolidate local department administrative functions including procurement, budget, human resources and training. The plan shall include a schedule detailing General Fund savings of \$650,000 and the abolition of at least 15 25 local department administrative positions no later than October 1, 2010.

Explanation: This language amends Section 24 of the fiscal 2011 budget bill to reflect additional general fund savings and an additional reduction of 10 positions from the consolidation of local department administrative savings.

Total Reductions	\$ 2,437,310	5.0
Total General Fund Reductions	\$ 492,385	
Total Federal Fund Reductions	\$ 1,944,925	

Updates

1. Information Technology Maintenance Contract

In June 2008, DHR released a request for proposal (RFP) for an IT maintenance contract. This RFP was one of two released during calendar 2008 that were expected to replace a combined hosting and maintenance contract approved by BPW in June 2006. This contract was set to end June 30, 2009.

The contract award for the IT maintenance contract was expected to appear before BPW in February 2009 with anticipated start date in March. However, a protest was filed in this procurement resulting in a delay.

DHR anticipated completing several enhancements to the agencies various IT systems, MD CHESSIE, CARES, and CSES under this new contract. To enable these enhancements to be completed and to ensure that a maintenance contract was in place beyond the end of the old contract until a new contract could be awarded, DHR submitted a contract modification to BPW, which was approved at the May 20, 2009 meeting.

This contract modification had three components:

- extending the contract for one year with two six-month renewal periods;
- removing the hosting services from the contract's scope because a new hosting contract was awarded in October 2008; and
- adding approximately \$12.9 million to the contract for the completion of enhancements to MD CHESSIE, CARES, and CSES.

The total cost of the modification was approximately \$31.6 million; however, if the optional renewal periods were to be exercised, the total modification cost would be approximately \$50.3 million.

Current Status

A hearing was held by the Maryland State Contract Board of Appeals on the protest in September 2009. As of January 2010, a decision had not been made in this matter.

2. Fiscal 2009 Enhancements to the Maryland Children’s Electronic Social Services Information Exchange

MD CHESSIE was fully implemented in all local departments during fiscal 2007. Funds were provided in the fiscal 2008 and 2009 budgets for modifications and enhancements to MD CHESSIE. Fiscal 2009 budget bill language withheld the \$4 million appropriation for MD CHESSIE modifications and enhancements until DHR submitted a report providing additional information on the planned modifications and enhancements. DHR submitted its response to this language in October 2008, and a letter recommending the release of these funds was sent in November 2008.

In the cost containment actions approved by BPW in November 2009, \$100,000 of the funding for one enhancement (Performance Optimization) was reduced, which is expected to alter the scope of this enhancement.

Status of Fiscal 2009 Enhancements

As shown in **Exhibit 4**, only one enhancement has been completed to date. However, the remaining enhancements are in various stages of completion with two expected to be implemented in February 2010. The remaining enhancement, with the exception of performance optimization, will be implemented in either April or May 2010. DHR advised that performance optimization is an ongoing activity but is expected to be implemented by June 30, 2010.

**Exhibit 4
Fiscal 2009 MD CHESSIE Enhancement Status**

<u>Enhancement</u>	<u>Description</u>	<u>Status as of December 31, 2009</u>
Performance Optimization*	Various activities designed to increase processing times	Ongoing activity. Expected to be completed by June 30, 2010
Program Assignment-Phase 2	Modification relating to identifying the classification of services to improve case management and financial management	March 18, 2009 (same date as Phase 1 implemented)
Ensure Accurate AFCARS*	Completing recommendations made by the National Resource Center to improve the reporting of AFCARS data	In development. Expected to be implemented February 2010
County Specific Room and Board Rate	Allow the system to accommodate different foster care room and board rates for jurisdictions	In development. Expected to be implemented in May 2010
Private Adoption Subsidies	Modify the system to accommodate cases where a subsidy is applied for in a private adoption	In system test. Expected to be implemented in February 2010
Integrate Structured Decision Making	Include in MD CHESSIE an instrument that will allow for standardized, objective information to be used in decision-making for cases	In design. Expected to be implemented in May 2010
Improve Title IV-E Processing*	Several actions to allow for the accurate claiming of IV-E funding and maximize federal IV-E funds	In development. Expected to be implemented in May 2010
Enhancing Current Reports*	Modifications to existing reports in MD CHESSIE identified by staff	In system test. Expected to be implemented in May 2010
Over/Under Processing for Subsidies for Adoptions and Guardianship	Allow for automated over/under payment processing the in case of a retroactive subsidy change	In design. Expected to be implemented in April 2010

N00A01 – DHR Administration

<u>Enhancement</u>	<u>Description</u>	<u>Status as of December 31, 2009</u>
Implement CANS	Implement an assessment tool designed to ensure children are placed in the least restrictive and least costly care	In development. Expected to be implemented in April 2010

AFCARS: Adoption and Foster Care Analysis Reporting System

CANS: Child and Adolescent Needs and Strengths

MD CHESSIE: Maryland Children’s Electronic Social Services Information Exchange

* Mentioned specifically in the Department of Human Resources (DHR) response to one or more legislative audit as areas of improvement or enhancements which will serve to meet audit recommendations; some other enhancements planned for fiscal 2009 funding are noted more generally.

