Department of Human Services
Fiscal 2025 Budget Overview

Department of Legislative Services
Office of Policy Analysis
Annapolis, Maryland

January 2024

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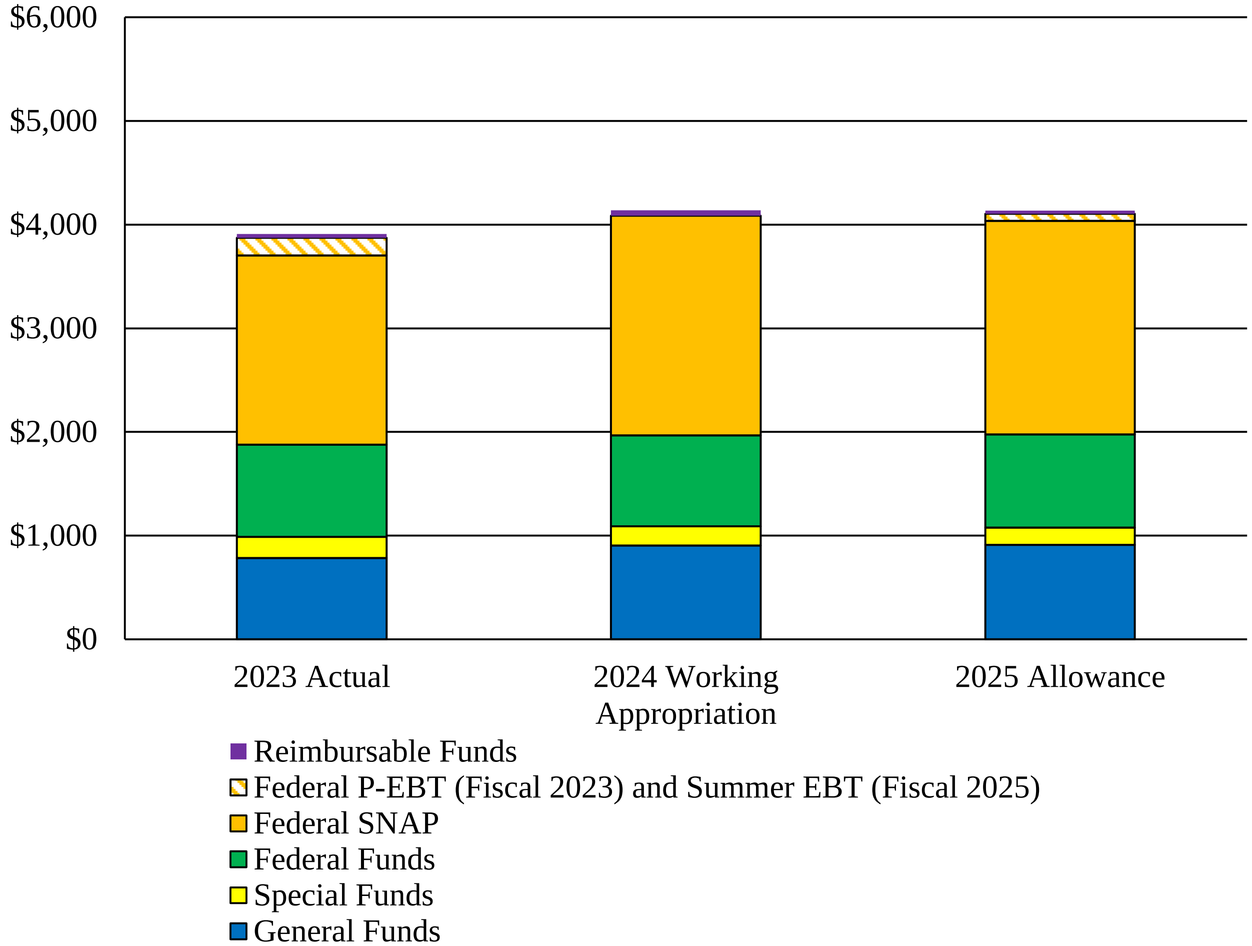
Department of Human Services
Fiscal 2025 Budget Overview

Funding by Source
Fiscal 2023-2025 Allowance
($ in Millions)

