

STATEMENT OF LOURDES R. PADILLA

SECRETARY

DEPARTMENT OF HUMAN SERVICES

BEFORE THE

HOUSE APPROPRIATIONS COMMITTEE

HEALTH AND SOCIAL SERVICES SUBCOMMITTEE

FY 2019 BUDGET

WEDNESDAY, FEBRUARY 7, 2018



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SENATE BUDGET AND TAXATION COMMITTEE

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THURSDAY, FEBRUARY 8, 2018



Good afternoon, Chairman Reznik and members of the Committee. With me today is Deputy Secretary of Operations Gregory James, Executive Director of the Social Services Administration, Rebecca Jones Gaston and our Chief Financial Officer, Stafford Chipungu.

The Social Services Administration (SSA) is responsible for overseeing services to vulnerable adults and children. This includes Maryland's child welfare programs which include child protective services, foster care and adoptions. The overriding goals of this critical work are to prevent child abuse and neglect; quickly address reports of child abuse and neglect; protect vulnerable children; and, support family stability. SSA also provides services to vulnerable adults, including the elderly and individuals with disabilities, to support their ability to live safely and independently in the community, and prevent more restrictive and costly institutional placements.

The fiscal year 2019 Governor's Allowance for SSA totals \$566,366,854 million in total funds, a 1% decrease from the 2018 appropriation of \$ 572,204,711 million. This is substantially due to the continued record low numbers of youth in care.

Foster Care Placement Trends

DHS remains committed to achieving positive outcomes for children and families by providing services that keep children safely at home and assist families in meeting their needs. Since 2007, over 28,100 children have been adopted, moved to guardianship, or safely returned home. This is an overall decrease of 54% of Maryland children in foster care since July 2007. The percent of foster children exiting foster care to permanency through reunification, adoption, and guardianship increased from 66% in SFY 2008 to 83% in SFY 2017 and the placement of children in group settings was reduced from nearly 20% in 2007 to 10% in 2017.

Currently there are 4,745 (as of October 31, 2017) children in out-of-home placement. Among those, there are 3,495 youth in foster care placed in a family setting and 486 placed in group home setting. During the past year, DHS has seen a slight increase in entries into foster care of

approximately 1.5%. The total numbers in foster care remain below those of FY 2015 when there was a total of 4,837 youth in out-of-home placements. SSA projects to continue to be able to maintain and reduce the number of children in foster care while maintaining safety as a priority with the increased focus on services across the state.

Alternative Response

SSA has focused its efforts on preventing children from entering out of home care. One of the strategies SSA adopted in 2014 is the use of Alternative Response (AR). Alternative Response allows the Local Departments of Social Services (LDSS) to focus on providing services to the family to mitigate any risk of neglect or abuse and allowing the family to stay intact. AR allows the appropriate resources to be applied to those families needing the most help. Approximately 40% of Maryland CPS reports are serviced on the AR track. The recidivism rate for AR families is low. Approximately 93% of families serviced on the AR track do not have a subsequent maltreatment incident within 12 months of service. Most of these cases are related to child neglect and where children are not in danger of abuse or physical violence.

Adoption, Guardianship and Reunification trends

In SFY17, over 2,110 children achieved permanency through adoption and family reunification, which represents 83% of total exits from foster care. Specifically, 320 children were adopted, 472 went to a permanent guardianship home, and 1,321 were reunified with their families. In fact, a SFY17 exit to permanency (83%) represents an increase compared to the average of 77% over the last five prior years.

Adoptions increased 18% from FY 16 to FY17. The goal for Adoption Services is to develop permanent families for children who cannot live with or safely be reunited with their birth parents. Maryland's Adoption Services continue to assist LDSS and other partnering adoption agencies in finding adoptive families for children, especially older youth, in the care and custody of the State.

Guardianships increased by 1% from FY 16 to FY 17. Local Departments are ensuring that resources are extended to relative caregivers to ensure that youth maintain a stable environment and lasting connections. SSA plans to continue to promote the Adoptions and Guardianship Incentive Funding to provide increase services and stability in order for timely permanency to occur.