Source: Department of Human Resources

Current and Prior Year Budgets

Current and Prior Year Budgets **DHR – Administration** **(\$ in Thousands)**

	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Fund</u>	<u>Federal</u> <u>Fund</u>	<u>Reimbursable</u> <u>Fund</u>	<u>Total</u>
Fiscal 2009					
Legislative Appropriation	\$105,224	\$3,947	\$94,203	\$375	\$203,749
Deficiency Appropriation	4,288	0	5,251	0	9,538
Budget Amendments	-2,762	138	10,762	3,866	12,004
Cost Containment	-4,950	-7	-717	0	-5,674
Reversions and Cancellations	-133	-1,009	-4,960	-640	-6,743
Actual Expenditures	\$101,666	\$3,069	\$104,538	\$3,601	\$212,874
Fiscal 2010					
Legislative Appropriation	\$99,238	\$2,638	\$92,873	\$375	\$195,125
Cost Containment	-4,071	-14	-1,660	0	-5,744
Budget Amendments	0	532	0	0	532
Working Appropriation	\$95,167	\$3,156	\$91,214	\$375	\$189,912

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

Fiscal 2009

The fiscal 2009 general fund appropriation of DHR Administration decreased by a net of approximately \$3.4 million accounting for the deficiency appropriation, cost containment actions, and budget amendments. An increase of approximately \$4.3 million is related to the general fund portion of a deficiency appropriation required to fully fund the combined information technology hosting and maintenance contract. The increases in the appropriation from budget amendments are primarily the result of salary and wages in the Division of Administrative Services and costs associated with model office improvements in various local departments and the Office of Inspector General (approximately \$1.83 million). An additional increase of \$633,513 is the result of employee cost-of-living adjustments (COLAs). The remaining increase is due to the Annual Salary Review (\$8,082).

These increases are more than offset by decreases associated with cost containment (\$4.95 million) and other actions. The cost containment actions include:

- approximately \$3.89 million due to abolishing 43.5 positions, hiring freeze, furloughs, health insurance adjustments, and Other Post Employment Benefits;
- \$500,000 for the Young Fathers Employment and Absent Parent programs which are now funded in the local family investment administration;
- \$431,317 associated with eliminating the Displaced Homemakers Program earlier than anticipated;
- \$113,875 for motor vehicle operations; and
- \$11,508 for travel.

Other decreases include:

- salary and wage adjustments in various programs due to the department's salary plan (approximately \$2.6 million);
- legal services contracts for Children in Need of Assistance cases due to lower than anticipated activity (approximately \$1.77 million);
- communications in the Office of Technology for Human Services and local general administration (\$646,842);
- delayed purchasing of replacement equipment (\$122,263);
- general operating expenses in the Commission for Women (\$35,238); and

N00A01 – DHR Administration

- non-Department of General Services rent in local general administration and Citizens Review Board for Children (\$30,699).

In addition, DHR Administration also reverted approximately \$133,000 primarily in the Office of the Secretary (\$110,147), Division of Budget, Finance, and Personnel (approximately \$11,643) and Division of Administrative Services (approximately \$11,062).

During fiscal 2009, the DHR Administration special fund appropriation increased by a net of \$131,388 accounting for the cost containment actions and budget amendments. The increase occurred primarily in the area of salaries and wages in LGA (\$85,845). Other increases were associated with indirect costs of the Electric Universal Service Program (\$38,494) and employee COLAs (\$13,573). These increases were partially offset by cost containment actions in the area of salary and wages (\$6,524). In addition, DHR Administration cancelled approximately \$1.01 million of the special fund appropriation in the Office of Technology for Human Services related to CSES.

DHR Administration's fiscal 2009 federal fund appropriation increased by a net of approximately \$15.3 million accounting for the cost containment actions, budget amendments, and deficiency appropriation. Approximately \$5.25 million of this increase occurred through two deficiency appropriations: (1) approximately \$4.46 million for the federal fund portion required to fully fund the combined information technology hosting and maintenance contract and (2) \$788,000 for TEFAP, which was available as a result of the ARRA. Other increases occur as the result of:

- the value of commodities received by TEFAP (approximately \$5.15 million);
- salaries and wages in local general administration, the Office of the Secretary, the Office of Grants Management, and the Division of Budget, Finance, and Personnel due to the department's salary plan (approximately \$2.7 million);
- salary and wages in the Division of Administrative Services and expenses associated with model office improvements in various local departments and the Office of Inspector General (approximately \$1.5 million);
- availability of Title IV-E funds in the Legal Services Program (\$760,544); and
- costs associated with data collection needed to claim funding through the Medicaid Rehab option (\$642,165).

The federal fund appropriation decreased by \$717,379 as the result of cost containment actions in the area of salaries and wages. In addition, DHR Administration cancelled approximately \$4.96 million of the federal fund appropriation primarily in the areas of the Office of Technology for Human Services, due to lower than TANF expenditures. Other cancellations occur due to lower than anticipated funding through Title IV-E in the CRBC and lower than anticipated expenditures of Title IV-E for MD CHESSIE in the Major Information Technology Development Program and Medicaid and TANF in the Division of Administrative Services.

N00A01 – DHR Administration

During fiscal 2009, the reimbursable fund appropriation of DHR Administration increased by approximately \$3.87 million. This increase results primarily from funding for MD CHESSIE enhancements (\$2.0 million) and CARES enhancements (approximately \$1.84 million) originally budgeted in the Major Information Technology Development Project Fund in DoIT. The remaining increase of \$21,275 occurred in the Office of Grants Management as the result of the availability of additional funding in the rape crisis services program. DHR Administration cancelled approximately \$639,914 of the reimbursable fund appropriation primarily due to lower than anticipated expenditures for CARES enhancements.

