

N00B
Child Welfare
Department of Human Resources

Operating Budget Data

(\$ in Thousands)

	<u>FY 06</u> <u>Actual</u>	<u>FY 07</u> <u>Working</u>	<u>FY 08</u> <u>Allowance</u>	<u>FY 07-08</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Fund	\$285,023	\$350,225	\$337,112	-\$13,113	-3.7%
Special Fund	2,896	5,257	3,737	-1,520	-28.9%
Federal Fund	202,761	203,653	228,884	25,231	12.4%
Reimbursable Fund	<u>7,595</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Total Funds	\$498,275	\$559,135	\$569,734	\$10,598	1.9%

- The fiscal 2008 allowance is \$10.6 million more than the current year's budget. One-time health savings mask the true increase, however. If these savings are adjusted for, the budget actually grows by \$17.1 million, or 3.1%.
- The federal fund increase mainly comprises Foster Care Title IV-E (\$12.1 million), Temporary Assistance for Needy Families (\$4.6 million), Medical Assistance (\$4.6 million), and Foster Care Independent Living (\$2.1 million).
- An increase of \$100 in the monthly foster family rate adds \$2.50 million to the budget. Creation of a Baltimore City Health Suite adds \$1.25 million.

Personnel Data

	<u>FY 06</u> <u>Actual</u>	<u>FY 07</u> <u>Working</u>	<u>FY 08</u> <u>Allowance</u>	<u>FY 07-08</u> <u>Change</u>
Regular Positions	2,541.70	2,541.70	2,542.70	1.00
Contractual FTEs	<u>3.45</u>	<u>0.50</u>	<u>2.50</u>	<u>2.00</u>
Total Personnel	2,545.15	2,542.20	2,545.20	3.00

Vacancy Data: Regular Positions

Turnover, Excluding New Positions	101.71	4.00%
Positions Vacant as of 12/31/06	174.00	6.85%

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

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- Regular positions increase by a net of one comprising four new positions for the Licensing and Monitoring Unit offset by abolition of three long-term vacancies.
- Two new contractual positions are assigned to the Child Welfare Training Academy.

Analysis in Brief

Major Trends

Children Reside in Permanent Homes: The number of finalized adoptions declined for the second year in a row. The percent of children adopted or placed for adoption within 24 months of entry in the child welfare system remains unchanged from the prior year.

Children Are Safe from Abuse and Neglect: The percent of children with a recurrence of maltreatment within six months of a first occurrence declined in fiscal 2006, and the trend has been downward since fiscal 2003. The percent of children who could not remain with their families for at least one year after receiving in-home family services declined slightly in fiscal 2006.

Issues

Implementation of MD CHESSIE Interferes with DHR's Ability to Track Caseloads: As local departments of social services switched over to the Maryland Children's Electronic Social Services Information Exchange computer system (MD CHESSIE), caseload data previously reported became unavailable, calling into question the ability of the Department of Human Resources (DHR) to monitor and manage its child welfare caseload.

Additional Child Welfare Caseworker and Supervisor Positions Needed to Meet the Child Welfare League of America Standards: As required by language added to its fiscal 2007 appropriation, DHR developed a new methodology for calculating the staffing levels needed to meet standards recommended by the Child Welfare League of America (CWLA) which factors in employee leave and training hours. Applying the new methodology indicates that 2,170.76 filled child welfare caseworker and supervisor positions are needed to meet the CWLA standard. DHR currently has a shortfall in its ability to meet the standard of nearly 90 authorized positions and a shortfall of over 211 filled positions.

Recommended Actions

1. Add budget bill language to N00G00.01 restricting use of funds to the purposes appropriated or for transfer to N00G00.03 Child Welfare Services
2. Add budget bill language to N00G00.03 restricting use of funds to the purposes appropriated or for transfer to N00G00.01 Foster Care Maintenance Payments
3. Add language to the Child Welfare Services general fund appropriation restricting funds unless the Department of Human Resources has 2,041 filled child welfare caseworker and supervisor positions on December 1, 2007, and March 1, 2008

Updates

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

DHR Reports on Study for Differential Response Implementation: Pursuant to Chapter 632 of 2006, DHR reported on the steps necessary to implement a differential response system in three jurisdictions as a pilot project and subsequently statewide.

State Oversight of Group Homes: Legislative concerns during the 2005 interim, regarding the adequacy of group home operations and oversight, led to enactment of three bills and the adoption of fiscal 2007 budget bill language. The status of required actions and reporting is discussed.

N00B – DHR – Child Welfare

N00B
Child Welfare
Department of Human Resources

Operating Budget Analysis

Program Description

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

Key goals of the Social Services Administration include:

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

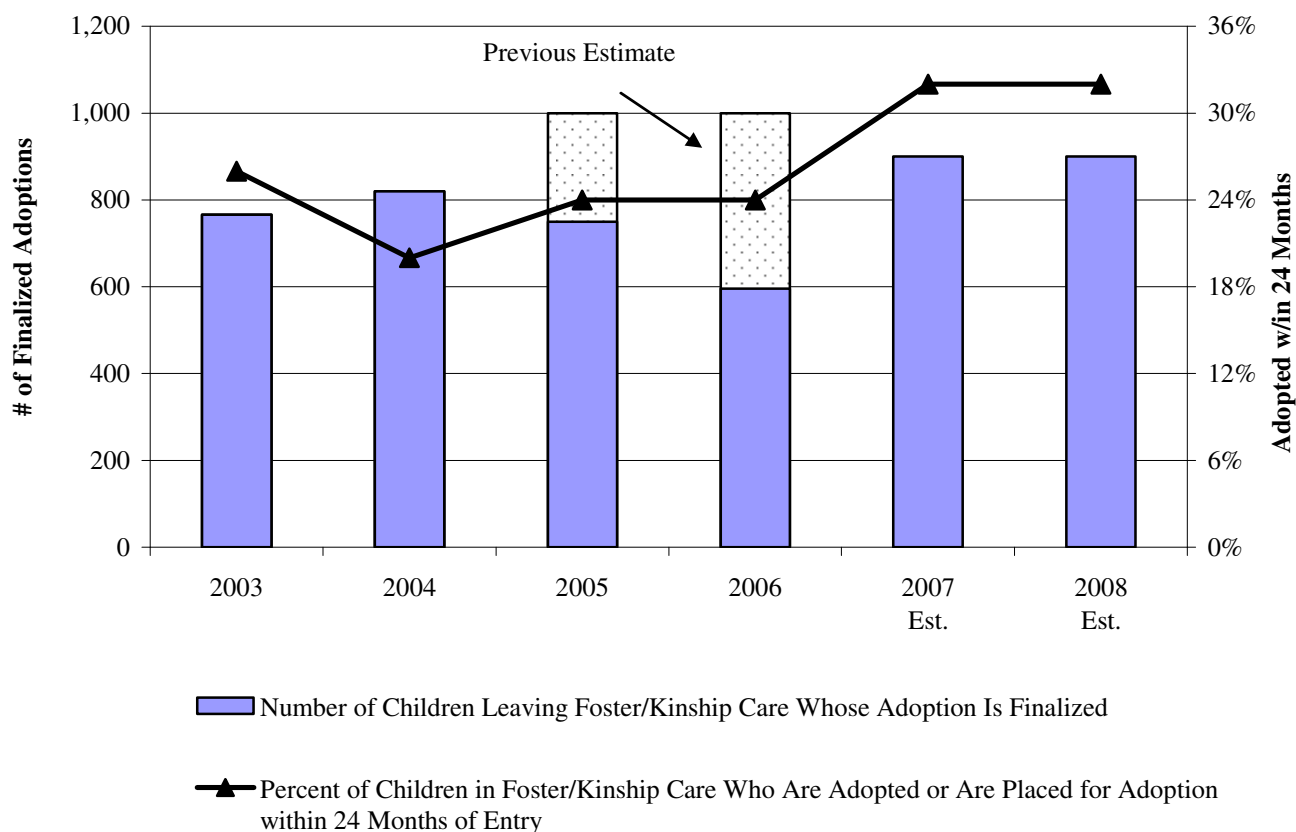
Performance Analysis: Managing for Results

Children Reside in Permanent Homes

Exhibit 1 shows the number of children leaving foster/kinship care whose adoption is finalized and the percent of children in foster/kinship care who are adopted or placed for adoption within 24 months of entering the child welfare system.

The number of adoptions finalized declined for the second straight year in fiscal 2006 to just under 600. DHR estimates that there will be 900 adoptions finalized in fiscal 2007 and 2008 which is still below the 1,000 per year it estimated for the 2005 legislative session. After dropping between fiscal 2003 and 2004, the percent of children in foster/kinship care who are adopted or placed for adoption within 24 months of entering the child welfare system increased in fiscal 2005 and remained level in 2006. DHR estimates an increase in this percentage for fiscal 2007 and 2008.

Exhibit 1
Children Served by DHR Reside in Permanent Homes
Fiscal 2003-2008

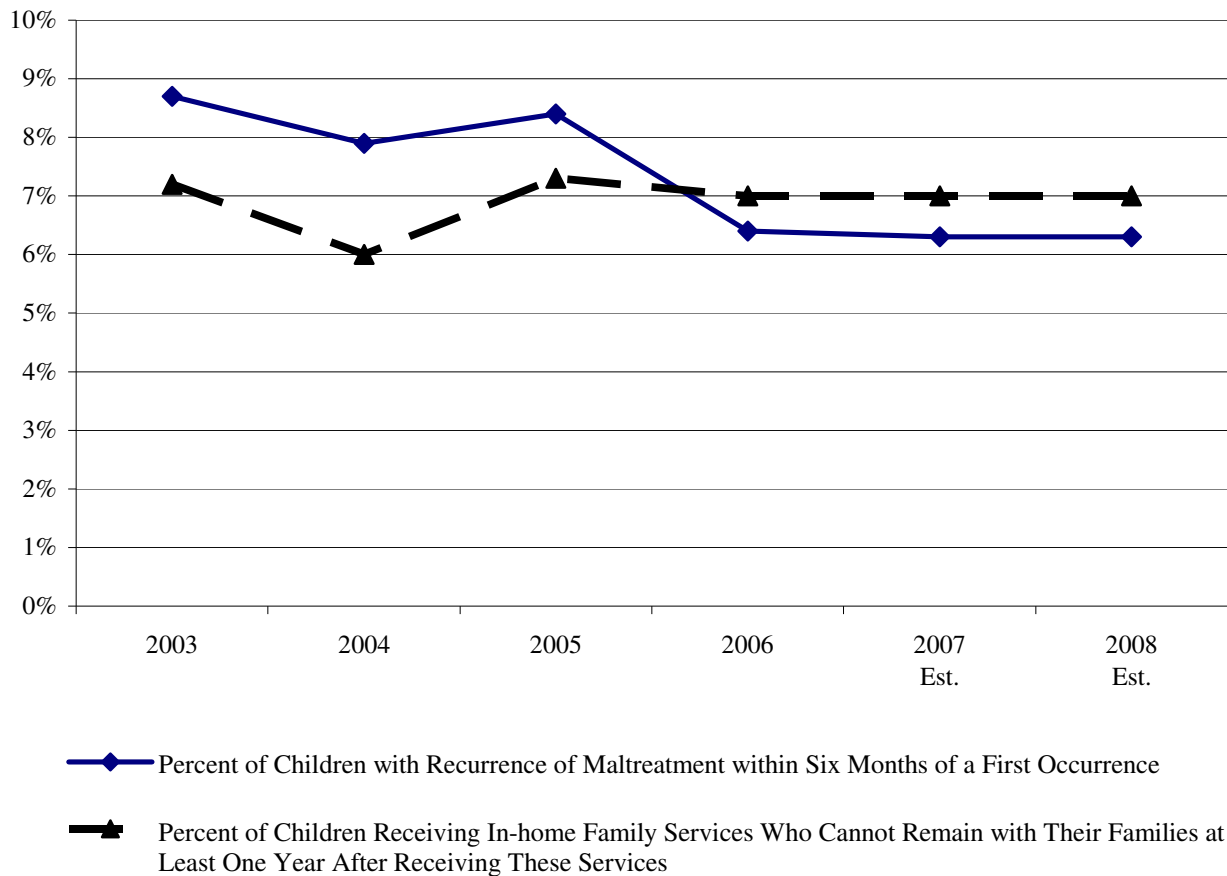


Source: Governor's Budget Books, Fiscal 2008

Children Are Safe from Abuse and Neglect

Exhibit 2 shows the percent of children with a recurrence of maltreatment within six months of a first occurrence and the percent of children receiving in-home family services who were unable to remain with their families for at least one year after receiving these services. The percent of children with a recurrence of maltreatment declined between fiscal 2005 and 2006 and is projected to remain at the fiscal 2006 level through fiscal 2008. The percent of children who could not remain with their families for at least a year after receiving in-home family services decreased slightly between fiscal 2005 and 2006 and is also projected to remain at the fiscal 2006 level through fiscal 2008.