Families Blossom (Maryland Title IV-E Waiver)

Families Blossom ☘ Place Matters, Maryland's Title IV-E Waiver Demonstration Project, has been building on current foundations to create a trauma-responsive system of care, enhance the current service array to include the increased utilization of evidence based practices, enhance parental substance abuse services, strengthen partnerships and collaborations, and enhance the continuous quality improvement processes. SSA's top goal is strengthening and helping families so that children are safe, healthy, happy, and able to grow and thrive. Since July 2015 DHS/SSA and Local Departments of Social Services (LDSS) have undertaken a number of initiatives including Trauma Responsive Care and Enhanced Service Array that includes family support, parent education, behavioral health, substance use and integrated practices.

Inter-Agency Rates Committee (IRC) and Provider Rate Setting Workgroup and Reform

Currently, DHS and a subgroup of Inter-Agency Rates Committee members consisting of DJS, GOC, MDH and MSDE have been meeting monthly with the DHS Strategy Office to streamline the further development of the rate structure to ensure forward movement on the implementation of Maryland's rates reform. This will result in not only an increase in the Maryland Provider's ability to bill for Medicaid eligible services as fee-for-service but also structure non-Medicaid eligible services into a rate structure. The group is identifying a consultant to work through the mechanics of restructuring rates, services and processes including needed regulatory changes. The group expects to identify the consultant by no later than the end of January 2018. There is a dual tracked approach which includes identifying Medicaid billable services with unbundled billing on

a separate track. The group has begun to look at current services offered by the Provider community in order to educate providers about Medicaid billing and accreditation processes in addition to identifying the specific Medicaid billable services and requirements of eligibility. Recently, the group provided technical assistance trainings to the provider community in an effort to ensure that they have appropriate information related to the Medicaid certification process.

With the assistance of the consultant, DHS and the IRC expect to have the full implementation of rates reform in place by July 1, 2020 (FY21). Strategies and timelines are being aligned with MDTHINK timelines as billing and payment are directly linked to the IT system. The timeline is subject to change based on the identification of the consultant.

Adult Services

SSA's Office of Adult Services is in the second year of implementation of our *Adult Protective Services Enhancement Grant* awarded by the federal Administration for Community Living. We are currently piloting a newly developed *Adult Protective Services Assessment Instrument*. We anticipate it will standardize and improve the information gathering process local Adult Protective Service staff perform in their work with vulnerable adults at risk of maltreatment, as well as strengthen resulting outcomes with clients.

The Social Services Administration continues to strive to strengthen its practices, support our hard working workforce and look for innovative ways to engage with our partners and communities to improve the lives of children, youth, families and our most vulnerable Marylanders.

This concludes my testimony. Thank you again for the opportunity to testify and I am happy to answer any questions you may have.

**Department of Human Services
FY 2019 Budget Highlights
Social Services Administration
NB00.04**

	<u>FY 2018 Appropriation</u>	<u>FY 2019 Allowance</u>	<u>Changes</u>
I. FUNDING^a			
General Funds	10,326,964	12,017,762	1,690,798
Special Funds	-	-	-
Federal Funds	17,499,569	15,893,853	(1,605,716)
Reim. Funds	-	-	-
Total	27,826,533	27,911,615	85,082
 II. PERSONNEL^a			
Regular Positions:	113.00	113.00	0.00
Contractual Positions:	2.00	2.00	0.00
 III. MAJOR CHANGES (In Thousands)			
01 <u>Salaries, Wages and Fringe Benefits</u>			
Decrease in Salaries due to Regular Earnings, (\$231K); Employees' Retirement, (\$34K); Offset by Workers' Compensation, \$158K; and Turnover Expectancy, \$4K.			(103)
02 <u>Technical & Special Fees</u>			
Decrease in Staff Development, (\$8K).			(8)
03 <u>Communications</u>			
Decrease in Communications mainly due to Telephone/Telegraph, (\$2K); and DGS - Office of Telecommunications, (\$1K).			(3)
04 <u>Travel</u>			
Increase in Travel due to Out-of-State Routine Travel, \$8K; Offset by Decrease in Volunteer Meals, (\$1K).			7
07 <u>Vehicles</u>			
Decrease in Vehicles due to Vehicle Maintenance and Repairs, (\$7K); Gas & Oil, (\$2K).			(9)
08 <u>Contractual Services</u>			
Increase in Contractual Services due to Administrative Hearing, \$175K; Family Support/Preservation, \$90K; Child Welfare Accountability, \$17K; Offset by Decrease in Printing/Reproduction, (\$10K); Room Rental, (\$1K); and Freight/Delivery, (\$1K).			270
09 <u>Supplies</u>			
Decrease in Supplies due to Printed Forms, (\$5K); Offset by Increase in Data Processing Supplies, 1K.			(4)
12 <u>Grants, Subsidies and Contributions</u>			
Decrease in Grants due to Family Preservation and Family Support Services, (\$90K).			(90)
13 <u>Fixed Charges</u>			
Increase in Fixed Charges due to Foster Care Liability Insurance, \$24K; and Subscriptions and Dues, \$5K; Offset by Other Fixed Charges, (\$4K).			25
Total			85