Fiscal 2010

The general fund appropriation of DHR Administration has decreased by a net of approximately \$4.1 million as a result of cost containment actions taken during fiscal 2010. This decrease is primarily the result of furlough savings (approximately \$1.1 million) and savings resulting from maintaining the hiring freeze (approximately \$1.6 million). Other general fund cost containment actions are:

- \$563,000 to eliminate the general fund support for VOCA;
- \$548,862 to reduce the funding for the Service-linked Housing program by 50%;
- \$93,940 to abolish one position in the Commission for Women;
- \$78,692 to reduce operating expenses as a result of across the board reductions in out-of-state travel, telecommunications, motor vehicle replacement, and motor vehicle operations; and
- \$21,000 for the general fund portion of the COLA reductions from the grant to Montgomery County.

The fiscal 2010 special fund appropriation for DHR Administration has increased by a net of \$518,237. An increase of \$531,860 is the result of funding for enhancements to CARES originally provided in fiscal 2009, but not expended. This increase is partially offset by a decrease of \$13,623 from furlough savings as part of cost containment actions.

During fiscal 2010, the federal fund appropriation of DHR Administration has decreased by approximately \$1.6 million, as a result of cost containment actions. The majority of this decrease (approximately \$1.6 million) is for the federal fund portion of savings of a hiring freeze. The remaining decrease of \$20,000 is for the federal fund portion of the reduction in funding for a COLA from the grant to Montgomery County.

Local Department Operations Audit Findings

Audit Period for Last Audit:	November 1, 2004 – April 3, 2008
Issue Date:	August 2009
Number of Findings:	13
Number of Repeat Findings:	0
% of Repeat Findings:	0%
Rating: (if applicable)	N/A

- Finding 1:** Office of Inspector General audits were not performed in accordance with auditing standards.
- Finding 2:** Office of Inspector General audits did not fully address significant risks.
- Finding 3:** Office of Inspector General Audits were not performed timely, every two years, as required by State law.
- Finding 4:** Adequate controls had not been established to ensure that foster care and adoption payments were proper.
- Finding 5:** Title IV-E initial eligibility determinations were not always performed and eligibility redeterminations were not performed timely as required.
- Finding 6:** Recurring monthly payments were not approved, resulting in overpayments and the overpayments at one Local Department of Social Services were not adequately pursued.
- Finding 7:** Differences between the foster care and subsidized adoption payments data maintained by two Local Departments of Social Services and the statewide case management system data were not fully reconciled.
- Finding 8:** Adoption eligibility reconsiderations were not adequately performed, as required, and payments were improperly made for individuals over 21 years of age.
- Finding 9:** Medicaid eligibility determinations for long-term care recipients were not always proper and documented at one Local Department of Social Services. In addition, an available online resource was not used to identify certain undisclosed assets, which can affect eligibility.
- Finding 10:** Internal controls over bank account disbursements were inadequate.

N00A01 – DHR Administration

Finding 11: Internal controls over bank account collections were inadequate.

Finding 12: Proper internal control was not established over purchasing and disbursement transactions.

Finding 13: Payments totaling \$1.3 million to one vendor for foster care transportation services were not subject to control agency approvals and lacked sufficient documentation to substantiate the propriety of amounts billed.

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

Major Information Technology Projects

Department of Human Resources Maryland Children’s Electronic Social Services Exchange IV

Project Description:	Maryland Children’s Electronic Social Services Exchange (MD CHESSIE) IV enhancements to the MD CHESSIE system, implemented statewide in January 2007, will continue the ongoing enhancements to MD CHESSIE to both improve the system and enable the system to support emerging best practices in child welfare services and the Place Matter’s Initiative. The specific enhancements planned with the fiscal 2011 allowance are: implementing the Chafee National Youth in Transition Database; creating an interface between the State Children, Youth, and Families Information System (SCYFIS) with MD CHESSIE; provision of additional audit trails, placement verification, more transparent financial screens; automation of the department’s revised in-home services response; enhance the service case plan, forms and documents so each is more useful for those with limited English proficiency.		
Project Business Goals:	The benefit of these enhancements relate to improved reporting to the federal government, enabling information in SCYFIS and MD CHESSIE to be the same, accessibility of the Interagency Outcome System, improved customer service, improve audit trails, improve ease of use for workers, improve effectiveness and efficiency of MD CHESSIE, and enable system to meet federal and State requirements. The return on investment, while not quantified, relies on case worker time savings including those that occur due to improvement ability to manage placements, financial processes, and monthly reporting.		
Estimated Total Project Cost:	\$2,463,456 (\$739,037 funded through the Major Information Technology (IT) Development Project Fund and \$1,724,419 funded in The Department of Human Resources (DHR) Administration with federal funds).	New/Ongoing Project:	New project, but enhancements to MD CHESSIE were also funded in fiscal 2008 and 2009.
Project Start Date:	Initiation on July 1, 2010	Projected Completion Date:	Implementation for all enhancements expected to be completed by June 30, 2011.
Schedule Status:	Project is new in fiscal 2011. However, planning for enhancements included in this project has been completed.		
Cost Status:	Project is new in fiscal 2011. DHR advises that additional general funds will be required and fewer federal funds available to support this project than what are currently included in the fiscal 2011 allowance.		
Scope Status:	Project is new in fiscal 2011. The requirements and scope have not yet been completed.		
Project Management Oversight Status:	Fiscal 2011 allowance funding for this project includes \$200,000 to support Independent Verification and Validation. DHR has quarterly portfolio reviews with the Department of Information Technology. DHR’s Chief Information Officer has meetings each week with project teams and project managers. In addition, DHR assigns project managers who typically have been trained and certified as a project management professional through the Project Management Institute and DHR also conducts peer reviews of the deliverables and project health. DHR also has a contract for quality assurance and oversight.		