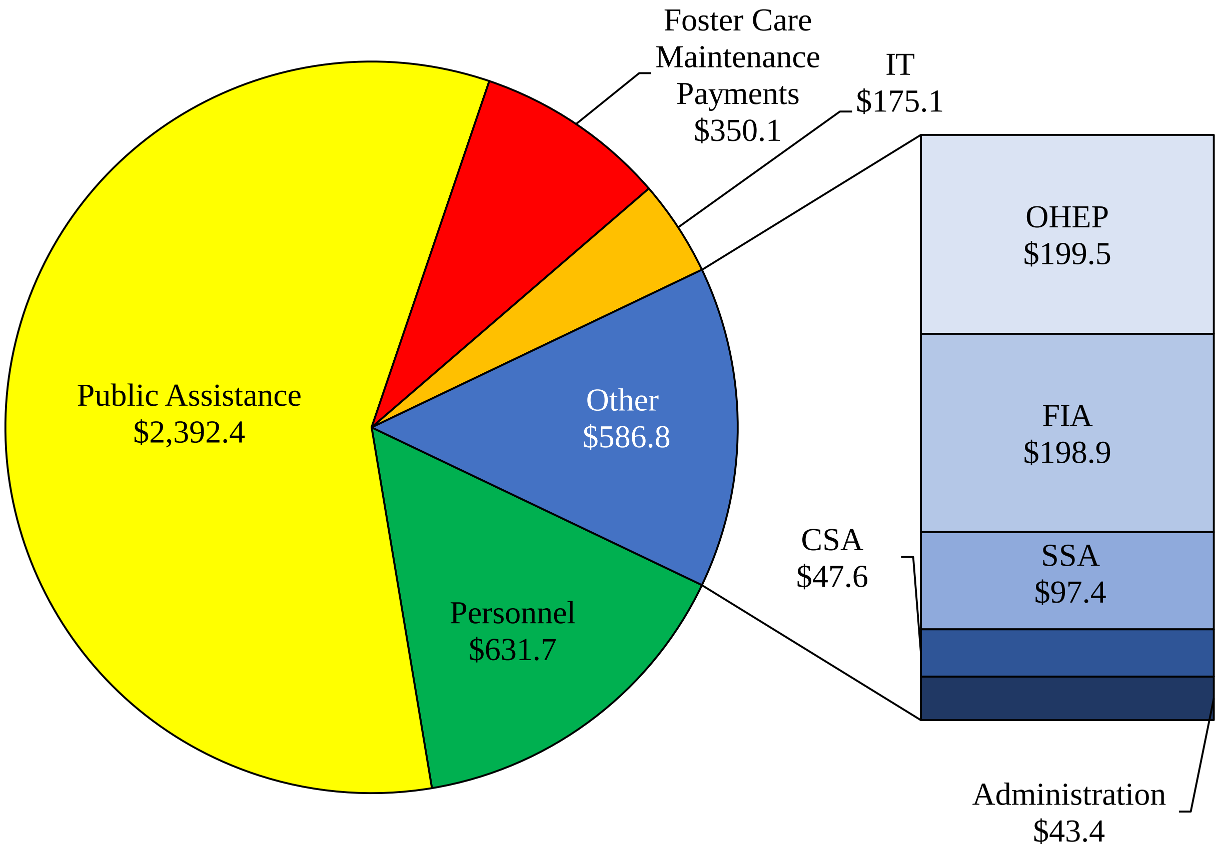


EBT: Electronic Benefits Transfer
P-EBT: Pandemic Electronic Benefits Transfer
SNAP: Supplemental Nutrition Assistance Program

Note: Numbers may not sum to total due to rounding. The fiscal 2024 working appropriation includes deficiencies. The fiscal 2024 impacts of statewide salary adjustments appear in the Statewide Account in the Department of Budget and Management (DBM), and adjustments are not reflected in this agency's budget. The fiscal 2025 impacts of the fiscal 2024 statewide salary adjustments appear in this agency's budget. The fiscal 2025 statewide salary adjustments are centrally budgeted in DBM and are not included in this agency's budget.