Exhibit 2
Children Served by DHR Are Safe from Abuse and Neglect
Fiscal 2003-2008

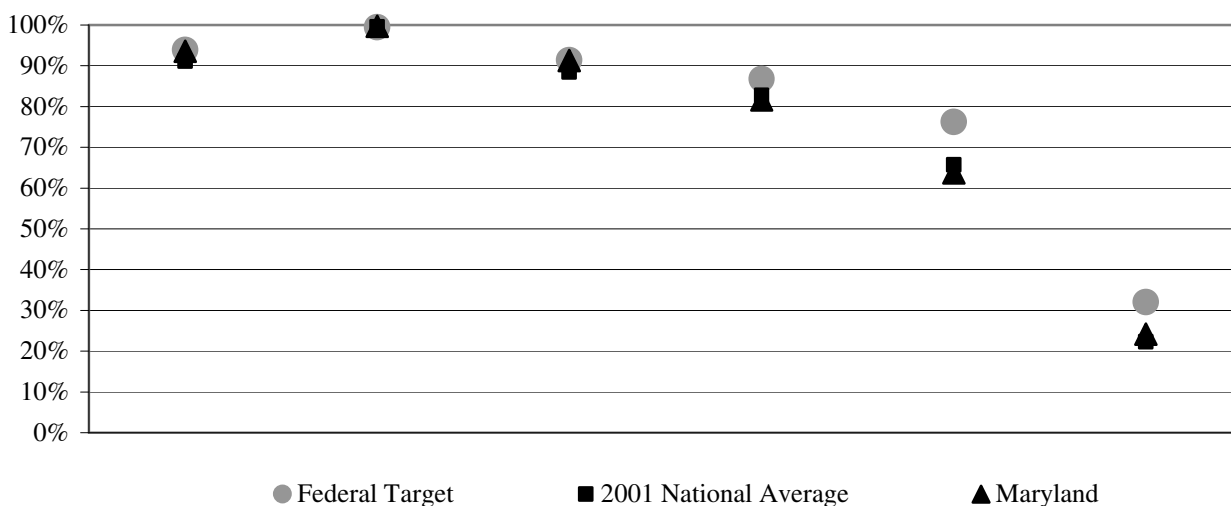


Source: Governor's Budget Books, Fiscal 2008

Federal Child Welfare Performance Measures

Exhibit 3 illustrates Maryland's performance on six federal child welfare performance measures. Maryland met only one of the federal targets but was above the 2001 national average on four of the measures and showed improvement in four of the measures compared with last year.

Exhibit 3 Maryland's Performance Compared to Federal Standards and National Averages



	Children without a Substantiated Recurrence of Maltreatment within Six Months of Case Closure ¹	Child Not Subject of Substantiated Maltreatment by Foster Parent or Facility Staff ^{1,2}	Children Not Re-entering Foster Care within 12 Months of Prior Episode ^{1,3}	Children in Foster Care Less Than One Year Who Have Had Two or Fewer Placements ³	Children Exiting Foster Care through Reunification Who Do So within One Year of Entry ⁴	Children Exiting Foster Care through Adoption Who Do So within Two Years of Entry ⁵
Federal Target	93.9%	99.4%	91.4%	86.7%	76.2%	32.0%
National Average	91.1%	99.5%	88.5%	82.7%	65.7%	22.3%
Maryland	93.6%	99.7%	91.3%	81.6%	63.7%	24.2%

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

² Maryland data does not include facility staff.

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

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

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

Source: Department of Human Resources

Fiscal 2007 Actions

Proposed Deficiency

There is a proposed deficiency appropriation for fiscal 2007 to bring in federal funds of \$975,653 which will be used for educational services in the Independent Living Program. The source of funds is the Chafee Education and Training Voucher Program.

Governor's Proposed Budget

As illustrated in **Exhibit 4**, the fiscal 2008 allowance for Child Welfare increases \$10.6 million. The allowance contains three small initiatives. The first is a \$100 increase in the monthly payment to foster families which adds \$2.5 million to the budget. The Department of Human Resources intends to continue to increase the foster family rate until it is comparable with the rate paid by the District of Columbia (DC). Prior to January 1, 2006, foster care family rates had not been increased since 1991. Over fiscal 2006 and 2007, monthly rates were increased a total of \$100. The fiscal 2008 rate increase will bring total increases in the past three years to \$200. Currently, the Maryland rate is approximately \$200 less than the rate paid by DC. The fiscal 2008 allowance will bring Maryland within \$100 of the current DC rate.

The second initiative is the creation of a Baltimore City Health Suite. The suite will operate 24 hours a day and will provide an initial health screening as children come into the department's care. The unit will also track medical and dental appointments for the city's foster children, and should the foster parents not be able to transport their foster child to an appointment, a transportation aide associated with the health suite will provide that service. This initiative is intended to address one aspect of the Massinga Consent Decree which the city's local department of social services has been operating under since 1988. The \$1.25 million for the health suite will be provided from 50% general funds, 25% federal Foster Care – Title IV-E dollars, and 25% federal Medical Assistance dollars.

The third initiative involves a \$400,000 increase in staff development to train local departments of social services in Family Centered Practice which is a decision-making model used when a child must be removed from the home and which involves as much of the extended family and community resources as possible to develop a plan that leads to permanence for the child.