Identifiable Risks:	DHR plans to undertake five major IT projects with funding provided in fiscal 2011 leading to potential risks related to ability to oversee all projects and keep all projects on schedule for implementation. The requirements and scope are not completed at this time which could lead to some risk for changes. In addition, it is likely that some new policies will need to be implemented as a result of these changes. DHR also expects to monitor impacts of these enhancements on the response time of the system.							
Additional Comments:	Funding was provided in fiscal 2008 and 2009 for enhancements to the MD CHESSIE system. There were 10 enhancements included as part of the fiscal 2009 enhancements (MD CHESSIE III) and 7 enhancements ultimately included as part of the fiscal 2008 enhancements. DHR anticipates completing the enhancements funded in fiscal 2009 by the end of fiscal 2010. The MD CHESSIE system was specifically included in 1 finding of the Social Services Administration audit in October 2008. Although these enhancements are expected to be completed under the planned new IT maintenance contract that has not yet been awarded due to delays related to a bid protest, DHR advises that this project is expected to be able to move forward under an option on the existing IT maintenance contract extension if the award of a new contract continues to be delayed.							
Fiscal Year Funding (\$ in Thousands)	Prior Years	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	Balance to Complete	Total
Personnel Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Professional and Outside Services	0.0	2,463.5	0.0	0.0	0.0	0.0	0.0	2,463.5
Other Expenditures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Funding	\$0.0	\$2,463.5	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$2,463.5

Department of Human Resources Business Process Management System

Project Description:	This project is the beginning of an incremental modernization process for the Client Automated Resource and Eligibility System (CARES). This project will provide a web-based component that would sit atop the existing architecture of the system. This project will improve the presentation layer of the system and improve the workflows of the system to match the business processes of local jurisdictions. The front-end will be driven by the stages of case management; such as, intake determination, management and maintenance, and redetermination. The Department of Human Resources (DHR) indicates that will also increase the visibility and access to various data and increase the functionality of the current infrastructure of CARES.		
Project Business Goals:	The benefits of this project are expected to be improved customer service, increased worker efficiency and productivity, strengthening the relationship of the department with customers and the federal government, and cost savings as a result of the improved worker efficiency and productivity. The return on investment is not quantified but is expected to be related to the cost savings.		
Estimated Total Project Cost:	\$8.5 million (funded in DHR Administration with federal funds)	New/Ongoing Project:	New, but the fiscal 2009 budget included funding for CARES modifications.
Project Start Date:	Initiation expected to begin July 1, 2010	Projected Completion Date:	Implementation expected to be completed June 1, 2011.
Schedule Status:	This project is new in fiscal 2011. This project is in the pre-planning phase.		
Cost Status:	This project is new in fiscal 2011.		
Scope Status:	This project is new in fiscal 2011. The scope and requirements for this projects are not yet completed.		
Project Management Oversight Status:	The fiscal 2011 allowance for this project includes \$200,000 for Independent Verification and Validation. DHR has quarterly portfolio reviews with the Department of Information Technology. DHR's Chief Information Officer has meetings each week with project teams and project managers. In addition, DHR assigns project managers who typically have been trained and certified as a project management professional through the Project Management Institute and DHR also conducts peer reviews of the deliverables and project health. DHR also has a contract for quality assurance and oversight.		
Identifiable Risks:	DHR plans to undertake five major information technology (IT) projects with funding provided in fiscal 2011 leading to potential risks related to ability to oversee all projects and keep all projects on schedule for implementation. There is some risk associated with this project because the scope and requirements have not yet been identified. In addition, risks are identified as a result of the need for prioritization of this project and the need for program areas to assess business processes, policies, and workflow.		
Additional Comments:	Four enhancements to CARES were funded in fiscal 2009. DHR advises that this project is expected to be procured through a separate process from the IT maintenance contract currently under protest.		

Fiscal Year Funding (\$ in Thousands)	Prior Years	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	Balance to Complete	Total
Personnel Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Professional and Outside Services	0.0	0.0	8,500.0	0.0	0.0	0.0	0.0	8,500.0
Other Expenditures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Funding	\$0.0	\$0.0	\$8,500.0	\$0.0	\$0.0	\$0.0	\$0.0	\$8,500.0