^a Reference Source: FY 2019 Maryland State Budget Book - Part II: Page 233

**Department of Human Services
 FY 2019 Budget Highlights
 Foster Care Maintenance Payments
 NG00.01**

	<u>FY 2018 Appropriation</u>	<u>FY 2019 Allowance</u>	<u>Changes</u>
I. FUNDING ^a			
General Funds	184,452,297	185,645,964	1,193,667
Special Funds	4,335,811	4,314,193	(21,618)
Federal Funds	73,841,478	68,789,450	(5,052,028)
Reim. Funds	0	0	0
Total	<u>262,629,586</u>	<u>258,749,607</u>	<u>(3,879,979)</u>

II. PERSONNEL ^a

Regular Positions:	N/A	N/A	N/A
Contractual Positions:	N/A	N/A	N/A

III. MAJOR CHANGES (In Thousands)

Decrease in average average caseloads from 13,399 to 12,020, (\$5,609K); Offset by an Increase in average payment from \$1,759 to \$1,794 due to a one percent increase for foster care provider rates, \$1,405K; and Foster Youth Savings Program, \$325K.

Total	<u><u>(3,879)</u></u>
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^a Reference Source: FY 2019 Maryland State Budget Book - Part II: Page 242.

**Department of Human Services
FY 2019 Budget Highlights
Local Child Welfare Services (CWS)
NG00.03**

	<u>FY 2018</u> <u>Appropriation</u>	<u>FY 2019</u> <u>Allowance</u>	<u>Changes</u>
I. FUNDING			
General Funds	174,119,105	160,852,965	(13,266,140)
Special Funds	1,325,241	1,808,121	482,880
Federal Funds	59,552,128	71,209,684	11,657,556
Reim. Funds	-	206,024	206,024
Total	<u>234,996,474</u>	<u>234,076,794</u>	<u>(919,680)</u>
II. PERSONNEL			
Regular Positions:	2,138.70	2,115.20	(23.50)
Contractual Positions:	0.50	0.50	0.00
III. MAJOR CHANGES (In Thousands)			
01 Salaries			(1,906)
Decrease in Salaries due to Regular Earnings, (\$1,420K); Fringe Benefits, (\$695K); and Accrued Leave Payments, (\$124K); Offset by Increase in Turnover Expectancy, \$196K; and Efficiency Reduction, \$137K.			
02 Technical & Special Fees			(84)
Decrease in Technical and Special Fees mainly due to Legal Services Contract in Carroll County, (\$89K); and Clerical and Secretarial Support mainly in Charles County, (\$4K); Offset by Increase in Interpreter Fees mainly in Prince George's County and Baltimore City, \$9K.			
03 Communications			(45)
Decrease in Communications due to Telephone/Telegraph, (\$93K); Data Processing Telecommunications, (\$79K); and Department of General Services - Office of Telecommunications, (\$2K); Offset by Increase in Cell Phones, \$74K; and Postage, \$55K.			
04 Travel			(56)
Decrease in Travel due to In-State Travel-Business mainly in Baltimore City, (\$56K).			
06 Utilities			(5)
Decrease in Utilities due to less Electricity Usage in Carroll County, (\$4K); and Fuel - Oil in Frederick, Kent, St. Mary's, and Talbot County, (\$1K).			
07 Vehicles			(47)
Decrease in Vehicles due to Maintenance and Repair, (\$51K); Gas and Oil, (\$13K); and Other Motor Vehicle Charges, (\$5K); Offset by Increase in Motor Vehicle Replacement, \$19K; and Leased Vehicle Rental Payment, \$3K.			
08 Contractual Services			675
Increase in Contractual Services due to Other Contractual Services mainly for Security Guards and Victims of Crime Act, \$836K; Purchase Service - Client Services mainly for Sibling Camp, \$47K; Court Costs, \$2K; Medical Exams, \$1K; and Equipment Repairs and Maintenance, \$1K; Offset by Decrease in Attorney Fees mainly in Carroll and Washington County, (\$179K); Birth Certificates, (\$17K); Service Contracts - Equipment, Building, Grounds, Janitor, (\$6K); Advertising and Legal Publication, (\$5K); Printing and Reproduction, (\$3K); Repairs/Maintenance - Buildings & Grounds, (\$1K); and Rental - Copy Machines, (\$1K).			
09 Supplies			73
Increase in Supplies due to Data Processing Supplies, \$53K; Housekeeping, \$17K; and Office Supplies, \$6K; Offset by Decrease in Other Supplies and Materials, (\$3K).			
12 Grants, Subsidies and Contributions			471
Increase in Grants mainly due to Montgomery County Department of Health and Human Services Grant, \$469K; and Background Checks, \$2K.			
13 Fixed Charges			6
Increase in Fixed Charges due to Rent Paid to Department of General Services, \$12K; Rent for Non-Department of General Services, \$1K; and Subscriptions and Dues, \$1K; Offset by Decrease in Rental - Multi Service Centers, (\$8K).			
Total			<u>(920)</u>

