

Department of Legislative Services
 Maryland General Assembly
 2010 Session

FISCAL AND POLICY NOTE

Senate Bill 767 (Senator Gladden)
 Education, Health, and Environmental Affairs

Governor's Office for Children - Division of Licensing and Monitoring of Residential Child Care Programs

This bill creates a Division of Licensing and Monitoring of Residential Child Care Programs (RCCPs) in the Governor’s Office for Children (GOC). The division must serve as a single point of entry for license applicants and current providers that wish to expand an existing RCCP. A person must be licensed by the division before operating a RCCP in the State. Licensing responsibilities for RCCPs shift from the Department of Juvenile Services (DJS) and the Department of Human Resources (DHR) to the new division. Individuals who wish to provide residential services to a child with developmental disabilities or a recipient of individual support services that are provided in a group home must be licensed by the division in addition to being licensed by the Department of Health and Mental Hygiene (DHMH). The Children’s Cabinet has oversight authority over the division and must adopt regulations.

Fiscal Summary

State Effect: General fund expenditures increase by \$997,800 in FY 2011 and by at least \$1.2 million annually beginning in FY 2012 to reflect the cost for GOC to hire additional staff for the new division and for ongoing operating expenses. Revenues are not affected.

(in dollars)	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	997,800	1,198,200	1,248,200	1,300,700	1,355,800
FF Expenditure	0	0	0	0	0
Net Effect	(\$997,800)	(\$1,198,200)	(\$1,248,200)	(\$1,300,700)	(\$1,355,800)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: To qualify for a license, an applicant must be incorporated and meet any other applicable requirements established by regulation. An applicant for a license must submit an application to the division. The division must evaluate the application, inspect the proposed location for the RCCP, and issue or deny the license. As the single point of entry for RCCP licensing, the division must: (1) provide information to persons interested in operating a RCCP; (2) license a RCCP for which a need has been identified by DHMH, DHR, or DJS through the statement of need process; and (3) monitor RCCPs in accordance with requirements for the licensing and monitoring of RCCPs.

The bill does not apply to: (1) a parent or guardian of the child; (2) an individual related to the child by blood or marriage, as specified; (3) a person who exercises temporary care, custody, or control over the child at the request of a parent or guardian of the child and is not otherwise required to be licensed; (4) a person with whom the child is placed in individual family care or foster care by a licensed child placement agency, a court of competent jurisdiction, DHMH, DHR, or DJS and who is otherwise required to be licensed; or (5) an institution operated by DHMH, DJS, DHR, or a political subdivision of the State.

A person is prohibited from operating, attempting to operate, or representing oneself as operating a RCCP unless appropriately licensed. A violator is guilty of a misdemeanor and on conviction is subject to a fine of up to \$1,000 for the first offense and up to \$10,000 for each subsequent offense. A person may appeal, as authorized by the Administrative Procedure Act, any sanction or fine imposed by the division.

The bill indicates a legislative intent for the Governor to transfer specified positions and funding from DHR and DJS to the newly created division. The bill specifies that the transfer of duties and employees from DHR and DJS must be made using existing resources.

Current Law: RCCPs, often referred to as group homes, represent one form of out-of-home placements. RCCPs offer homelike settings that provide structure and 24-hour supervision, basic care, social work, and health care services. DHR, DJS, and DHMH license, monitor, and place children in RCCPs according to individual agency standards.

Background: The bill’s preamble indicates that the Task Force to Study Licensing and Monitoring of Community-Based Homes for Children reported among its findings the uneven application of standards and varying interpretations of regulations by the agencies monitoring group homes.

State Fiscal Effect: General fund expenditures increase by \$997,800 in fiscal 2011, which accounts for the bill’s October 1, 2010 effective date. This estimate reflects the cost for GOC to hire eight administrators, two support staff, and two supervisors to license and monitor RCCPs, provide technical assistance and support, and oversee the new division. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Salaries and Fringe Benefits:	\$732,746
Operating Expenses	<u>\$265,099</u>
Total FY 2011 State Expenditures	\$997,845

The information and assumptions used in calculating the estimate are stated below.

- Although the bill transfers monitoring and licensing responsibilities, positions and associated funding from DHR and DJS, it does not transfer the responsibilities, positions, or funding from DHMH. Accordingly, GOC advises it will require eight administrators to license and monitor providers who provide residential services to a child with developmental disabilities or a recipient of individual support services that are provided in a group home.
- The funding that is specified for transfer in the bill is mostly funding related to the salaries and fringe benefits for the transferred positions (although DJS does transfer \$500 for supplies and \$50,500 for travel). Accordingly, GOC expenditures will increase by \$265,100 in fiscal 2011 only, which includes one-time start-up costs and by at least \$204,900 annually for ongoing operating expenses associated with the new division.
- The transferred positions do not include supervisors or support staff. GOC will need to hire two support staff, one supervisor, and one technical support staff to support and oversee the work of the newly created division.
- The bill indicates an intent to transfer positions and funding from DJS and DHR. The estimate assumes that these positions and funding are transferred and only accounts for new State expenditures.

The bill indicates an intent to transfer 16 positions and \$1,239,588 (\$710,799 in general funds and \$528,789 in federal funds) from DHR to GOC. Because the responsibilities associated with these positions and funding are also being transferred to GOC, there is no fiscal impact to DHR. GOC also notes that it will need to enter into a memorandum of understanding (MOU) with DHR to be able to obtain the federal funds that are proposed for transfer. For purposes of this analysis, it is assumed that a valid MOU will be executed

The bill also indicates an intent to transfer 11 positions and \$1,192,882 in general funds for these positions from DJS to GOC. DJS advises that because the responsibilities associated with these positions and funding are also being transferred to GOC, there is no fiscal impact to DJS. DJS and GOC both advise that the actual positions and funding associated with this responsibility should be 10 positions and \$865,214 in general funds. For purposes of this analysis, it is assumed that the correct amount will be transferred.

Additional Information

Prior Introductions: None.

Cross File: HB 1271 (Delegate Jones, *et al.*) - Health and Government Operations.

Information Source(s): Baltimore, Garrett, and Montgomery counties; Governor's Office for Children; Department of Human Resources; Maryland State Department of Education; Department of Health and Mental Hygiene; Judiciary (Administrative Office of the Courts); Department of Juvenile Services; Office of Administrative Hearings; Department of Legislative Services

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Analysis by: Jennifer K. Botts

Direct Inquiries to:
(410) 946-5510
(301) 970-5510