Source: Governor's Fiscal 2025 Budget Books; Department of Legislative Services

Functional Breakdown of Spending
Fiscal 2025 Allowance
($ in Millions)



CSA: Child Support Administration
FIA: Family Investment Administration
IT: information technology
OHEP: Office of Home Energy Programs
SSA: Social Services Administration

Note: The fiscal 2025 statewide salary adjustments are centrally budgeted in the Department of Budget and Management and not included in this agency's budget.

Source: Governor's Fiscal 2025 Budget Books; Department of Legislative Services

Budget Overview: All Funds
Fiscal 2023-2025 Allowance
($ in Thousands)

	Actual 2023	Working App. 2024	Allowance 2025	$ Change 2024-2025	% Change 2024-2025
Family Investment (Excluding SNAP, P-EBT, and Summer EBT)	**$577,639**	**$597,166**	**$659,261**	**$62,096**	**10.4%**
TCA and Transitional Benefit	173,681	178,422	163,970	-14,452	-8.1%
TDAP	38,829	40,202	42,538	2,336	5.8%
Supplemental SNAP Benefits	7,599	11,567	17,123	5,556	48.0%
Other Public Assistance	24,334	29,276	41,743	14,430	52.8%
Work Opportunities	22,545	29,205	24,666	-4,539	-15.5%
Office of Grants Management	38,465	18,041	27,542	9,500	52.7%
Administration	272,185	292,415	341,679	49,264	16.8%
Office of Home Energy Programs	**$236,619**	**$215,416**	**$200,896**	**-$14,520**	**-6.7%**
Social Services Administration	**$672,932**	**$719,650**	**$731,653**	**$12,003**	**1.7%**
Foster Care/Adoption	342,013	343,978	350,092	6,113	1.8%
Programs/Administration	330,919	375,671	381,561	5,890	1.6%
Child Support	**$102,485**	**$105,435**	**$110,783**	**$5,348**	**5.1%**
Administration	**$324,605**	**$382,032**	**$306,346**	**-$75,686**	**-19.8%**
Office of the Secretary	33,587	28,735	29,336	601	2.1%
Operations	40,355	47,889	38,882	-9,008	-18.8%
Information Management	200,762	255,145	187,061	-68,084	-26.7%
Local Department Operations	49,902	50,263	$51,067	804	1.6%
Total	**$1,914,279**	**$2,019,698**	**$2,008,939**	**-$10,760**	**-0.5%**
General Funds	$782,549	$905,144	$910,736	$5,592	0.6%
Special Funds	206,219	185,040	166,125	-18,915	-10.2%
Federal Funds (Excluding SNAP and P-EBT)	889,085	875,264	900,400	25,136	2.9%
Reimbursable Funds	36,427	54,250	31,677	-22,574	-41.6%
Total Funds (Excluding Federal SNAP and P-EBT)	**$1,914,279**	**$2,019,698**	**$2,008,939**	**-$10,760**	**-0.5%**
Federal SNAP Benefits	$1,823,931	$2,119,807	$2,058,011	-$61,796	-2.9%
Federal P-EBT Benefits (2023) and Summer EBT Benefits (2025)	172,283		69,000	69,000	
Total (Including Federal SNAP, P-EBT, and Summer EBT)	**$3,910,494**	**$4,139,506**	**$4,135,950**	**-$3,556**	**-0.1%**

SNAP: Supplemental Nutrition Assistance Program
P-EBT: Pandemic Electronic Benefits Transfer
TDAP: Temporary Disability Assistance Payment
TCA: Temporary Cash Assistance

Note: Numbers may not sum to total due to rounding. The fiscal 2024 working appropriation includes deficiencies. The fiscal 2024 impacts of statewide salary adjustments appear in the Statewide Account in the Department of Budget and Management (DBM), and adjustments are not reflected in this agency's budget. The fiscal 2025 impacts of the fiscal 2024 statewide salary adjustments appear in this agency's budget. The fiscal 2025 statewide salary adjustments are centrally budgeted in DBM and are not included in this agency's budget.