**Department of Human Resources
Enterprise Content Management**

Project Description:	This funding will enable the Department of Human Resources (DHR) to implement an enterprise content management system to capture, maintain, and manage, and share documentation and information both within DHR and with DHR's business partners. This project includes a document imaging system, but will also include other solutions for the agencies business needs. The specific technology to be purchased has not yet been defined.		
Project Business Goals:	Benefits include improve customer service, improved worker efficiency through improved business processes, improved worker productivity, improved relationships with both customers and federal government, and cost savings through both improved worker efficiency as well as the elimination of certain expenditures needed to support paper filing and storage. In addition, cost savings are expected to occur as result of the impacts that result from not providing responses timely. The return on investment is not quantified but relies on the potential cost savings of the new system.		
Estimated Total Project Cost:	\$5.5 million (funded within DHR Administration with federal funds available as a result of the American Recovery and Reinvestment Act of 2009)	New/Ongoing Project:	New
Project Start Date:	Initiation expected to begin July 1, 2010	Projected Completion Date:	Implementation expected to occur in three phases concluding between May 15, 2011 and June 15, 2011.
Schedule Status:	This is a new project in fiscal 2011. This project is in the pre-planning stages.		
Cost Status:	This is a new project in fiscal 2011. In addition to the funding provided for this project in the fiscal 2011 allowance, a proposed deficiency appropriation of \$550,000 in total funds will assist the department in ultimately completing this project by providing funding for consulting services to develop the system that will be funded in this project.		
Scope Status:	This is a new project in fiscal 2011. The department has not yet identified the technology that it will purchase under this project.		
Project Management Oversight Status:	The fiscal 2011 allowance for this project includes \$200,000 for Independent Verification and Validation. DHR has quarterly portfolio reviews with the Department of Information Technology. DHR's Chief Information Officer has meetings each week with project teams and project managers. In addition, DHR assigns project managers who typically have been trained and certified as a project management professional through the Project Management Institute and DHR also conducts peer reviews of the deliverables and project health. DHR also has a contract for quality assurance and oversight.		
Identifiable Risks:	DHR plans to undertake five major information technology (IT) projects with funding provided in fiscal 2011 leading to potential risks related to ability to oversee all projects and keep all projects on schedule for implementation. A limited amount of risk is identified as a result of the scope not yet being defined. In addition, some risk is identified as a result of the need to need for assessment of business processes, policies, and workflows.		
Additional Comments:	This project is expected to be procured through a separate process from the IT maintenance contract currently under protest.		

Fiscal Year Funding (\$ in Thousands)	Prior Years	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	Balance to Complete	Total
Personnel Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Professional and Outside Services	0.0	5,500.0	0.0	0.0	0.0	0.0	0.0	5,500.0
Other Expenditures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Funding	\$0.0	\$5,500.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$5,500.0

Department of Human Resources
WORKS System Upgrades for Maryland Reaching Independence and Stability through Employment

Project Description:	This project will provide three types of enhancements to the WORKS system. The first will enhance the system's functionality for registering foster children in WORKS. The second will provide the ability to track and measure the success of the Maryland Reaching Independence and Stability through Employment (MD RISE). The third type of enhancements will eliminate manual data entry through a direct download from the Child Support Enforcement System for non-custodial parents participating in MD RISE. This project will improve efficiency in the processing of applications and the management of cases.		
Project Business Goals:	Benefits include improve customer service, improved worker efficiency through improved business processes, improved worker productivity, improved relationships with both customers and federal government. The return on investment is not quantified but results from cost savings.		
Estimated Total Project Cost:	\$1,132,611 (funded through the Department of Human Resources (DHR) Administration with federal funds)	New/Ongoing Project:	New
Project Start Date:	Initiation is expected to begin July 1, 2011	Projected Completion Date:	Implementation is expected to be completed by May 31, 2011.
Schedule Status:	This project is new in fiscal 2011. This project is in the pre-planning stage.		
Cost Status:	This project is new in fiscal 2011.		
Scope Status:	This project is new in fiscal 2011. The scope and requirements for this project are not yet completed.		
Project Management Oversight Status:	The funding for this project includes \$200,000 for Independent Verification and Validation. DHR has quarterly portfolio reviews with the Department of Information Technology. DHR's Chief Information Officer has meetings each week with project teams and project managers. In addition, DHR assigns project managers who typically have been trained and certified as a project management professional through the Project Management Institute and DHR also conducts peer reviews of the deliverables and project health. DHR also has a contract for quality assurance and oversight.		
Identifiable Risks:	DHR plans to undertake five major information technology (IT) projects with funding provided in fiscal 2011 leading to potential risks related to ability to oversee all projects and keep all projects on schedule for implementation. There is some risk because the scope and requirements have not yet been completed. In addition, some risk is identified as a result of the need to need for assessment of business processes, policies, and workflows. Other identified risk involves ensuring that workers in the Child Support Enforcement Administration view this project as a priority.		
Additional Comments:	DHR advises that this project is expected to be able to move forward under an option on the existing IT maintenance contract extension if the award of a new contract continues to be delayed.		

Fiscal Year Funding (\$ in Thousands)	Prior Years	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	Balance to Complete	Total
Personnel Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Professional and Outside Services	0.0	1,132.6	0.0	0.0	0.0	0.0	0.0	1,132.6
Other Expenditures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Funding	\$0.0	\$1,132.6	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$1,132.6

Department of Human Resources
Linking the Online Work Readiness Assessment Tool to WORKS