Exhibit 4
Governor's Proposed Budget
Child Welfare
(\$ in Thousands)

How Much It Grows:	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Total</u>
2007 Working Appropriation	\$350,225	\$5,257	\$203,653	\$559,135
2008 Governor's Allowance	<u>337,112</u>	<u>3,737</u>	<u>228,884</u>	<u>569,734</u>
Amount Change	-\$13,113	-\$1,520	\$25,231	\$10,598
Percent Change	-3.7%	-28.9%	12.4%	1.9%

Where It Goes:

Personnel Expenses

Increments and other compensation	\$2,858
Retirement	2,174
New positions for group home monitoring.....	187
Health insurance costs decline due to one-time savings.....	-5,020
Salary savings due to hiring at or near base level.....	-1,213
Abolished/transferred positions.....	-130
Other fringe benefit adjustments	58

Protecting Children

Increase in average foster care payments due to trend toward higher cost placements, an increase in payment rates for institutional providers, and the fiscal 2007 budget understating the average payment	27,738
Foster care family rate increase of \$100 per month.....	2,500
Baltimore City Health Suite contract.....	1,250
Replacement of 108 vehicles (\$884,000) and fuel cost increase (\$154,000)	1,038
Increased Flex Funds which are used to try to prevent out-of-home placements or for emergency or unanticipated expenses	1,000
Rent increases statewide.....	954
Home inspections, mental health and preventing out-of-home placement contracts	814
Montgomery County block grant.....	501
Family Centered Practice – Train the Trainer initiative	400
University of Maryland training contracts increase.....	360
Replacement of office equipment for local departments of social services.....	350
Various contractual services contracts.....	347
In-state travel	288

N00B – DHR – Child Welfare

Where It Goes:

Child Welfare Training Academy and staff development	199
Increase in utilities	108
Volunteer travel for Foster Parent Association.....	87
Independent Living grants and stipends and tuition	26
Foster Care insurance	23
Foster Care caseload decrease	-24,170
Promoting Safe and Stable Families decreases due to use of prior year balances in fiscal 2007 that do not carry forward.....	-2,318
Decrease in communications to reflect current experience	-738
Other Changes	928
Total	\$10,598

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

Caseload and Expenditure Trends

Exhibit 5 shows trends in foster care and adoption caseloads and expenditures from fiscal 2006 through 2008. Due to the implementation of the rollout of the Maryland Children's Electronic Social Services Information Exchange computer system (MD CHESSIE), DHR has been unable to provide caseload data since May 2006 (See Issue 1). Therefore, the caseload estimates in Exhibit 5 are based on caseload trends that are over seven months old. Based on the Department of Legislative Services analysis, the current year budget may be underfunded by approximately \$2.7 million, and the fiscal 2008 allowance may be overstated by almost \$6 million. **It is recommended that language be added to the Foster Care Maintenance appropriation restricting the use of funds to only be used for foster care payments or for transfer to the Child Welfare program. Similar language was added by the General Assembly to the current year's appropriations.**

Exhibit 5
Foster Care and Subsidized Adoption Caseload and Expenditures
Fiscal 2006-2008

	<u>2006</u>	<u>DLS</u> <u>Estimate</u> <u>2007</u>	<u>DLS</u> <u>Estimate</u> <u>2008</u>	<u>Average</u> <u>Annual</u> <u>% Change</u> <u>2006-08</u>
Caseload				
Foster Care	6,607	6,328	6,059	-4.2%
Adoptions	6,878	7,327	7,806	6.5%
Total	13,485	13,655	13,865	1.4%
Expenditures				
Monthly Cost Per Case	\$1,874	\$1,975	\$2,019	3.8%
Total Cost (\$ in Millions)				
Caseload Only	\$303.3	\$323.6	\$336.0	5.2%
Total *	\$313.7	\$348.7	\$347.2	5.2%

*Includes Flex Funds and, in fiscal 2007, \$14,232,942 for charges accrued in fiscal 2006 but rolled forward for payment.

DLS: Department of Legislative Services

Source: Department of Human Resources; Department of Legislative Services

Issues

1. Implementation of MD CHESSIE Interferes with DHR’s Ability to Track Caseloads

Prior to the rollout of MD CHESSIE, DHR tracked caseload data using its Client Information System (CIS.) Using the CIS, the department produced a monthly report called the *Monthly Management Report* (MMR) which provided information by jurisdiction on caseload numbers and activity levels for Child Protective Services, Family Preservation, Services to Families with Children, Kinship Care, Foster Care, and Adoption. As jurisdictions started using MD CHESSIE, however, the MMR showed either a zero or a number that had no relationship to levels and trends apparent prior to the changeover. Harford County, which was the pilot for the rollout of MD CHESSIE, had no data reported in the MMR after December 2005. DHR stopped producing the MMR after the May 2006 edition, and the May data were unusable for State level data due to implementation of MD CHESSIE in an additional eight counties.

Although, MD CHESSIE does have the capability to produce workload and caseload reports, it may take some time until sufficient data are entered and the bugs are worked out of the system. DHR has been unable to provide requested caseload data because the reports produced by MD CHESSIE have not been close to what would be expected, which indicates either incorrect data entry, problems in the programming of the data retrieval, or some combination of the two. While it is understandable that reports produced by an old system would be discontinued and replaced with reports produced in a newer system, there appears to have been no provision made for maintaining the ability to report caseload data during the changeover period. This inability to monitor the current caseload calls into question the basis on which managerial and budget decisions are being made. Without knowing the size and composition of the caseload, caseload-to-staff ratios can not be computed and monitored. **DHR should inform the committees on the efforts it is making to fix the data retrieval problems related to MD CHESSIE, how it is managing the child welfare caseload in the absence of reliable data, and when it expects reliable data to be available.**

2. Additional Child Welfare Caseworker and Supervisor Positions Needed to Meet the Child Welfare League of America Standards

Background

In December 2005, the Office of Legislative Audits released a performance audit of DHR’s Child Welfare Services that examined the methods used to calculate caseworker-to-caseload ratios. Since enactment of the Child Welfare Workforce Initiative of 1998, DHR has been required to work toward meeting the staff-to-caseload levels recommended by the Child Welfare League of America (CWLA). The audit concluded that DHR was incorrectly calculating these ratios because it was not subtracting the time that caseworkers spent in training and on leave when determining the caseload

levels. As a result, DHR was underestimating the number of filled caseworker and supervisor positions it would need to maintain in order to meet the CWLA standards.

Fiscal 2007 Budget Bill Language

During the 2006 legislative session, the General Assembly added language restricting \$2 million of DHR'S Child Welfare Services budget until the department developed a methodology for determining the number of filled positions needed to meet the CWLA standard. The language required DHR to contract with CWLA for technical assistance and also required a report outlining the new methodology and the number of filled positions that would be required under the new methodology.