Source: Governor's Fiscal 2025 Budget Books; Department of Legislative Services; Department of Budget and Management

Budget Overview: General Funds
Fiscal 2023-2025 Allowance
($ in Thousands)

	Actual 2023	Working App. 2024	Allowance 2025	$ Change 2024-2025	% Change
Family Investment	**$167,081**	**$233,271**	**$278,806**	**$45,535**	**19.5%**
TCA Payments	45,559	65,402	49,100	-16,302	-24.9%
TDAP	28,486	34,092	38,006	3,914	11.5%
Supplemental SNAP	6,043	11,567	15,567	4,000	34.6%
Other Public Assistance	8,371	13,646	34,218	22,535	192.9%
Office of Grants Management	8,769	10,611	19,871	9,260	87.3%
Administration	69,853	99,917	122,044	22,128	22.1%
Office of Home Energy Programs	**$80,000**	**$94,607**	**$15**	**-$80**	**-84.6%**
Social Services Administration	**$451,078**	**$484,733**	**$475,777**	**-$8,956**	**-1.8%**
Foster Care/Adoption	253,610	275,463	261,300	-14,163	-5.1%
Programs/Administration	197,468	209,269	214,477	5,208	2.5%
Child Support	**$18,136**	**$20,941**	**$21,519**	**$579**	**2.8%**
Administration	**$146,174**	**$166,105**	**$134,620**	**-$31,486**	**-19.0%**
Office of the Secretary	24,126	20,053	20,511	458	2.3%
Operations	24,083	25,349	21,436	-3,912	-15.4%
Information Management	67,771	90,927	61,875	-29,052	-32.0%
Local Department Operations	30,195	29,776	30,798	1,021	3.4%
Total	**$782,549**	**$905,144**	**$910,736**	**$5,592**	**0.6%**

SNAP: Supplemental Nutrition Assistance Program
TCA: Temporary Cash Assistance
TDAP: Temporary Disability Assistance Payment

Note: Numbers may not sum to total due to rounding. The fiscal 2024 working appropriation includes deficiencies. The fiscal 2024 impacts of statewide salary adjustments appear in the Statewide Account in the Department of Budget and Management (DBM), and adjustments are not reflected in this agency's budget. The fiscal 2025 impacts of the fiscal 2024 statewide salary adjustments appear in this agency's budget. The fiscal 2025 statewide salary adjustments are centrally budgeted in DBM and are not included in this agency's budget.

Source: Governor's Fiscal 2025 Budget Books; Department of Legislative Services; Department of Budget and Management

Fiscal 2024 Actions

Deficiency Appropriations

The fiscal 2025 budget proposes deficiency appropriations totaling $125.9 million across the Department of Human Services (DHS), including $64.5 million in general funds. The largest fiscal 2024 deficiency appropriations allocate an additional $72.0 million for system maintenance and improvements for the Maryland Total Human Services Integrated Network (MD-THINK) information technology system and $28.4 million to increase the amount budgeted for the Foster Care Maintenance Payments program to support increased caseload sizes and placement costs compared to what was initially assumed in the budget. Deficiencies totaling $17.4 million support operating expenses within the Family Investment Administration, including DHS call center expenditures, asset verification system services for Medical Assistance applicants, and employment and income verification services for safety net programs.

Deficiency Appropriations, by Purpose
Fiscal 2024
($ in Thousands)

	General Fund	Special Fund	Federal Fund	Reimb. Fund	Total Fund
MD-THINK System Maintenance and Improvements	$22,935		$19,909	$29,173	$72,017
Foster Care Maintenance Payments to Support Increased Caseloads	28,426				28,426
Departmentwide Call Center Expenditures	4,064	$97	4,522		8,683
Employment and Income Verification Services for Safety Net Programs	2,478	895	3,511		6,884
TCA to Support Increased Caseloads	5,402				5,402
Postage Expenses for Federally Mandated Mailings	1,950		1,050		3,000
Long Distance and Toll-free Service Charges	1,170		630		1,800
Asset Verification System Services for Medical Assistance Applicants	606		1,177		1,783
Relocation of Baltimore City Department of Social Services Family Investment Administration Center	699		377		1,076
LDSS Contracts for Interpreter, Janitorial, and Legal Service Fees for Child Welfare Services	182		46		228
TDAP to Reflect Decreased Caseloads	-3,439				-3,439
Total	**$64,474**	**$992**	**$31,221**	**$29,173**	**$125,860**