Project Description:	This project will provide a link between the WORKS system and the currently stand alone Online Work Readiness Assessment (OWRA) tool. OWRA is a set of web-based tools that assists the State Family Investment Administration staff make decisions about a customer's readiness to obtain employment. In addition, OWRA can be used to assist the caseworker in identifying barriers to employment and the development of a plan for education, training, and work activities. The connections this enhancement will establish will enable OWRA to remain separate from WORKS, but provide a mechanism for the automatic population of certain field and allow the data from the assessments to be maintained on the WORKS server.							
Project Business Goals:	The expected benefits of this enhancement are improved customer service and improved worker efficiency. The return on investment, while not quantified, is expected to occur in the form of cost savings as a result of improved data entry speed and accuracy and more consistent following of business processes leading to improved customer service.							
Estimated Total Project Cost:	\$1,485,000 (funded through the Department of Human Resources (DHR) Administration with federal funds)				New/Ongoing Project:		New	
Project Start Date:	Initiation July 1, 2010			Projected Completion Date:		Implementation expected to be completed by March 1, 2011.		
Schedule Status:	This project is new in fiscal 2011. Enhancement is considered to be in pre-planning stage.							
Cost Status:	This project is new in fiscal 2011.							
Scope Status:	This project is new in fiscal 2011 and as a result the specific scope and requirements have not been defined.							
Project Management Oversight Status:	The funding for this project includes \$200,000 for Independent Verification and Validation. DHR has quarterly portfolio reviews with the Department of Information Technology. DHR's Chief Information Officer has meetings each week with project teams and project managers. In addition, DHR assigns project managers who typically have been trained and certified as a project management professional through the Project Management Institute and DHR also conducts peer reviews of the deliverables and project health. DHR also has a contract for quality assurance and oversight.							
Identifiable Risks:	DHR plans to undertake five major information technology (IT) projects with funding provided in fiscal 2011 leading to potential risks related to ability to oversee all projects and keep all projects on schedule for implementation. Identified risks relate to the scope and requirements not yet being defined which could impact cost and the importance of user support.							
Additional Comments:	DHR advises that this project is expected to be able to move forward under an option on the existing IT maintenance contract extension if the award of a new contract continues to be delayed.							
Fiscal Year Funding (\$ in Thousands)	Prior Years	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	Balance to Complete	Total
Personnel Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Professional and Outside Services	0.0	1,485.8	0.0	0.0	0.0	0.0	0.0	1,485.8
Other Expenditures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Funding	\$0.0	\$1,485.8	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$1,485.8

**Department of Human Resources
Child Support Modifications**

Project Description:	This project will complete four modifications to the Child Support Enforcement System (CSES). Three of these enhancements are important to allow the State to comply with federal and State requirements. The three enhancements are futures payment processing iteration II, medical support phase II, and unclaimed/abandoned property. The fourth enhancement will enable the transition to a new banking institution.		
Project Business Goals:	The benefits of the futures payment processing iteration II enhancement is to reduce unprocessed payments, ensure the custodial parents receive child support payments consistently, to keep the child support customers out of the welfare system, take appropriate enforcement actions, improve customer service, improve accuracy of unprocessed payment reporting, ensure distributions are more in line with required distribution rules, and eliminate manual workarounds. The return on investment for this enhancement is to reduce the unprocessed payments to more accurately reflect quarterly collections as part of the determination of the incentive payments. The benefits of the medical support phase II enhancement is to improve child support customer service, to perform timely reviews of court orders, and to improve caseworker efficiency. The return on investment for this project is to increase worker efficiency. The benefits of the unclaimed/abandoned property enhancement are to reduce unprocessed payments and provide the accounting and banking services unit better control over funds. The return on investment for this enhancement to reduce unprocessed payments to more accurately reflect quarterly collections for the determination of incentive payments.		
Estimated Total Project Cost:	\$6,818,120 (\$2,318,161 from child support reinvestment funds and \$4,499,959 from federal funds available as a result of ARRA)	New/Ongoing Project:	New in fiscal 2010, and one-time.
Project Start Date:	Initiation July 1, 2009	Projected Completion Date:	Implementation June 2010.
Schedule Status:	DHR indicates these enhancements are currently in progress. The statement of work for the medical support enhancement project is under development. The design has been submitted to the Department of Human Resources (DHR) for the futures payment processing iteration II and unclaimed/abandoned property enhancements.		
Cost Status:	These enhancements are expected to be funded through Child Support Reinvestment funds which will be matched with federal IV-funds available as a result of the American Recovery and Reinvestment Act of 2009 (ARRA). The ARRA temporarily reinstated the ability of the Child Support Enforcement Agency to match the Child Support Reinvestment Funds with the federal IV-D funds.		
Scope Status:	Three of these projects were originally viewed as separate projects, but have been combined into one project.		
Project Management Oversight Status:	DHR has quarterly portfolio reviews with the Department of Information Technology (DoIT). DHR's Chief Information Officer has meetings each week with project teams and project managers. In addition, DHR assigns project managers who typically have been trained and certified as a project management professional through the Project Management Institute and DHR also conducts peer reviews of the deliverables and project health. DHR also has a contract for quality assurance and oversight.		
Identifiable Risks:	DHR has several information technology project enhancements ongoing in fiscal 2010 with expected completion dates prior to the close of fiscal 2010. DHR identified a potential risk if a change was made to make the electronic National Medical Support Notice a priority that could impact the scope of this enhancement.		

