



**STATEMENT OF SAM MALHOTRA
SECRETARY
DEPARTMENT OF HUMAN RESOURCES
BEFORE THE
SENATE BUDGET AND TAXATION COMMITTEE
HEALTH AND HUMAN SERVICES SUBCOMMITTEE
FY 2017 BUDGET**

THURSDAY, FEBRUARY 4, 2016



STATEMENT OF SAM MALHOTRA
SECRETARY
DEPARTMENT OF HUMAN RESOURCES
BEFORE THE
HOUSE APPROPRIATIONS COMMITTEE
HEALTH AND HUMAN RESOURCES SUBCOMMITTEE
FY 2017 BUDGET

WEDNESDAY, FEBRUARY 10, 2016

Good afternoon Chairman Madaleno and members of the Committee. Thank you for the opportunity to appear before you today to discuss the Department's budget request for our Department of Human Resources Administration Programs. With me today are: Gregory James, Deputy Secretary for Operations; Tracey Paliath, Deputy Secretary for Programs; and Stafford Chipungu, our Chief Financial Officer.

The Department's Administration Programs include the Office of the Secretary, Operations, and Office of Technology for Human Services and Local General Administration that is budgeted in the Local Departments of Social Services.

The fiscal year 2017 Allowance for the Administration Programs totals \$176 million, an increase of \$1.2 million or 0.7 percent compared to the FY 2016 Appropriation.

The Administrative Programs provide support services to the Social Services Administration, Child Support Enforcement Administration and the Family Investment Administration and the affiliated local programs within the Local Departments of Social Services. Job duties include direct oversight and leadership of the Department from the Office of the Secretary; Budget, Finance and Personnel management; supervision of the Department's various office locations, vehicle fleet and emergency operations, which was activated to manage shelter operations during the winter blizzard by the Governor when he declared a state of emergency; running of the Department's information technology systems by the Office of Technology for Human Services and Local General Administration that is an administrative arm for the local departments and

performs many of the job duties that I mentioned previously, but on a smaller scale for local departments.

Thank you for the opportunity to be here today. We are of course happy to answer any questions you may have.

**Department of Human Resources
FY 2017 Budget Highlights
Office of the Secretary
NA01**

	<u>FY 2016 Appropriation</u>	<u>FY 2017 Allowance</u>	<u>Changes</u>
I. FUNDING*			
General Funds	20,342,486	20,717,020	374,534
Special Funds	-	-	-
Federal Funds	8,949,595	8,752,596	(196,999)
Reim. Funds	-	-	-
Total	29,292,081	29,469,616	177,535
II. PERSONNEL*			
Regular Positions:	141.00	141.00	0.00
Contractual Positions:	0.65	0.65	0.00
III. MAJOR CHANGES (In Thousands)			
01 Salaries			301
Increase in Salaries due to Retirement, \$267K; Regular Salary Earnings, \$211K; Health Insurance, \$158K; and Accrued Leave Payments, \$13K; Offset by Decrease in Salary Adjustments (\$216K); Worker's Compensation, (\$95K); Fringe Benefits, (\$23K); and Turnover Adjustment, (\$14K).			
02 Technical & Special Fees			22
Increase in Technical and Special Fees due to an increase for Contractual Health Insurance.			
03 Communications			(6)
Decrease in Communications due to DGS - Telecommunication, (\$15K); and Postage, (\$1K); Offset by an increase in Regular Telephone Services, \$10K.			
07 Vehicles			(13)
Decrease in Vehicles for Adjusting Mileage Debit and Credit in the Office of the Inspector General, (\$17K); Offset by Increase in Motor Vehicle Insurance, \$4K.			
08 Contractual Services			27
Increase in Contractual Services for Attorney Fees in the Office of the Attorney General, \$42K; Offset by Decrease in Court Costs, (\$5K); Printing-Reports, Pamphlets and Publications mainly in the Office of Communications, (\$5K); Payments for Data Processing, (\$2K); News Paper Clipping Services, (\$1K); Rental of Meeting Space, (\$1K); and Freight and Delivery, (\$1K).			
09 Supplies			3
Increase in Supplies due to Data Processing Supplies, \$7K; Offset by Decrease in Office Supplies, (\$3K); and Promotional Expenses, (\$1K).			
13 Fixed Charges			(156)
Decrease in Fixed Charges due to Lease Escalation for the Office of the Inspector General and Citizen's Review Board for Children, (\$107K); and Non-Department of General Services Rent for Citizen's Review Board for Children and the Office of the Inspector General, (\$107K); Offset by Increase for Non-Motor Vehicle Insurance, \$43K; and Subscriptions and Dues, \$15K.			
Total			178