LDSS: Local Departments of Social Services
MD-THINK: Maryland Total Human Services Integrated Network
TCA: Temporary Cash Assistance
TDAP: Temporary Disability Assistance Payment

Proposed Budget Changes
Department of Human Services
Fiscal 2024-2025
($ in Thousands)

	General Fund	Special Fund	Federal Fund	Reimb. Fund	Total
2024 Working Appropriation	$905,144	$185,040	$2,995,071	$54,250	$4,139,506
2025 Governor's Allowance	910,736	166,125	3,027,411	31,677	4,135,950
Amount Change	5,592	-18,915	32,340	-22,574	-3,556
Percent Change	0.6%	-10.2%	1.1%	-41.6%	-0.1%

Where It Goes:	Change
Personnel Expenses	
Salary increases and associated fringe benefits including fiscal 2024 COLA and increments	$33,373
Agencywide funding to support filling of vacant positions and align overtime and contractual employee spending with recent experience	19,015
Overtime earnings	1,621
Reclassification	68
Workers' compensation	-503
Turnover adjustments	-6,144
Assistance Payments	
New federal summer EBT program	69,000
EBT fraud replacement in part due to end of availability of federal funds on September 30, 2024	19,803
State Summer SNAP for Children Program due to enhanced State funds and estimate of local match	5,556
Temporary Disability Assistance Program	2,336
Refugee cash assistance to better align with recent experience	1,555
Transitional support services	-779
Emergence assistance to better align with recent experience	-1,668
Public assistance to adults to better align with recent experience	-1,745
Child Support Pass Through to better align with recent experience	-3,516
Temporary cash assistance due to caseload decline	-13,673
SNAP due to estimated caseload decline	-61,796
Family Investment Administration	
Maryland Office for Refugees and Asylees Contracts and grants to better align with recent experience (Federal Fund)	12,567
Departmentwide Call Center Expenditures	12,296
Food bank - $10 million due to transfer of funding previously budgeted in the Dedicated Purpose Account	10,240
SNAP outreach	3,218
SNAP E&T	2,663
Asset verification system	1,730

Where It Goes:	**Change**
One time ARPA funding for Safe Summer Initiative	-1,000
Employment and income verification	-1,627
Work opportunities contracts to align with recent experience	-5,239
Social Services Administration	
Baltimore City Child Welfare Services contractual services for administrative costs	462
Office of Administrative Hearings- Child Protective Services hearings	451
One-time fiscal 2024 budget additions for legislative priorities	-700
Foster Care Maintenance Payments	
Foster care maintenance payments reflecting estimated caseload increases and changes in placement costs	6,113
Child Support Administration	
Cooperative reimbursement agreements with units of local government	2,569
University of Maryland research and technical assistance contract	-998
Office of Home Energy Programs	
Office of Home Energy Programs Local Administering Agency administrative contracts	4,408
Federal LIHWAP funds due to expiration of federal stimulus funding	-3,580
Strategic Energy Investment Fund fund revenue allocated for energy assistance	-5,030
Federal LIHEAP funding allocation	-10,334
Information Technology	
EBT payment processing and information control system contracts	7,543
DoIT services allocation	2,545
MD THINK system contracts for operating and maintenance expenses accounting for fiscal 2024 deficiency	-63,907
Other Changes	
Communications expenses (postage, telephone, and cell phone)	-6,354
Rent	-7,799
Montgomery County Block Grant	-12,983
Moving costs for DHS headquarters relocation	-13,863
Other	550
Total	**-$3,556**

ARPA: American Rescue Plan Act
COLA: cost-of-living adjustment
DHS: Department of Human Services
DoIT: Department of Information Technology
EBT: electronic benefits transfer
E&T: Employment and Training
LIHEAP: Low Income Home Energy Assistance Program
LIHWAP: Low Income Household Water Assistance Program
MD THINK: Maryland Total Human Services Integrated Network
SNAP: Supplemental Nutrition Assistance Program

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Source: Governor's Fiscal 2025 Budget Books; Department of Human Services; Department of Legislative Services