Additional Comments:	This project was reviewed through an Out-of-cycle Information Technology Project Request process. DoIT submitted this enhancement, along with other IT projects, for review and comment in September 2009. On October 16, 2009, the chairman of the budget committees submitted a letter approving of this enhancement, along with several other IT projects.							
Fiscal Year Funding (\$ in Thousands)	Prior Years	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	Balance to Complete	Total
Personnel Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Professional and Outside Services	6,818.1	0.0	0.0	0.0	0.0	0.0	0.0	6,818.1
Other Expenditures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Funding	\$6,818.1	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$6,818.1

Department of Human Resources
Maryland Children’s Electronic Social Services Information Exchange III

Project Description:	Maryland Children’s Electronic Social Services Information Exchange (MD CHESSIE) was implemented statewide in January 2007. Enhancements to this system to improve functionality were funded in fiscal 2008, 2009, and included in the fiscal 2011 allowance. MD CHESSIE III represents the 10 enhancements included as part of the fiscal 2009 funding.		
Project Business Goals:	The Department of Human Resources (DHR) indicates that the business goals of the enhancements include timely and correct payment of adoption subsidies, a reduction of the number of children in out-of-home care, reduction in federal fund disallowances due to federal IV-E audits.		
Estimated Total Project Cost:	\$4 million (\$2 million provided in the Major Information Technology Development Project Fund and \$2 million provided in DHR Administration in federal funds	New/Ongoing Project:	This project was a one-time project in fiscal 2009, although funding has been provided in fiscal 2008 and 2011 allowance for other enhancements to MD CHESSIE.
Project Start Date:	Originally noted as August 2008, it was later listed as May 2008 for all but one enhancement (September 2008).	Projected Completion Date:	Varies by enhancement, final enhancement expected to be completed June 30, 2010.
Schedule Status:	Of the 10 enhancements planned, 9 are ongoing in fiscal 2010 and are at various stages in the development process. The completion dates for these 9 enhancements vary from February 2010 to June 30, 2010. One enhancement (Program Assignment-Phase 2) was implemented in March 2009. Most of these enhancements were expected to be implemented under a planned new IT maintenance contract. A bid protest was filed in this procurement and the contract had not been awarded by the end of the existing combined IT hosting and maintenance contract in June 2009. In May 2009, Board of Public Works’ approved a contract extension for the existing contract and a modification to that contract that would allow the MD CHESSIE enhancements along with enhancements to other systems be made under that existing contract.		
Cost Status:	Final information on the costs is not known at this time because the process is ongoing. DHR has, however, revised the cost estimate to \$3.9 million to reflect a reduction in funds available as a result of cost containment actions approved in November 2009. The reduction is expected to occur in the funding for the enhancement performance optimization.		
Scope Status:	The 10 enhancements identified in the response to the fiscal 2009 budget bill language are the 10 enhancements DHR has continued to develop with this funding. The scope for the performance optimization enhancement is expected to be altered to reflect the reduced funding available for this enhancement. In addition, the scope of the enhancement for county specific room and board rate was altered to reflect changes in MD CHESSIE functionally between the development of the initial scope and the work on this enhancement. This change allowed some preliminary work to begin on an enhancement planned for the future.		

Project Management Oversight Status:	DHR has quarterly portfolio reviews with the Department of Information Technology. DHR’s Chief Information Officer has meetings each week with project teams and project managers. In addition, DHR assigns project managers who typically have been trained and certified as a project management professional through the Project Management Institute and DHR also conducts peer reviews of the deliverables and project health. DHR also has a contract for quality assurance and oversight.							
Identifiable Risks:	None at this time, enhancements are moving forward and nearing completion.							
Additional Comments:	Some of the enhancements funded through the MD CHESSIE III enhancements were discussed in the DHR response to the Social Services Administration audit in October 2008.							
Fiscal Year Funding (\$ in Thousands)	Prior Years	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	Balance to Complete	Total
Personnel Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Professional and Outside Services	3,900.0	0.0	0.0	0.0	0.0	0.0	0.0	3,900.0
Other Expenditures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Funding	\$3,900.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$3,900.0

Department of Human Resources
Client Automated Resource and Eligibility System Modifications

Project Description:	This project is designed to develop changes to Client Automated Resource and Eligibility System (CARES) to reflect changes in legislation. This project specifically focuses on enhancements related to sanction policies, streamlining application processes, adaptations to a federally funded demonstration project for the food stamp program, and completion of the second phase of the Service Access Information Link interface.		
Project Business Goals:	Business goals for this project include reducing payment errors for Temporary Cash Assistance (TCA) and food stamps, increase in the work participation rate, timely application processing, increase in timely applications and redeterminations, accuracy of TCA and food stamp applications, and increase in food stamp participation.		
Estimated Total Project Cost:	\$3,476,925 (\$1,844,369 provided in the Major Information Technology Development Project Fund and \$1,632,565 provided in The Department of Human Resources (DHR) Administration in federal funds)	New/Ongoing Project:	A one-time new project in fiscal 2009, although some pieces of this project were partially completed with funding available in a fiscal 2008 deficiency appropriation
Project Start Date:	Initialization July 1, 2008 for all enhancements.	Projected Completion Date:	One completed March 2009, the remaining three expected to be implemented in June 2010.
Schedule Status:	The CARES/SAIL interface portion of the project was completed on schedule in March 2009. The remaining enhancements are anticipated to be completed on schedule (June 30, 2010). The on schedule date was delayed from the original estimated completion date of June 30, 2009. The three enhancements were expected to be completed under a planned new information technology (IT) maintenance contract. A bid protest was filed in this procurement and the contract had not been awarded by the end of the existing combined IT hosting and maintenance contract in June 2009. In May 2009, the Board of Public Works approved a contract extension for the existing contract and a modification to that contract that would allow the CARES modifications along with enhancements to other systems be made under that existing contract. As a result of this change these enhancements are moving forward in fiscal 2010.		
Cost Status:	DHR indicates the estimated cost has remained the same. A reimbursable fund budget amendment in September 2008 transferred the approximately \$1.8 million from the Major IT Development Project Fund to DHR for use on these enhancements.		
Scope Status:	No changes at this time.		
Project Management Oversight Status:	DHR has quarterly portfolio reviews with the Department of Information Technology. DHR's Chief Information Officer has meetings each week with project teams and project managers. In addition, DHR assigns project managers who typically have been trained and certified as a project management professional through the Project Management Institute and DHR also conducts peer reviews of the deliverables and project health. DHR also has a contract for quality assurance and oversight.		
Identifiable Risks:	DHR is actively monitoring the progress of these enhancements through the Enterprise Project Management Office and quality assurance/quality control vendor to ensure the project is completed on schedule.		
Additional Comments:	None at this time.		