* Reference Source: FY 2017 Maryland State Budget Book - Part II: Pages 12 -16

**Department of Human Resources
 FY 2017 Budget Highlights
 Office of the Secretary
 NA01.01**

	<u>FY 2016 Appropriation</u>	<u>FY 2017 Allowance</u>	<u>Changes</u>
I. FUNDING*			
General Funds	7,226,631	7,631,779	405,148
Special Funds	-	-	-
Federal Funds	6,960,776	6,763,155	(197,621)
Reim. Funds	-	-	-
Total	14,187,407	14,394,934	207,527
II. PERSONNEL*			
Regular Positions:	126.00	126.00	0.00
Contractual Positions:	0.38	0.38	0.00
III. MAJOR CHANGES (In Thousands)			
01 Salaries			235
Increase in Salaries due to Retirement, \$246K; Regular Salary Earnings, \$151K; Health Insurance, \$142K; and Accrued Leave Payments, \$26K; Offset by a Decrease in Salary Adjustments, (\$197K); Worker's Compensation, (\$95K); Turnover Adjustment, (\$21K); and Fringe Benefits, (\$17K).			
02 Technical & Special Fees			22
Increase in Technical and Special Fees due to Contractual Health Insurance.			
03 Communications			(3)
Decrease in Communications due to DGS - Telecommunication, (\$13K); Offset by an Increase in Regular Telephone Services, \$10K.			
07 Vehicles			(13)
Decrease in Vehicles for Adjusting Mileage Debit and Credit in the Office of the Inspector General, (\$17K); Offset by Increase in Motor Vehicle Insurance, \$4K.			
08 Contractual Services			27
Increase in Contractual Services for Attorney Fees in the Office of the Attorney General, \$42K; Offset by Decrease in Court Costs, (\$5K); Printing-Reports, Pamphlets and Publications mainly in the Office of Communications, (\$5K); Payments for Data Processing, (\$2K); Newspaper Clipping Services, (\$1K); Rental of Meeting Space, (\$1K); and Freight and Delivery, (\$1K).			
09 Supplies			3
Increase in Supplies due to Data Processing Supplies, \$7K; Offset by Decrease in Office Supplies, (\$3K); and Promotional Expenses, (\$1K).			
13 Fixed Charges			(64)
Decrease in Fixed Charges due to Lease Escalation for the Office of the Inspector General, (\$102K); and Non-Department of General Services Rent for the Office of the Inspector General, (\$20K); Offset by Increase for Non-Motor Vehicle Insurance, \$43K; and Subscriptions and Dues, \$15K.			
Total			<u>207</u>

* Reference Source: FY 2017 Maryland State Budget Book - Part II: Page 13

**Department of Human Resources
 FY 2017 Budget Highlights
 Citizen's Review Board for Children
 NA01.02**

	<u>FY 2016</u> <u>Appropriation</u>	<u>FY 2017</u> <u>Allowance</u>	<u>Changes</u>
I. FUNDING^a			
General Funds	833,045	780,019	(53,026)
Special Funds	-	-	-
Federal Funds	65,857	66,676	819
Reim. Funds	-	-	-
Total	898,902	846,695	(52,207)
II. PERSONNEL^a			
Regular Positions:	10.00	10.00	0.00
Contractual Positions:	0.00	0.00	0.00
III. MAJOR CHANGES (In Thousands)			
01 <u>Salaries</u>			43
Increase in Salaries due to Health Insurance, \$20K; Retirement, \$19K; and Regular Salary Earnings, \$18K; Offset by Decrease in Salary Adjustments, (\$11K); and Accrued Leave Payments, (\$3K).			
03 <u>Communications</u>			(3)
Decrease in Communications due to DGS - Telecommunication, (\$2K); and Postage, (\$1K).			
13 <u>Fixed Charges</u>			(92)
Decrease in Fixed Charges due to Non-Department of General Services Rent, (\$87K); Lease Escalation, (\$5K).			
Total			(52)

^a Reference Source: FY 2017 Maryland State Budget Book - Part II: Page 14

**Department of Human Resources
 FY 2017 Budget Highlights
 Maryland Commission for Women
 NA01.03**

	<u>FY 2016</u> <u>Appropriation</u>	<u>FY 2017</u> <u>Allowance</u>	<u>Changes</u>
I. FUNDING^a			
General Funds	138,744	134,361	(4,383)
Special Funds	-	-	-
Federal Funds	-	-	-
Reim. Funds	-	-	-
Total	<u>138,744</u>	<u>134,361</u>	<u>(4,383)</u>