Under State law Montgomery County receives a block grant for child welfare, adult services, family investment, and administrative expenditures rather than operating like other local departments of social services (LDSS). This allows the county to offer higher pay and other flexibility. The State supports employees at a level comparable to if they were State employees. The fiscal 2025 allowance for the Montgomery County block grant across all categories decreases by nearly $13 million, of which $7.7 million is for child welfare services, $4.3 million for family investment, $0.9 million for administrative expenses, and $0.2 million for adult services. Because the State provides compensation commensurate to what would have been provided if they were State employees, it is unusual to see such a significant decrease, particularly given the fiscal 2024 general salary increase and increments and budgeted fiscal 2025 general salary increases and increments for State employees. **DHS should comment on the reason for the decrease in funding through the block grant to levels generally below the most recent experience despite salary increases for State employees in fiscal 2024 and 2025.**

Caseload Estimates Assumed in the Budget
Fiscal 2022-2025 Estimated

Program	Actual 2022	Actual 2023	Estimated 2024	Estimated 2025	% Change 2024-2025
Cash Assistance					
TCA	56,530	53,517	54,330	50,000	-8%
TCA Transitional Benefit	6,790	3,264	2,130	3,264	53%
TDAP	9,242	8,646	8,167	8,646	6%
SNAP Supplemental Benefit[1]	0	32,536	27,363	27,363	0%
Federal SNAP Cases	341,492	361,814	341,492	351,653	3%
Child Welfare					
Foster Care	2,614	2,579	2,679	2,636	-2%
Subsidized Adoption/Guardianship	7,888	7,740	7,880	7,770	-1%
Child Support					
TCA Collections	$19,017,262	$12,295,670	$14,298,302	$15,728,132	10%
Non-TCA Collections	491,597,823	445,540,921	466,430,119	489,036,710	5%
Total Collections	**$510,615,085**	**$457,836,591**	**$480,728,421**	**$504,764,842**	**5%**

SNAP: Supplemental Nutrition Assistance Program
TCA: Temporary Cash Assistance
TDAP: Temporary Disability Assistance Payment

[1]Represents the average number of recipients for the period of February 2023 through June 2023. Benefits were not provided under the SNAP Supplemental Benefit program in fiscal 2023 prior to February 2023 due to the availability of SNAP emergency allotments.

Source: Governor’s Fiscal 2024 and 2025 Budget Books; Department of Human Services; Department of Budget and Management

Employment: Full-time Equivalent Regular Positions and Contractual Positions
Fiscal 2023-2025

	Actual 2023	Working 2024	Allowance 2025	Change 2024-2025
Regular Positions				
Social Services	2,626.68	2,627.18	2,627.18	0.00
Family Investment	1,917.80	1,917.30	1,917.30	0.00
Administration	760.00	760.00	760.00	0.00
Child Support	652.20	660.20	660.20	0.00
Office of Home Energy Programs	14.00	14.00	14.00	0.00
Total Positions	**5,970.68**	**5,978.68**	**5,978.68**	**0.00**
Contractual Positions				
Social Services	5.00	2.50	2.50	0.00
Family Investment	131.75	70.00	70.00	0.00
Administration	44.72	3.33	3.33	0.00
Child Support	17.75	1.00	1.00	0.00
Office of Home Energy Programs	0.00	0.00	0.00	0.00
Total Positions	**199.22**	**76.83**	**76.83**	**0.00**

Note: Does not account for contractual full-time equivalents deployed in the Family Investment Administration under a Supplemental Nutrition Assistance Program administrative grant available through federal stimulus funds in fiscal 2023 and a portion of fiscal 2024.

Source: Governor's Fiscal 2025 Budget Books

Issues

1. Departmentwide Personnel Vacancy Rates Decline in Calendar 2023

In recent years, DHS has had persistently elevated levels of personnel vacancies departmentwide. However, vacancy data available through December 1, 2023, shows that the total departmentwide vacancy rate declined 5 percentage points year-over-year from 14.9% as of December 1, 2022, to 9.9% in December 2023. As shown in **Exhibit 1**, DHS had 90.1% of authorized positions that were positions on December 1, 2023, filled, or 5,386.4 filled positions out of a total of 5,978.7 authorized for fiscal 2024, which was a year-over-year increase of 306 filled positions. By administration, the percent of filled positions ranged from a high of 92.6% in the Family Investment Administration (FIA) to a low of 87.5% in the Social Services Administration (SSA). The largest year-over-year increase in filled positions occurred in FIA, which had an increase of 7.9 percentage points in filled positions, or 153 more filled positions compared to the prior year.