^a Reference Source: FY 2019 Maryland State Budget Book - Part II: Pages: 244-245.

Department of Human Services
FY 2019 Budget Highlights
Local Adult Services
NG00.04

		<u>FY 2018</u> <u>Appropriation</u>	<u>FY 2019</u> <u>Allowance</u>	<u>Changes</u>
I. FUNDING^a				
	General Funds	10,110,145	11,459,003	1,348,858
	Special Funds	1,261,943	1,232,336	(29,607)
	Federal Funds	35,380,030	32,937,499	(2,442,531)
	Ream. Funds	-	-	-
	Total	46,752,118	45,628,838	(1,123,280)
II. PERSONNEL^a				
	Regular Positions:	435.25	424.25	(11.00)
	Contractual Positions:	0.00	0.00	0.00
III. MAJOR CHANGES (In Thousands)				
01 Salaries				(759)
	Decrease in Salaries due to Regular Earnings, (\$695K); and Fringe Benefits, (\$190K); Offset by Increase in Turnover Expectancy, \$71K; Efficiency Reduction, \$35K; Accrued Leave Payment, \$11; and Overtime Earnings, \$9K.			
02 Technical & Special Fees				15
	Increase in Interpreter Fees in Harford County, Baltimore County, and Frederick County, \$14K; and Other-Technical and Special Fees in Baltimore County, \$1K.			
03 Communications				(10)
	Decrease in Postage, (\$12K); and Data Processing Telecommunication-Lines, (\$8K); Offset by Increase in Telephone/Telegraph, \$7K; and Cell Phones, \$3K.			
04 Travel				(2)
	Decrease in Travel due to In-State Routine Operations mainly in Anne Arundel County; (\$2K).			
06 Utilities				(22)
	Decrease in Utilities due to Electricity Usage in Baltimore County, Frederick County, and Prince George's County, (\$22K).			
08 Contractual Services				152
	Increase in Contractual Services due to Purchase of Service-Client Services for Adult Protective Services cases in Baltimore City, \$224K; Offset by Decrease in Contractual Services in Baltimore City, (\$52K); Attorney Fees in Washington County, (\$19K) and Services Contract-Equipment in Queen Anne's County, (\$1K).			
09 Supplies				21
	Increase in Data Processing Supplies, \$24K; Printed Forms, \$3K and Housekeeping, \$1K; Offset by Increase in Offices Supplies, (\$4K); Copier Services, (\$3K).			
12 Grants, Subsidies & Contributions				(98)
	Decrease in Grants mainly due to Montgomery County Department of Health and Human Services, (\$98K).			
13 Fixed Charges				(420)
	Decrease due to Non-Department of General Services, (DGS) Rent, (\$420K).			
	Total			(1,123)

^a Reference Source: FY 2019 Maryland State Budget Book - Part II: Page: 246.