II. PERSONNEL^a			
Regular Positions:	1.00	1.00	0.00
Contractual Positions:	0.27	0.27	0.00

III. MAJOR CHANGES (In Thousands)

01 Salaries	(4)
Decrease in Salaries due to Health Insurance, (\$12K); Accrued Leave Payments, (\$10K); Retirement, (\$9K); Fringe Benefits, (\$6K); and Salary Adjustments, (\$3K); Offset by Increase in Regular Salary Earnings, \$29K; and Turnover Adjustment, \$7K.	
Total	<u>(4)</u>

^a Reference Source: FY 2017 Maryland State Budget Book - Part II: Page 15

**Department of Human Resources
 FY 2017 Budget Highlights
 Maryland Legal Services Program
 NA01.04**

	<u>FY 2016</u> <u>Appropriation</u>	<u>FY 2017</u> <u>Allowance</u>	<u>Changes</u>
I. FUNDING^a			
General Funds	12,144,066	12,170,861	26,795
Special Funds	-	-	-
Federal Funds	1,922,962	1,922,765	(197)
Reim. Funds	-	-	-
Total	<u>14,067,028</u>	<u>14,093,626</u>	<u>26,598</u>

II. PERSONNEL^a			
Regular Positions:	4.00	4.00	0.00
Contractual Positions:	0.00	0.00	0.00

III. MAJOR CHANGES (In Thousands)

01 <u>Salaries</u>	27
Increase in Salaries due to Regular Salary Earnings, \$13K; Retirement, \$11K; and Health Insurance, \$8K; Offset by Decrease in Salary Adjustments, (\$5K).	
Total	<u>27</u>

^a Reference Source: FY 2017 Maryland State Budget Book - Part II: Page 16

**Department of Human Resources
FY 2017 Budget Highlights
Operations & Administrative Operations
NE01**

	<u>FY 2016 Appropriation</u>	<u>FY 2017 Allowance</u>	<u>Changes</u>
I. FUNDING^a			
General Funds	17,244,252	18,253,642	1,009,390
Special Funds	-	-	-
Federal Funds	13,613,024	12,403,973	(1,209,051)
Reim. Funds	-	-	-
Total	30,857,276	30,657,615	(199,661)
II. PERSONNEL^a			
Regular Positions:	184.00	183.00	(1.00)
Contractual Positions:	0.50	0.50	0.00
III. MAJOR CHANGES (In Thousands)			
01 Salaries			87
Increase in Salaries Due to Retirement, \$220K; Health Insurance, \$214K; Accrued Leave Payments, \$178K; Regular Salary Earnings, \$38K; and Overtime, \$15K; Offset by a Decrease in Turnover Adjustments, (\$257K); Salary Adjustments, (\$234K); one (1) Abolished FTE position, (\$50K); and Fringe Benefits, (\$37K).			
02 Technical and Special Fees			(369)
Decrease in Technical and Special Fees for Consultant Services for the Medicaid Rehab Unit, (\$400K); and the Office of Employment and Program Equity, (\$2K); Offset by Increase for Contractual Health Insurance, \$33K.			
03 Communications			76
Increase in Communications due to Regular Telephone Services; \$54K; and Postage, \$41K; Offset by Decrease in DGS - Telecommunication, (\$19K).			
04 Travel			3
Increase in Travel due to In-State Travel - Business.			
07 Vehicles			(63)
Decrease in Vehicles due to Motor Vehicle Replacement, (\$42K); and Gas and Oil, (\$25K); Offset by Increase in EZ-Pass Charges, \$4K.			
08 Contractual Services			151
Increase in Contractual Services due to Personnel Systems Development, \$280K; DoIT IT Services Allocation, \$142K; Service Contracts for Microcomputers and Printers for Financial Systems Development and Central Distribution Center, \$77K; Office of Attorney General Administrative Fee, \$38K; and Retirement Administrative Fee, \$36K; Offset by a Decrease in Contractual Services in abatement of the Medicaid Rehab Unit contract, (\$383K); Software Licenses, (\$18K); Hosting and Support Maintenance Fees for Random Moment Sample Software (RMSPLUS), (\$15K); Leave Accounting System, (\$2K); Freight and Delivery, (\$2K); Rental of Copy Machines, (\$1K); and Banking Fees, (\$1K).			
09 Supplies			(70)
Decrease in Supplies due to Office Supplies, (\$63K); Data Processing Supplies, (\$14K); and Cleaning and Custodial Supplies, (\$2K); Offset by Increase in Printing Supplies for Saratoga State Center, \$9K;			
10^a Reference Source: FY 2016 Maryland State Budget Book - Part II: Pages 20 - 21.			(14)
Decrease in Office Equipment - Replacement due to Purchase of Microcomputers, (\$25K); Offset by Increase in Equipment - Replacement due to the purchase of High Speed Mail Printing System for the Central Distribution Center, \$11K.			
11 Equipment - Additional			2
Increase in Equipment - Additional Tablets for Lease Operations and Risk Management.			
13 Fixed Charges			(3)
Decrease in Fixed Charges due to Record Storage Fees, (\$7K); Offset by Increase in Saratoga State Center Rent for Lease Compliance, \$2K; and Subscriptions and Dues, \$2K.			
Total			(200)