The language also restricted an additional \$2 million until DHR demonstrated that it had a certain number of filled caseworker and supervisor positions on two target dates: December 1, 2006, and March 1, 2007. The required number of filled positions was the lesser of the number to meet the CWLA guidelines as calculated using the new methodology, or 1,941. The latter number was derived using the January 1, 2006 target of 1,863 filled positions that had been imposed by language added to the fiscal 2006 budget, and adding half the number that the legislative audit had indicated would likely be needed were employee leave and training to be taken into consideration when developing the caseload ratios.

New Methodology

The report submitted pursuant to the budget bill language indicates that the optimal method for the determination of reasonable workload in any child welfare system is through a detailed task and workload analysis. Such an analysis was not possible, however, given the short timeline set forth in the budget bill language. DHR, in consultation with CWLA, therefore, utilized a general "one-third rule" recommended in academic studies of child welfare systems and from workload analyses performed by other states. Using the one-third rule, 33% of the standard work hours are deducted to account for non-casework activities. The result is an estimated 116 hours of casework per employee per month. As calculated by DHR and shown in **Exhibit 6**, based on a 12-month average caseload, 1,808.97 filled caseworker and 361.79 filled supervisor positions would be needed to meet the CWLA standard.

DHR indicates in its report that it intends to use the official personnel database that is updated and distributed through the Department of Budget and Management (DBM) as the basis for its reports on filled positions. The legislative audit had indicated that the numbers of caseworkers detailed in previous DHR reports could not be verified. Utilizing the DBM database will allow DHR's position numbers to be verified.

Exhibit 6
CWLA Staffing Standard and Position Shortfalls

	<u>CWLA Standard</u>	<u>FY 2007 Authorized FTEs</u>	<u>FTE Shortfall</u>	<u>Filled as of Dec. 1, 2006</u>	<u>Filled Shortfall</u>
Caseworker	1,808.97	1,736.80	72.17	1,651.30	157.67
Supervisor	361.79	344.00	17.79	308.00	53.79
Total	2,170.76	2,080.80	89.96	1,959.30	211.46

CWLA: Child Welfare League of America
FTE: Full-time equivalent

Source: Department of Human Resources

Discussion

Taking employee leave patterns and training into account added 308 full-time equivalent positions to the filled position target. As Exhibit 6 shows, DHR has 89.96 fewer authorized positions in fiscal 2007 than would be needed to meet the CWLA standard assuming all authorized positions were filled. Realistically, DHR would need between 180 and 204 additional authorized positions in order to maintain the number of filled positions at the CWLA recommended level with a 4 to 5% vacancy rate.

DHR met, on an aggregate basis, the December 1, 2006 filled position target set in the fiscal 2007 budget bill language. As **Exhibit 7** shows, however, there is a great deal of variation among the local departments *vis-à-vis* the CWLA standard. Sixteen local departments currently meet or exceed the CWLA standard for filled caseworker positions while seven do not (Montgomery County is excluded from this analysis because it receives a block grant from the State and its local office employees are county rather than State employees.) On a numerical basis, Baltimore City is furthest from meeting the CWLA standard with a shortfall of 231 caseworkers. On a percentage basis, Wicomico is furthest from meeting the standard with its 10.6 caseworker position shortfall equating to 26.2% compared with a 24.5% position shortfall for Baltimore City.

The fiscal 2008 allowance for the department contains no new caseworker and supervisor positions. DHR indicates that due to high turnover, it is having difficulty recruiting enough workers to maintain its current staffing level, and therefore, does not feel additional authorized positions would be helpful at this time. This attitude may be self defeating, however, since turnover might very well decrease if caseload levels were lower. In any event, it is obvious that DHR needs to devote

Exhibit 7
Local Departments of Social Services Staffing
Compared to CWLA Standards

<u>Local Department of Social Services</u>	<u>CWLA Caseworker Standard</u>	<u>Filled Caseworker Positions</u>	<u>Over/ (Under)*</u>	<u>CWLA Supervisor Standard</u>	<u>Filled Supervisor Positions</u>	<u>Over/ (Under)</u>
Allegany	36.18	61.25	25.07	7.24	7.00	-0.24
Anne Arundel	92.82	100.80	7.98	18.57	20.00	1.43
Baltimore City	942.51	711.50	-231.01	188.50	132.00	-56.50
Baltimore	148.99	122.15	-26.84	29.80	21.00	-8.80
Calvert	15.08	19.50	4.42	3.01	3.00	-0.01
Caroline	12.31	14.50	2.19	2.46	4.00	1.54
Carroll	28.29	31.00	2.71	5.66	8.00	2.34
Cecil	27.28	42.00	14.72	5.46	8.00	2.54
Charles	30.61	42.50	11.89	6.12	6.00	-0.12
Dorchester	11.32	18.00	6.68	2.26	5.00	2.74
Frederick	49.91	50.50	0.59	9.98	11.00	1.02
Garrett	10.14	18.00	7.86	2.03	3.00	0.97
Harford	42.57	50.50	7.93	8.51	11.00	2.49
Howard	35.06	31.00	-4.06	7.01	7.00	-0.01
Kent	4.27	8.00	3.73	0.85	2.00	1.15
Prince George's	132.11	145.50	13.39	26.42	25.00	-1.42
Queen Anne's	7.79	11.50	3.71	1.56	3.00	1.44
St. Mary's	25.35	25.10	-0.25	5.07	3.00	-2.07
Somerset	13.51	18.50	4.99	2.70	3.00	0.30
Talbot	10.86	10.00	-0.86	2.17	4.00	1.83
Washington	74.54	71.00	-3.54	14.91	11.00	-3.91
Wicomico	40.63	30.00	-10.63	8.13	8.00	-0.13
Worcester	16.84	18.50	1.66	3.37	3.00	-0.37
Total	1,808.97	1,651.30	-157.67	361.79	308.00	-53.79

CWLA: Child Welfare League of America

*Because filled positions cannot be transferred from jurisdictions which exceed the CWLA standards, an additional 277.19 positions would need to be filled in jurisdictions that currently are not meeting the standard in order for all jurisdictions to have the requisite number of filled positions.

Source: Department of Human Resources

more effort toward retaining caseworkers if it hopes to increase the number of filled positions. In compliance with requirements of the Child Welfare Accountability Act of 2006, DHR has signed a memorandum of understanding with the University of Maryland's School of Social Work to conduct a workforce retention study. The study is not expected to be complete, however, until June 2007.