**Department of Human Services
Social Services Administration
N00B**

Response to Issues

Issue #1: DHS should describe the additional resources planned to assist the LDSS in reducing the rate of victimization of youth in care.

Response to Issue

DHS is concerned about the higher rate of victimization of children while in foster care.

In order to address this concern, SSA will provide the local departments with the following:

- A deep data analysis to target specific areas of concerns for each local department
- Flex funds with a specific carve out to address issues regarding repeat maltreatment
- A new and updated curriculum for initial foster parent training that focuses on positive methods for addressing trauma
- Ongoing training and technical assistance for local department staff and foster parents to identify risk factors that lead to repeat maltreatment.
- Implementation assistance of evidence based practices to address risk factors that contribute to repeat maltreatment

In addition, the Families Blossom (Title IV-E waiver) efforts are continuing to focus on evidence based and promising practices across the state to service birth families and ensure child safety and well-being.

Issue #2: DLS recommends committee narrative requesting information on the department's efforts to prepare for the end of the Title IV-E Waiver, the efforts to ensure the department uses all available IV-E Waiver funding, and the impact of the end of the waiver on the availability of federal funding in SSA.

Response to Issue

DHS concurs with the Analyst's recommendation. The Department expects to spend the available Title IV-E Waiver funds during the approved waiver period.

Issue #3: However, as DHS is still determining whether or how additional funds will be added to the accounts, and many details of the program remain uncertain and have changed during fiscal 2018, DLS recommends restricting the funds for the program until DHS submits a report detailing its plans for operating the program in the future, including its final determination on whether the program will operate as a matched savings program and planned uses of budgeted funds.

Response to Issue

The Department concurs with the Analyst's recommendation and is willing to provide a report detailing future plans for operating the Foster Youth Savings Program. However, the Department disagrees with restricting the funds due to the delay it may cause in implementing this much needed initiative. These funds are earmarked for youth in our care and are used to prepare our youth that are leaving our care. DHS has opened accounts.

Issue #4: DHS should comment on when statewide improvement in the rate of re-entry into care after re-unification should be expected.

Response to Issue

One of the primary reasons Maryland pursued the IV-E Waiver opportunity is to reduce the rate of re-entry into care after reunification. The Waiver requires an evaluation at the end of the period. We will be able to note the improvement by the completion of the waiver evaluation.

DHS continues to monitor and track the rate of re-entry as well as provide targeted technical assistance to jurisdictions that struggle with re-entry into out of home placement.

DHS anticipates a decrease in re-entries, as a result of the enhancement of our service array, which includes evidence based and promising practices as well as our practice model.

As a result of the Title IV-E waiver efforts, evidence based, or promising practices have been underway in all jurisdictions across the state. Many jurisdictions are still in the initial implementation phases of their chosen evidence based or promising practices. SSA expects that the full implementation and utilization of these practices will reduce entries and re-entries into out of home placement. Full implementation of the models is expected by the end of CY2018

Issue #5: DHS should comment on the number of vacant casework supervisor positions statewide.

Response to Issue

As of January 2018, we have 234 supervisor positions filled and only have 14 vacant.

Issue #6: DLS recommends committee narrative requesting DHS continue the annual reporting of caseload to caseworker ratios, as well as providing information on the variations in caseload ratios in various jurisdictions, plans to reallocate positions to ensure all jurisdictions can meet the standards, and any efforts to update the caseload standards by CWLA.

Response to Issue

The Department concurs with the Analyst's recommendation to provide the requested information on caseload to caseworker ratios as well as information on the variations in caseload ratios in various jurisdictions and plans to reallocate the positions to ensure all jurisdictions can meet the standards. DHS will share any changes to the CWLA standards if and when they are updated.