^a Reference Source: FY 2017 Maryland State Budget Book - Part II: Pages 19 - 23.

**Department of Human Resources
FY 2017 Budget Highlights
Operations
Budget and Finance & Human Resources Development & Training
NE01.01**

	<u>FY 2016 Appropriation</u>	<u>FY 2017 Allowance</u>	<u>Changes</u>
I. FUNDING^a			
General Funds	12,575,344	13,134,023	558,679
Special Funds	-	-	-
Federal Funds	7,845,565	6,867,153	(978,412)
Reim. Funds	-	-	-
Total	20,420,909	20,001,176	(419,733)
II. PERSONNEL^a			
Regular Positions:	127.00	126.00	(1.00)
Contractual Positions:	0.50	0.50	0.00
III. MAJOR CHANGES (In Thousands)			
01 Salaries			(126)
Decrease in Salaries due to Salary Adjustments, (\$169K); Turnover Adjustments, (\$160K); Regular Salary Earnings, (\$129K); one (1) Abolished FTE position, (\$50K); and Fringe Benefits, (\$40K); Offset by Increase in Accrued Leave Payments, \$173K; Health Insurance, \$128K; and Retirement, \$121K.			
02 Technical and Special Fees			(369)
Decrease in Technical and Special Fees for Consultant Services for the Medicaid Rehab Unit, (\$400K); and the Office of Employment and Program Equity, (\$2K); Offset by Increase for Contractual Health Insurance, \$33K.			
03 Communications			(13)
Decrease in Communications due to DGS - Telecommunication, (\$14K); Offset by an Increase in Regular Telephone Services, \$1K.			
04 Travel			(2)
Decrease in Travel due to In-State Travel - Business.			
08 Contractual Services			118
Increase in Contractual Services due to Personnel Systems Development, \$280K; DoIT IT Services Allocation, \$142K; Office of Attorney General Administrative Fee, \$38K; Retirement Administrative Fee, \$36K; Software Licenses, \$16K; and Service Contracts - Equipment for Microcomputers and Printers for Financial Systems Development, \$7K; Offset by a Decrease in Service Contracts for abatement of the Medicaid Rehab Unit contract, (\$383K); Hosting and Support Maintenance Fees for Random Moment Sample Software (RMSPLUS), (\$15K); Leave Accounting System, (\$2K); and Banking Fees, (\$1K);			
10 Office Equipment - Replacement			(25)
Decrease in Office Equipment - Replacement due to Purchase of Microcomputers.			
13 Fixed Charges			(3)
Decrease in Fixed Charges due to Record Storage Fees, (\$7K); Offset by Increase in Saratoga State Center Rent for Lease Compliance, \$2K; and Subscriptions and Dues, \$2K.			
Total			(420)

^a Reference Source: FY 2016 Maryland State Budget Book - Part II: Pages 20 - 21.