Within its current complement of positions DHR does have some ability to increase the number of caseworker positions through reclassifications. Indeed, DHR added just over 100 caseworker and supervisor positions through this method in fiscal 2007 which helped it exceed the December 1, 2006 filled position target imposed in the budget bill. DHR advises that it intends to utilize 130 vacant but funded positions available departmentwide in order to increase the number of filled caseworker positions in fiscal 2007 and 2008.

An additional challenge to maintaining an adequate number of caseworkers is determining the actual caseload. As discussed in Issue 1, MD CHESSIE is not yet ready for prime time in regard to accurate data relating to caseloads. The caseload ratios included in DHR's report are based on the 12-month average ending April 2006, just prior to the MD CHESSIE rollout in the first eight counties and after the rollout had occurred in Harford County which was the pilot county. DHR intends to reevaluate the staffing needs at least semi-annually but will be unable to do so until reliable data are available.

Conclusion

DHR has made progress in filling caseworker positions. There were 96 more filled caseworker positions on December 1, 2006, than there were on January 1, 2006. With only 86 vacant caseworker positions, however, further progress will soon be limited by the number of authorized positions available to be filled and/or reclassified. **DHR should explain to the committees how it intends to continue its progress toward meeting the CWLA staffing standards.**

Budget language to restrict funds in DHR's budget, unless it meets a filled position target of 2,041 caseworkers and supervisors, is included in the Recommended Actions section for consideration. This is an increase of 100 filled positions compared to the December 1, 2006 target which DHR met. DHR has indicated it expects to meet the CWLA target incrementally by increasing filled positions by approximately 100 positions a year. Budget language is also recommended to restrict funds budgeted for child welfare services to that purpose only or for transfer to foster care maintenance payments.

Recommended Actions

1. Add the following language:

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

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

2. Add the following language:

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

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

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

. provided that \$1,000,000 of this appropriation may not be expended unless the Department of Human Resources has on December 1, 2007, at least 2,041 filled child welfare caseworker and supervisor positions.

Further provided that \$1,000,000 of this appropriation may not be expended unless the Department of Human Resources has on March 1, 2008, at least 2,041 filled child welfare caseworker and supervisor positions.

Explanation: The Child Welfare Workforce Initiative of 1998 requires the Department of Human Resources to work toward maintaining sufficient filled child welfare caseworker and supervisor positions to meet the staffing standards recommended by the Child Welfare League of America. As of December 1, 2006, the department was 211 filled positions short of this goal with only 1,959 filled positions. The new target would require the department to increase the number of filled positions by about 100, the same level of increase it achieved over the past year.

Updates

1. Child Fatalities Involving Child Abuse or Neglect Reported

Committee narrative included in the 2005 *Joint Chairmen's Report* requested DHR to provide a report listing by jurisdiction the number of child fatalities that involved child abuse and/or neglect. The narrative requested that the report be updated annually. **Exhibit 8** displays the data provided by the department for calendar 2001 through 2005.

Exhibit 8
Child Deaths Reported to DHR Where Child Abuse or Neglect Are Determined
by DHR Staff to Be a Contributing Factor
Calendar 2001-2005

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>Total</u>
Allegany	1		2			3
Anne Arundel		2		3	4	9
Baltimore City	10	7	7	10	3	37
Baltimore	6	2	1	3	7	19
Calvert		1		1		2
Caroline		2			2	4
Carroll		1	2		1	4
Cecil					1	1
Charles	1	1				2
Dorchester			1			1
Frederick			1	1	1	3
Garrett						0
Harford	2	2		2	1	7
Howard	1	3	1		1	6
Kent						0
Montgomery	4	2	2	1	1	10
Prince George's	4	5	3	2	4	18
Queen Anne's						0
St. Mary's						0
Somerset		1		1		2
Talbot						0
Washington	2	3	2	4	2	13
Wicomico	1	1			1	3
Worcester	2					2
Total	34	33	22	28	29	146

Source: Department of Human Resources

2. DHR Reports on Study for Differential Response Implementation

Chapter 632 of 2006 required DHR to conduct a study on the implementation of a research-based differential response system in Maryland and report its findings to the General Assembly. Differential response refers to a system of differing responses to reports of child abuse and neglect based on an assessment of risk to the welfare of children who are the subjects of a risk assessment report. Lower risk reports would be screened into an “assessment track” that would provide family support services intended to reduce the risk of future child maltreatment and hopefully divert the family from entering the child welfare system in the future.

In its report, DHR recommends the selection of three local jurisdictions (large, medium, and small) in which to implement a differential response system and the selection of three similar jurisdictions to act as a control group so that outcomes may be compared. As required by the legislation, DHR identified statutory changes that would be needed in order to implement a differential response study. These changes relate to authorizing assessments to be made to reports of child abuse or neglect rather than investigations as is currently required and to the establishment of clear policies on record keeping and record expungement. DHR also advises that changes would be required to MD CHESSIE to accommodate case tracking under differential response.

DHR notes in its report that differential response requires a broad spectrum of community-based family services. It is currently working with the National Child Welfare Resource Center for Organizational Improvement to assess the availability and capacity of 96 child welfare services in each of the 23 counties and Baltimore City. Once the assessment is complete, gaps in service or capacity can be addressed. Caseworker retraining would also be required to move from the traditional “investigation” approach to child protection to the new role in working with at-risk families prior to a finding of child abuse or neglect. Staffing levels would also likely need to increase under a differential response model.

DHR indicates that in order to implement a differential response system the effort would include:

- amending Maryland statutes to accommodate a phased-in approach to establishing a two-track differential response system;
- providing training of all child welfare staff and community partners on effective assessment and service planning;
- implementing the new system in three jurisdictions of varying size;
- evaluating the effectiveness of the new system; and
- completing statewide implementation, incorporating lessons learned from the evaluation.

3. State Oversight of Group Homes

During the 2005 interim, group home oversight was a topic of hearings before various legislative committees. Legislators expressed concerns that group home oversight was not sufficient, group homes were concentrated in certain areas of the State, and certain providers were not adequately supervising and caring for the children they serve. Interest in improving the oversight of group homes led to the enactment of three bills and the adoption of fiscal 2007 budget bill language.