**Department of Human Services
Social Services Administration
N00B**

Response to Recommended Actions

Recommendation #1

Adopt committee narrative requesting information on the efforts to prepare for the end of the Title IV-E Waiver. (Page 4 and 41)

Response: The Department concurs with the Analyst's recommendation to provide a report on the preparation for the end of the Title IV-E Waiver by December 15, 2018.

Recommendation #2

Add language restricting funds for the Foster Care Maintenance Payments program to that purpose. (Page 4 and 41)

Response: The Department will comply with the budget bill language as recommended.

Recommendation #3

Add language restricting funds until a report is submitted on the Foster Youth Savings program. (Page 4 and 42)

Response: The Department concurs with the Analyst's recommendation and is willing to provide a report detailing future plans for operating the Foster Youth Savings Program. However, the Department disagrees with restricting the funds due to the delay it may cause in implementing this much needed initiative. These funds are earmarked for youth in our care and are used to prepare our youth that are leaving our care. This restriction is counter-productive and limits the effectiveness of the program.

It is DHS's expectation that the first phase of the program will be implemented by the end of 3rd quarter of FY18. Phase two and three of the program which include the match portion of the program will be implemented in the 1st and 2nd quarters of FY19, following the procurement of a vendor.

Recommendation #4

Add language restricting funds for the Child Welfare Services program to that purpose. (Page 4 and 43)

Response: The Department will comply with the budget bill language as recommended.

Recommendation #5

Adopt committee narrative requesting information on child welfare caseloads and caseworkers.
(Page 4, 43 and 44)

Response: The Department concurs with the Analyst's recommendation to provide the requested information on child welfare caseloads and caseworkers.

**Department of Human Services
Social Services Administration
N00B**

Response to Audit Findings

Audit Finding #6:

SSA did not maximize the recovery of federal funds for children who were eligible to receive Supplemental Security Income. (Page 64)

Corrective Actions Taken:

Recommendation:

We recommend that SSA maximize the recovery of federal funds for children who are eligible for SSI (repeat). Specifically, we recommend that SSA:

- a. Ensure SSI is promptly collected to cover the cost of foster care for children who are only eligible for SSI;
- b. Review all SSI eligible cases and ensure federal recoveries are maximized; and,
- c. For children eligible for both funding sources, prepare, document, and implement a process to maximize federal funding for the cost of foster care.

Current Status:

A Title IV-E eligibility determination is completed for every child entering foster care. As part of the Title IV-E determination, the SSI status of each child is also reviewed. If the child is receiving SSI, a cost benefit analysis is completed. SSI eligibility is currently being performed by a vendor specifically contracted for the purpose of securing SSI funding (when appropriate) for children in foster care.

SSA and the Office of Budget and Finance are exploring options for changing the claims structure for dual claims.

Audit Finding #14:

SSA did not ensure that payments made to a State university for three interagency agreements were adequately supported, were reasonable in relation to the tasks performed, and were made in accordance with the terms of the agreements. (Page 65)

Corrective Actions Taken:

Recommendation:

We recommend that SSA:

- a. Obtain and review detailed time records (timesheets), including hours worked by each employee by task, to support the propriety of labor charges billed, and to monitor the State university's efforts to complete the tasks (repeat); and,
- b. Compare the State University's payroll records (payroll register) to labor charges billed to ensure amounts billed are accurate (repeat).

Current Status:

To prevent this finding from being repeated in future audits, SSA has implemented these more specific recommendations. SSA instituted an improvement in the documentation supporting each invoice received for all university contracts including a listing of staff persons (and any notifications about staff or salary changes) associated with the agreement, areas of the scope of work under which the staff worked during the month, signed timesheets relating to the staff work during the month, and invoices relating to non-labor costs charged during the month.

SSA has approved the salaries paid under the agreement with the review and approval of the DHS Monthly Invoice Detail Form, UMB Funding Profile of funding changes of effort, and timesheets that are classified as payroll sheets. The prior audit stated "the invoices did not identify the specific employees who performed services during the billing periods, the hours worked, and the related salary costs." The documentation process instituted in response to the prior audit does identify specific employees, the hours worked (as based on their level of effort in a 40 hour week), and their salary costs. SSA did in good faith comply with the audit recommendations, and this was a considerable effort adding additional time for both UMB to produce and SSA to review as part of the monthly invoice submission/review process.