**Department of Human Resources
 FY 2017 Budget Highlights
 Operations
 Administrative Operations
 NE01.02**

	<u>FY 2016 Appropriation</u>	<u>FY 2017 Allowance</u>	<u>Changes</u>
I. FUNDING^a			
General Funds	4,668,908	5,119,619	450,711
Special Funds	-	-	-
Federal Funds	5,767,459	5,536,820	(230,639)
Reim. Funds	-	-	-
Total	10,436,367	10,656,439	220,072
II. PERSONNEL^a			
Regular Positions:	57.00	57.00	0.00
Contractual Positions:	0.00	0.00	0.00
III. MAJOR CHANGES (In Thousands)			
01 Salaries			213
Increase in Salaries due to Regular Salary Earnings, 167K; Retirement, \$99K; Health Insurance, \$86K; Overtime, \$15K; Accrued Leave Payment, \$5K; and Fringe Benefits, \$3K; Offset by Decrease in Turnover Adjustment, (\$97K); and Salary Adjustment, (\$65K).			
03 Communications			89
Increase in Communications due to Regular Telephone Services; \$53K; and Postage, \$41K; Offset by Decrease in DGS - Telecommunication, (\$5K).			
04 Travel			5
Increase in Travel due to In-State Travel - Business.			
07 Vehicles			(63)
Decrease in Vehicles due to Motor Vehicle Replacement, (\$42K); and Gas and Oil, (\$25K); Offset by Increase in EZ-Pass Charges, \$4K.			
08 Contractual Services			33
Increase in Contractual Services due to Service Contracts for Equipment for Printers in the Graphics Media Center (GMC), \$70K; Offset by Decrease in Software Licenses for the Central Distribution Center, (\$34K); Freight and Delivery, (\$2K); and Rental of Copy Machines, (\$1K).			
09 Supplies			(70)
Decrease in Supplies due to Office Supplies, (\$63K); Data Processing Supplies, (\$14K); and Cleaning and Custodial Supplies, (\$2K); Offset by Increase in Printing Supplies for Saratoga State Center, \$9K;			
10 Equipment - Replacement			11
Increase in Equipment - Replacement due to the purchase of High Speed Mail Printing System for the Central Distribution Center.			
11 Equipment - Additional			2
Increase in Equipment - Additional Tablets for Lease Operations and Risk Management.			
Total			220

^a Reference Source: FY 2016 Maryland State Budget Book - Part II: Pages 22 - 23.

**Department of Human Resources
FY 2017 Budget Highlights
Office of Technology for Human Services (OTHS)
NF00**

	<u>FY 2016</u>	<u>FY 2017</u>	<u>Changes</u>
	<u>Appropriation</u>	<u>Allowance</u>	<u>Changes</u>
I. FUNDING*			
General Funds	30,987,931	31,573,624	585,693
Special Funds	1,427,682	1,423,162	(4,520)
Federal Funds	38,335,183	37,794,760	(540,423)
Reim. Funds	569,496	-	(569,496)
Total	71,320,292	70,791,546	(528,746)
II. PERSONNEL*			
Regular Positions:	113.00	100.00	(13.00)
Contractual Positions:	0.00	0.00	0.00
III. MAJOR CHANGES (In Thousands)			
01 Salaries			(819)
Decrease in Salaries due to twelve (12) Abolished and one (1) Transferred - Out FTE positions, (\$687K); Salary Adjustments, (\$156K); Fringe Benefits, (\$59K); Accrued Leave Payments, (\$48K); Offset by Increase in Retirement, \$89K; Health Insurance, \$22K; and Turnover Adjustments, \$20K.			
02 Technical & Special Fees			9
Increase in Technical and Special Fees due mainly to an increase for Contractual Health Insurance, \$11K; Offset by a Decrease in Consultant Fees, (\$2K).			
03 Communications			(424)
Decrease in Communications due to DGS - Telecommunication, (\$197K); Data Processing (DP) Telecommunications Lines, (\$130K); Regular Telephone Services, (\$72K); and DP Modem/Direct Lines, (\$37K); Offset by Increase in Cellular Telephones, \$12K.			
04 Travel			(3)
Decrease in Travel due to In-State Travel Business.			
06 Utilities			(21)
Decrease in Utilities due to Electricity Usage.			
07 Vehicle			(19)
Decrease in Vehicles due to Replacement Vehicle, (\$17K); and Gas and Oil, (\$2K).			
08 Contractual Services			1,023
Increase in Contractual Services due to Enterprise Content Management (ECMS) Operations and Maintenance, \$1,929K; Software License, \$712K; the Automated Financial System (AFS), \$337K; Application Maintenance for the Client Information System - Child Support Enforcement System (CIS-CSES) and Client Information System - Client Automated Resource and Eligibility System (CIS-CARES), \$269K; Enterprise Budget System: \$136K; Research and Advisory Services, Data Center Preventive Maintenance and Cooling and Fire Suppression Preventive Maintenance, \$51K; and Freight and Delivery \$1K; Offset by Decrease in Technical Operations Support Services (TOSS), (\$1,334K); Enterprise Content Management Solution Hosting, (\$426K); Electronic Benefits Transfer (EBT), (\$284K); Enterprise Project Management Office (EPMO), (\$279K); Service Contracts - Equipment, (\$45K); Audit Fees, (\$40K); and Hardware Maintenance, (\$4K).			
09 Office Supplies			9
Increase in Office Supplies due to Data Processing Supplies, \$11K; Offset by Decrease in Office Supplies, (\$2K).			
10 Equipment - Replacement			(686)
Decrease in Equipment - Replacement due to Microcomputer Hardware, (\$611K); Office Equipment, (\$74K); and Microcomputer Peripherals, (\$1K).			
11 Equipment - Additional			307
Increase in Equipment - Additional due to Purchase of Software, \$315K; Offset by Decrease in Tools and Machinery, (\$8K).			
13 Fixed Charges			95
Increase in Fixed Charges due to Non-Department of General Services Rent, \$87K; Lease Escalation, \$5K; and Non-Motor Vehicle Insurance, \$4K; Offset by Decrease in Subscriptions and Dues, (\$1K).			
Total			(529)