Fiscal Year Funding (\$ in Thousands)	Prior Years	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	Balance to Complete	Total
Personnel Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Professional and Outside Services	3,476.9	0.0	0.0	0.0	0.0	0.0	0.0	3,476.9
Other Expenditures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Funding	\$3,476.9	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$3,476.9

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

<u>Object/Fund</u>	<u>FY09 Actual</u>	<u>FY10 Working Appropriation</u>	<u>FY11 Allowance</u>	<u>FY10 - FY11 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	1,018.00	977.00	953.00	-24.00	-2.5%
02 Contractual	31.67	2.90	2.90	0	0%
Total Positions	1,049.67	979.90	955.90	-24.00	-2.4%
Objects					
01 Salaries and Wages	\$ 68,189,994	\$ 63,411,883	\$ 65,828,452	\$ 2,416,569	3.8%
02 Technical and Spec. Fees	1,257,403	375,826	405,725	29,899	8.0%
03 Communication	10,991,100	10,017,622	10,178,698	161,076	1.6%
04 Travel	374,695	445,337	265,075	-180,262	-40.5%
06 Fuel and Utilities	1,020,236	639,669	915,796	276,127	43.2%
07 Motor Vehicles	171,189	468,610	395,089	-73,521	-15.7%
08 Contractual Services	93,174,927	75,848,370	93,857,650	18,009,280	23.7%
09 Supplies and Materials	1,496,780	1,319,888	1,290,728	-29,160	-2.2%
10 Equipment – Replacement	563,493	2,082,681	2,696,032	613,351	29.5%
11 Equipment – Additional	4,722,241	5,251,270	873,884	-4,377,386	-83.4%
12 Grants, Subsidies, and Contributions	23,202,575	21,067,189	18,960,498	-2,106,691	-10.0%
13 Fixed Charges	7,709,501	8,983,698	10,341,676	1,357,978	15.1%
Total Objects	\$ 212,874,134	\$ 189,912,043	\$ 206,009,303	\$ 16,097,260	8.5%
Funds					
01 General Fund	\$ 101,665,871	\$ 95,167,239	\$ 96,816,654	\$ 1,649,415	1.7%
03 Special Fund	3,069,424	3,156,019	2,568,948	-587,071	-18.6%
05 Federal Fund	104,538,118	91,213,785	106,248,701	15,034,916	16.5%
09 Reimbursable Fund	3,600,721	375,000	375,000	0	0%
Total Funds	\$ 212,874,134	\$ 189,912,043	\$ 206,009,303	\$ 16,097,260	8.5%

Note: The fiscal 2010 appropriation does not include deficiencies.

<u>Program/Unit</u>	Fiscal Summary		<u>FY11 Allowance</u>	<u>Change</u>	<u>FY10 - FY11 % Change</u>
	<u>FY09 Actual</u>	<u>FY10 Wrk Approp</u>			
01 Office of the Secretary	\$ 12,361,510	\$ 11,104,734	\$ 12,450,848	\$ 1,346,114	12.1%
02 Citizen's Review Board for Children	1,723,694	1,696,661	1,534,415	-162,246	-9.6%
03 Commissions	381,924	184,265	172,954	-11,311	-6.1%
04 Legal Services Program Management	16,324,301	16,410,315	16,382,866	-27,449	-0.2%
05 Office of Grants Management	31,838,429	24,921,289	23,995,347	-925,942	-3.7%
01 Division of Budget, Finance and Personnel	16,106,440	15,007,590	16,085,615	1,078,025	7.2%
02 Division of Administrative Services	10,448,932	8,656,067	8,379,717	-276,350	-3.2%
02 Major Information Technology Development Projects	6,402,608	4,164,425	18,342,830	14,178,405	340.5%
04 General Administration	75,130,755	65,627,577	66,239,666	612,089	0.9%
05 General Administration	42,155,541	42,139,120	42,425,045	285,925	0.7%
Total Expenditures	\$ 212,874,134	\$ 189,912,043	\$ 206,009,303	\$ 16,097,260	8.5%
General Fund	\$ 101,665,871	\$ 95,167,239	\$ 96,816,654	\$ 1,649,415	1.7%
Special Fund	3,069,424	3,156,019	2,568,948	-587,071	-18.6%
Federal Fund	104,538,118	91,213,785	106,248,701	15,034,916	16.5%
Total Appropriations	\$ 209,273,413	\$ 189,537,043	\$ 205,634,303	\$ 16,097,260	8.5%
Reimbursable Fund	\$ 3,600,721	\$ 375,000	\$ 375,000	\$ 0	0%
Total Funds	\$ 212,874,134	\$ 189,912,043	\$ 206,009,303	\$ 16,097,260	8.5%

Note: The fiscal 2010 appropriation does not include deficiencies.