Legislative Action During the 2006 Session

Enhanced Licensing Requirements

Chapter 275 of 2006 institutes additional licensure requirements for group homes licensed by DHR, the Department of Health and Mental Hygiene (DHMH), and the Department of Juvenile Services (DJS). An application to operate a group home must now include a business plan, a written quality assurance plan, and prior licensing reports issued within the previous 10 years. Furthermore, each group home's board of directors must include at least one Maryland resident, may not include employees or their immediate family members, and must adopt bylaws stating that board members are legally responsible for the group home's management and operation.

State Resource Plan for Residential Child Care Programs

Chapter 355 of 2006 requires the Governor's Office for Children (GOC) to develop a State Resource Plan for Residential Child Care Programs to enhance access to services provided by these programs. A preliminary plan was issued in May 2006.

Residential Child Care Capital Grant Program

Chapter 441 of 2006 established a Residential Child Care Capital Grant Program under GOC to make grants to local jurisdictions and nonprofit organizations to expand group home service capacity in Maryland. Beginning in fiscal 2008, the Governor may include an appropriation in the State capital budget for the program. The fiscal 2008 budget does not contain a capital appropriation for this purpose.

Fiscal 2007 Budget Bill Language Requirements

Fiscal 2007 budget bill language requires that independent audits from each group home be submitted to the Interagency Rates Committee (IRC), which sets group home rates and a review of the audits be incorporated into the rate setting process by March 31, 2007. The language also requires several reports from GOC and the three licensing agencies on (1) the level of earnings retained by providers; (2) the level of direct care spending; (3) how performance-based incentives can be incorporated into the rate setting process; (4) the number of incidents reported by providers; (5) the status of the implementation of previously enacted legislation regarding group homes; (6) the appropriate number of licensing and monitoring staff; and (7) how information sharing among child-serving agencies can be improved.

Executive Branch Action in Response to Fiscal 2007 Budget Language

Performance-based Incentives for Rate Setting

In October 2006, GOC submitted a report on performance-based rate setting for group homes. The current rate setting methodology for group homes does not include performance-based factors but uses a measure of the extent and intensity of services provided to children as a proxy for performance. According to the report, IRC has developed a performance-based rate process which will be implemented once a system for outcomes evaluation is implemented and operational.

Incidents Reported by Providers

GOC submitted a preliminary report on group home incidents and monitoring deficiencies in July 2006. GOC is currently developing a uniform incident and deficiency reporting system and plans to explore two options for obtaining police reports for incidents at group homes. One option would require memoranda of understanding between each licensing agency and local law enforcement. A second option would identify a contact in each of the licensing agencies who would obtain individual police reports and forward them to GOC.

The July 2006 report indicates that GOC will begin quarterly reporting by provider to the General Assembly on (1) monitoring deficiencies that caused harm or had the potential to cause harm to a child or the community; (2) incidents that caused harm or had the potential to cause harm to a child or the community; (3) incidents that required law enforcement intervention to the extent that the report has been provided to the licensing agency; and (4) available police reports involving group homes to the extent that the report has been provided to the licensing agency.

State Board for the Certification of Residential Child Care Program Administrators

Chapter 438 of 2004 requires that all residential child care program administrators be certified by the State Board for the Certification of Residential Child Care Program Administrators by October 1, 2007. DHMH submitted a status report on the board in November 2006 indicating that the board was appointed in October 2005 and has drafted regulations regarding certification, continuing education, ethical practice, and hearing procedures. The board has also commissioned Towson University to develop a State certification examination to be finalized in May 2007. The board's next steps include development of a fee schedule, licensing application, and process for disciplinary action.

Appropriate Numbers of Licensing and Monitoring Staff

In October 2006, GOC submitted a report on the ratio of licensing and monitoring staff to group homes for children. This report notes that due to the wide range of facilities monitored by the three licensing agencies, it is not possible to recommend a standard ratio. However, the report does quantify current workforce shortages in each of the agencies. The report concludes that the Office of Health Care Quality requires approximately 2.72 additional surveyors for group homes licensed by DHMH. DHR, which has 16 filled licensing and monitoring positions and was granted an additional

5 positions for fiscal 2007, requires 5 additional positions for a total requirement of 26. DJS notes that 1 additional licensing and monitoring position is required to meet future projected demand. The fiscal 2008 allowance contains 4 new positions for DHR but no additional positions for DHMH nor DJS.

Enrollment of Children in State-supervised Care and Prompt Transfer of Educational Records

In October 2006, the Maryland State Department of Education (MSDE) submitted a report on the implementation of Chapter 217 of 2003 and Chapter 308 of 2005 which require the timely enrollment of children in State-supervised care and prompt transfer of educational records. MSDE indicates that it adopted regulations relating to the timely enrollment of students after sharing the proposed regulations with the 24 local school systems. Similarly, regulations have been adopted concerning procedures and timelines for the transfer of records between sending schools and receiving schools which indicate that within five days of notification by the placement agency of the pending enrollment of a student, the sending school will have sent the student's educational records to the receiving school.

Pending Items

Two reports are still to be received. The first on the amount of direct care spending is expected at the end of January 2007. The second, relating to review of provider audits by the rate setting committee is due at the end of March 2007.

Additional Improvements in the Regulation of Group Homes

Several additional improvements have been made to the regulation and oversight of group homes since the 2006 session.

- In February 2006, the State initiated a toll-free hotline (866-718-5496) for community concerns. Callers with complaints about group homes are transferred to the licensing coordinator for that program, and a database of all calls is maintained. Each licensing agency is responsible for reporting the resolution of each complaint to GOC.
- In May 2006, GOC issued a Request for Proposals to local jurisdictions to compete for \$1 million in fiscal 2007 funds to increase group home service capacity. The funds were awarded to bolster capacity in Baltimore City and on the Eastern Shore.
- Uniform licensing and monitoring tools were developed and implemented, standardizing licensing and monitoring practices in all three agencies.

Current and Prior Year Budgets

Current and Prior Year Budgets Child Welfare (\$ in Thousands)

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2006					
Legislative Appropriation	\$298,004	\$1,846	\$182,428	\$10,968	\$493,246
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	-11,981	2,082	41,135	0	31,236
Reversions and Cancellations	-1,000	-1,032	-20,803	-3,373	-26,207
Actual Expenditures	\$285,023	\$2,896	\$202,761	\$7,595	\$498,275
Fiscal 2007					
Legislative Appropriation	\$349,024	\$5,176	\$203,653	\$0	\$557,854
Budget Amendments	1,201	81	0	0	1,282
Working Appropriation	\$350,225	\$5,257	\$203,653	\$0	\$559,135

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

Fiscal 2006

The fiscal 2006 budget for Child Welfare closed out \$5.0 million higher than the legislative appropriation. This increase was the net result of increases by budget amendments totaling \$31.2 million offset by reversions and cancellations at the end of the year totaling \$26.2 million.