* Reference Source: FY 2017 Maryland State Budget Book - Part II: Pages 24 - 26.

Department of Human Resources
FY 2017 Budget Highlights
Major Information Technology Development Project (MITDP)
NF00.02

	<u>FY 2016</u>	<u>FY 2017</u>	<u>Changes</u>
	<u>Appropriation</u>	<u>Allowance</u>	
I. FUNDING^a			
General Funds	-	-	-
Special Funds	-	-	-
Federal Funds	338,250	1,245,000	906,750
Reim. Funds	569,496	-	(569,496)
Total	<u>907,746</u>	<u>1,245,000</u>	<u>337,254</u>
II. PERSONNEL^a			
Regular Positions:	0.00	0.00	0.00
Contractual Positions:	0.00	0.00	0.00

III. MAJOR CHANGES (In Thousands)

08 Contractual Services	337
Increase in Contractual Services for the Automated Financial System (AFS).	
Total	<u>337</u>

^a Reference Source: FY 2017 Maryland State Budget Book - Part II: Page 25.

**Department of Human Resources
 FY 2017 Budget Highlights
 Office of Technology for Human Services (OTHS)
 NF00.04**

	<u>FY 2016</u>	<u>FY 2017</u>	<u>Changes</u>
	<u>Appropriation</u>	<u>Allowance</u>	
I. FUNDING*			
General Funds	30,987,931	31,573,624	585,693
Special Funds	1,427,682	1,423,162	(4,520)
Federal Funds	37,996,933	36,549,760	(1,447,173)
Reim. Funds	-	-	-
Total	<u>70,412,546</u>	<u>69,546,546</u>	<u>(866,000)</u>
II. PERSONNEL*			
Regular Positions:	113.00	100.00	(13.00)
Contractual Positions:	0.00	0.00	0.00
III. MAJOR CHANGES (In Thousands)			
01 Salaries			(819)
Decrease in Salaries due to twelve (12) Abolished and one (1) Transferred - Out FTE positions, (\$687K); Salary Adjustments, (\$156K); Fringe Benefits, (\$59K); Accrued Leave Payments, (\$48K); Offset by Increase in Retirement, \$89K; Health Insurance, \$22K; and Turnover Adjustments, \$20K.			
02 Technical & Special Fees			9
Increase in Technical and Special Fees due mainly to an increase for Contractual Health Insurance, \$11K; Offset by a Decrease in Consultant Fees, (\$2K).			
03 Communications			(424)
Decrease in Communications due to DGS - Telecommunication, (\$197K); Data Processing (DP) Telecommunications Lines, (\$130K); Regular Telephone Services, (\$72K); and DP Modem/Direct Lines, (\$37K); Offset by Increase in Cellular Telephones, \$12K.			
04 Travel			(3)
Decrease in Travel due to In-State Travel Business.			
06 Utilities			(21)
Decrease in Utilities due to Electricity Usage.			
07 Vehicle			(19)
Decrease in Vehicles due to Replacement Vehicle, (\$17K); and Gas and Oil, (\$2K).			
08 Contractual Services			686
Increase in Contractual Services due to Enterprise Content Management (ECMS) Operations and Maintenance, \$1,929K; Software License, \$712K; Application Maintenance for the Client Information System - Child Support Enforcement System (CIS-CSES) and Client Information System - Client Automated Resource and Eligibility System (CIS-CARES), \$269K; Enterprise Budget System: \$136K; Research and Advisory Services, Data Center Preventive Maintenance and Cooling and Fire Suppression Preventive Maintenance, \$51K; and Freight and Delivery \$1K; Offset by Decrease in Technical Operations Support Services (TOSS), (\$1,334K); Enterprise Content Management Solution Hosting, (\$426K); Electronic Benefits Transfer (EBT), (\$284K); Enterprise Project Management Office (EPMO), (\$279K); Service Contracts - Equipment, (\$45K); Audit Fees, (\$40K); and Hardware Maintenance, (\$4K).			
09 Office Supplies			9
Increase in Office Supplies due to Data Processing Supplies, \$11K; Offset by Decrease in Office Supplies, (\$2K).			
10 Equipment - Replacement			(686)
Decrease in Equipment - Replacement due to Microcomputer Hardware, (\$611K); Office Equipment, (\$74K); and Microcomputer Peripherals, (\$1K).			
11 Equipment - Additional			307
Increase in Equipment - Additional due to Purchase of Software, \$315K; Offset by Decrease in Tools and Machinery, (\$8K).			
13 Fixed Charges			95
Increase in Fixed Charges due to Non-Department of General Services Rent, \$87K; Lease Escalation, \$5K; and Non-Motor Vehicle Insurance, \$4K; Offset by Decrease in Subscriptions and Dues, (\$1K).			
Total			<u>(866)</u>

* Reference Source: FY 2017 Maryland State Budget Book - Part II: Page 26.

**Department of Human Resources
FY 2017 Budget Highlights
Local General Administration
NG00.05**

	<u>FY 2016 Appropriation</u>	<u>FY 2017 Allowance</u>	<u>Changes</u>
I. FUNDING^a			
General Fund	25,596,901	28,011,315	2,414,414
Special Fund	2,579,652	2,703,108	123,456
Federal Fund	15,087,700	14,544,596	(543,104)
Reim. Fund	-	-	-
Total	<u>43,264,253</u>	<u>45,259,019</u>	<u>1,994,766</u>
II. PERSONNEL^a			
Regular Positions:	408.00	407.00	(1.00)
Contractual Positions:	1.75	1.75	0.00
III. MAJOR CHANGES (In Thousands)			
01 Salaries			1,956
Increase in Salaries due to Turnover Adjustment, \$827K; Health Insurance, \$609K; Retirement, \$605K; Regular Salary Earnings, \$351K; Accrued Leave Payments, \$130K; and Overtime, \$7K; Offset by Decrease in Salary Adjustments, (\$474K); Abolishment of 1.0 FTE position, (\$63K); and Fringe Benefits, (\$36K).			
02 Technical & Special Fees			88
Increase in Technical and Special Fees due to Other Technical and Special Fees mainly in Non-Allocated LGA Local Only in Dorchester County, \$92K; Offset by Decrease in Temporary Manpower in Cecil and Calvert Counties, (\$4K).			
03 Communications			142
Increase in Communications due to Regular Telephone Services, \$135K; and Cellular Telephones, \$14K; Offset by Decrease in DGS - Telephone, (\$6K); and Postage, (\$1K).			
04 Travel			8
Increase in Travel due to In-State Travel-Business.			
06 Utilities			(32)
Decrease in Utilities due to Electricity mainly in Baltimore City, Anne Arundel and Prince George's Counties, (\$35K); and Fuel-Oil, (\$2K); Offset by Increase in Water and Sewerage Fees, \$5K.			
08 Contractual Services			(87)
Decrease in Contractual Services mainly due to Purchase of Services in Non-Allocated Local Only in Frederick County, (\$180K); Systems and Programming in Montgomery County, (\$84K); Service Contracts - Buildings and Grounds for Baltimore City and Baltimore County, (\$27K); and Attorney Fees for Non-Allocated Local Only, (\$22K); Offset by Increase in Contractual Services in Non-Allocated Local Only in Frederick County and Security Guard contracts in Baltimore City, \$179K; Rental of Copiers, \$20K; Banking Fees, \$12K; Repairs and Maintenance - Buildings and Grounds, \$9K; and Service Contracts - Equipment, \$6K.			
09 Supplies			(188)
Decrease in Supplies due to Office Supplies mainly in Baltimore County, (\$162K); Data Processing Supplies, (\$30K); and Printed Forms, (\$3K); Offset by Increase in Housekeeping Supplies, \$3K; Staff Development, \$2K; and Copier Supplies, \$2K.			
12 Grants, Subsidies & Contributions			204
Increase in Grants due to Grant Payments to Vendors for Non-Allocated Local Only in Cecil County for the Family Day Care Food Program.			
13 Fixed Charges			(96)
Decrease in Fixed Charges due to Non-Department of General Services Rent mainly for Prince George's and Dorchester Counties, (\$114K); Allocation for Local/Federal Administration costs, (\$63K); and Subscriptions and Dues, (\$21K); Offset by Increase in Non-Motor Vehicle Insurance, \$95K; Department of General Services Rent for Calvert County, \$3K; Rental of Multi-Service Centers, \$3K; and Record Storage Fees, \$1K.			
Total			<u>1,995</u>