General funds decreased by a net \$12.0 million through budget amendments. General fund increases for a general salary increase (\$778,230), health insurance reallocation (\$687,900), and the Child Welfare Training Academy (\$405,017) were offset by general fund decreases as funds were taken from the foster care maintenance payment account (\$3,210,739) and from savings in the salary account (\$10,641,312) and transferred to other areas of the Department of Human Resources' budget. These general fund transfers were more than offset by the addition of \$31.2 million of federal funds for foster care maintenance payments and \$10.0 million of federal dollars for the salary account. The bulk of the federal funds derived from two sources: Foster Care Title IV-E (\$17.6 million) and Medical Assistance (\$20.5 million). Special fund increases by budget amendment totaled \$2.1 million and represent greater than expected local government participation.

Reversions and cancellations totaled \$26.2 million. The general fund reversion of \$1.0 million represents funds that had been restricted by budget language until DHR developed plans for a differential response pilot project in one or more jurisdiction. DHR failed to develop the required plans, and thus, the funds were not released for expenditure. Of the \$1.0 million special fund cancellation, \$419,863 was funds that had been transferred from the fund balance of the State Board of Social Work Examiners to help pay for the Child Welfare Training Academy. These special funds were replaced with general funds in the year-end close. The special funds revert back to the State Board of Social Work Examiners. The remaining \$611,788 special fund cancellation represents local government contributions. Of the \$20.8 million federal fund cancellation, \$18.6 million resulted from DHR's activity level eligible for federal funding being lower than anticipated. The remaining \$2.3 million federal fund cancellation resulted from unutilized Promoting Safe and Stable Family funds and lower than anticipated administrative expenses for various programs for which administrative funding may be claimed. The reimbursable fund cancellation of \$3.4 million resulted from lower than expected expenditures for Intensive Family Services and Families Now, and Title IV-E review staff.

Fiscal 2007

The fiscal 2007 working appropriation is \$1.3 million higher than the legislative appropriation and reflects increases in general funds (\$1.2 million) and special funds (\$80,725) by budget amendment for a general salary increase.

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

<u>Object/Fund</u>	<u>FY06 Actual</u>	<u>FY07 Working Appropriation</u>	<u>FY08 Allowance</u>	<u>FY07-FY08 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	2,541.70	2,541.70	2,542.70	1.00	0%
02 Contractual	3.45	0.50	2.50	2.00	400.0%
Total Positions	2,545.15	2,542.20	2,545.20	3.00	0.1%
Objects					
01 Salaries and Wages	\$ 150,160,655	\$ 155,985,393	\$ 154,898,590	-\$ 1,086,803	-0.7%
02 Technical and Spec. Fees	502,360	5,360,901	4,313,276	-1,047,625	-19.5%
03 Communication	1,575,345	2,063,843	1,327,166	-736,677	-35.7%
04 Travel	1,702,373	1,121,292	1,646,602	525,310	46.8%
06 Fuel and Utilities	273,251	295,318	408,555	113,237	38.3%
07 Motor Vehicles	1,001,529	2,152,456	3,192,035	1,039,579	48.3%
08 Contractual Services	24,931,141	30,356,844	32,929,759	2,572,915	8.5%
09 Supplies and Materials	852,617	791,362	809,649	18,287	2.3%
10 Equipment – Replacement	78,414	0	350,000	350,000	n/a
11 Equipment – Additional	333,156	97,539	10,825	-86,714	-88.9%
12 Grants, Subsidies, and Contributions	307,965,030	351,550,291	359,484,596	7,934,305	2.3%
13 Fixed Charges	8,899,096	9,360,240	10,362,513	1,002,273	10.7%
Total Objects	\$ 498,274,967	\$ 559,135,479	\$ 569,733,566	\$ 10,598,087	1.9%
Funds					
01 General Fund	\$ 285,022,772	\$ 350,224,966	\$ 337,111,875	-\$ 13,113,091	-3.7%
03 Special Fund	2,896,286	5,257,135	3,737,452	-1,519,683	-28.9%
05 Federal Fund	202,761,076	203,653,378	228,884,239	25,230,861	12.4%
09 Reimbursable Fund	7,594,833	0	0	0	0.0%
Total Funds	\$ 498,274,967	\$ 559,135,479	\$ 569,733,566	\$ 10,598,087	1.9%

Note: The fiscal 2007 appropriation does not include deficiencies, and the fiscal 2008 allowance does not reflect contingent reductions.

**Fiscal Summary
DHR – Child Welfare**

<u>Program/Unit</u>	<u>FY06 Actual</u>	<u>FY07 Wrk Approp</u>	<u>FY08 Allowance</u>	<u>Change</u>	<u>FY07-FY08 % Change</u>
04 General Administration - State	\$ 18,927,446	\$ 30,611,709	\$ 31,024,962	\$ 413,253	1.3%
01 Foster Care Maintenance Payments	313,950,986	346,003,137	353,071,520	7,068,383	2.0%
03 Child Welfare Services	165,396,535	182,520,633	185,637,084	3,116,451	1.7%
Total Expenditures	\$ 498,274,967	\$ 559,135,479	\$ 569,733,566	\$ 10,598,087	1.9%
General Fund	\$ 285,022,772	\$ 350,224,966	\$ 337,111,875	-\$ 13,113,091	-3.7%
Special Fund	2,896,286	5,257,135	3,737,452	-1,519,683	-28.9%
Federal Fund	202,761,076	203,653,378	228,884,239	25,230,861	12.4%
Total Appropriations	\$ 490,680,134	\$ 559,135,479	\$ 569,733,566	\$ 10,598,087	1.9%
Reimbursable Fund	\$ 7,594,833	\$ 0	\$ 0	\$ 0	0.0%
Total Funds	\$ 498,274,967	\$ 559,135,479	\$ 569,733,566	\$ 10,598,087	1.9%

Note: The fiscal 2007 appropriation does not include deficiencies, and the fiscal 2008 allowance does not reflect contingent reductions.