^a Reference Source: FY 2017 Maryland State Budget Book - Part II: Page 34.

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Response to Issues

DHR should comment on its progress in filling the volunteer recruitment coordinator position and on the number of volunteers necessary.

Response to Issue

The position is a Volunteer Activities Coordinator II, grade 10. The Department is working with the Citizens Review Board for Children to fill the position immediately. The Department currently has 41 local out of home placement review boards. To be considered a full board, each board should have seven (7) members. As such, the CRBC should have at least 287 citizen volunteer board members.

The Secretary should comment on the decrease in children receiving appropriate physical and mental health services.

Response to Issue

Health and mental health are an intricate part of well being for foster youth. The Department is fully committed to ensuring all foster youth receive appropriate medical and mental health services. DHR will be working to ensure that local department staff correctly enters this data into MDCHESSIE (our case management system).

A tip sheet was recently created and distributed to local departments to ensure that health care data is being inputted in the correct fields. Also, the Department is exploring ways to update MDCHESSIE health fields in order to properly capture the data.

A survey regarding health care practices was sent out to local departments in order to identify barriers that front line caseworkers are encountering. DHR has collaborated with community partners to track and document the use of psychotropic medication for foster children/youth.

The Department is currently exploring ways to collaborate with the Behavioral Health Administration (BHA) as well as Medicaid in order to improve services to foster children/youth. Specifically, the Department is working with BHA to identify more providers around the state to provide services to our children/youth.

The Secretary should comment on the absence of EITC goals, objectives, and performance measures in its MFR submission.

Response to Issue

The Department intended to include EITC goals in its draft MFR submission, however limited data was available to develop reasonable and meaningful metrics. DHR is collecting baseline data in Fiscal Year 2017 to determine what data points are available and which would best measure EITC successes for inclusion in the MFR for Fiscal Year 2018.

The Secretary should comment on how DHR Administration intends to meet budgeted turnover expectancy.

Response to Issue

The Department always maintains sufficient vacancies to meet its overall budgeted turnover rate. In Fiscal Year 2017, we will try to maintain the budgeted turnover rate between 7.0% and 8.0% by only filling critical vacancies. This should not impact operations as the turnover differential is only 0.39%

The Secretary should explain the need to increase the scope of the contract.

Response to Issue

The Department's overall expenditures for ECMS Maintenance and Operations have been approximately 1.4 million on a fiscal year basis.

The new contract includes updated software licenses and a technology refresh, all which are due to be renewed and/or updated in Fiscal Year 2017. The desktops and scanners are 4 to 5 years old and need to be replaced and the software licenses require maintenance support.

The new contract also provides the flexibility to integrate with and/or meet the following future ECMS expansion features:

- Integration of future workflow process and business process management capabilities;
- The ability to allow other State agencies to utilize the product for input and/or retrieval only activities with minimal system configuration required by the vendor;
- Real-time user role updates that will enable input permissions between sites in order to provide a way for sites to help other sites with heavier workloads;
- Integration with various Web-based, front-end user interface technologies that connect to DHR's existing mainframes;

- Document management capabilities such as annotation and image cropping capabilities, and;
- Additional input capabilities, such as using self-service kiosks or designated workstations where clients can scan their own documents into the system.

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Responses to Recommended Actions

Recommendation #1:

Add budget language restricting general funds until corrective actions related to repeat audit findings are completed. **(Page 3 and 14)**

Response: Concur

The Department is committed to resolving repeat audit findings.

Recommendation #2:

Add budget language restricting general funds until in the Maryland Legal Services Program. **(Page 3, 14 and 15)**

Response: Concur

The Department concurs with the Analyst's recommendation.