Exhibit 1
Filled Regular Positions
Fiscal 2022-2024
December 1 Data

	2022			2023			2024			Change in	Change in
	Filled	Authorized	% Filled	Filled	Authorized	% Filled	Filled	Authorized	% Filled	Filled	% Filled
Administration	662.7	762.2	86.9%	676.0	760.0	88.9%	700.0	760.0	92.1%	24.0	3.2%
Social Services	2,310.2	2,629.5	87.9%	2,203.0	2,626.7	83.9%	2,297.9	2,627.2	87.5%	94.9	3.6%
Child Support	570.2	652.2	87.4%	566.7	652.2	86.9%	600.7	660.2	91.0%	34.0	4.1%
Family Investment	1,620.8	1,946.8	83.3%	1,634.8	1,931.8	84.6%	1,787.8	1,931.3	92.6%	153.0	7.9%
Total	**5,164.0**	**5,990.7**	**86.2%**	**5,080.5**	**5,970.7**	**85.1%**	**5,386.4**	**5,978.7**	**90.1%**	**306.0**	**5.0%**

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

Source: Governor’s Fiscal 2024 and 2025 Budget Books; Department of Budget and Management; Department of Legislative Services

Exhibit 2 presents the positions vacant as of December 1, 2023, by the length of time the position has been vacant. In total, 592.28 positions agencywide were vacant as of December 1, 2023. Of the total, 32.3% or 191.23 positions had been vacant for over one year, while 44.9%, or 265.8, have been vacated within the past six months. Of the total positions vacant for over one year, 72.3%, or 138.23 out of 191.23, were in SSA. Vacancies within SSA also consisted of the majority of total departmentwide vacancies at 55.6% (329.28 out of 592.28).

Exhibit 2
DHS Personnel Vacancies by Length of Vacancy
December 1, 2023

	0-3 Months	4-6 Months	7-9 Months	9-12 Months	Over 12 Months	Total
DHS Administration	13	20	4	10	13	**60**
Social Services Administration	56.3	56	43.75	35	138.23	**329.28**
Child Support Administration	18	21.5	10	6	4	**59.5**
Family Investment Administration	42	39	23	3.5	36	**143.5**
Total DHS	**129.3**	**136.5**	**80.75**	**54.5**	**191.23**	**592.28**

DHS: Department of Human Services

Source: Department of Legislative Services

Position Classifications with Highest Vacancy Rates and Comparison of Salary Ranges to Similar Positions in Other States

As part of a report submitted by DHS providing an update on its recruitment and retention strategy as requested in the 2023 *Joint Chairmen's Report* (JCR), DHS compiled data on the position classifications across the agency with the highest vacancy rates, in addition to data on the salary and qualification requirements for comparable positions in neighboring states. As shown in **Exhibit 3**, casework specialist family services positions have the highest vacancy rate among job classification, with 53 out of 197 positions, or 26.9% of positions vacant. Child support specialist trainee and family services caseworker trainee positions also had close to 25% positions vacant. Casework specialist family services positions and family services caseworker trainee positions are social worker positions within SSA, which as discussed previously has the highest vacancy rate of administration within DHS.

Exhibit 3
Position Classifications with Highest Vacancy Rates
October 2023

Classification	Filled	Vacant	Total	Percent Vacant
Casework Specialist Family Services	144	53	197	26.9%
Child Support Specialist Trainee	46	15	61	24.6%
Family Services Caseworker Trainee	63	20	83	24.1%
Child Support Specialist I	52	12	64	18.8%
Family Investment Specialist I	277	63	340	18.5%

Source: Department of Human Services

Exhibit 4 presents data compiled by DHS through a review of the compensation of each of the position classifications with the highest vacancy rates in comparison with salary ranges for similar positions in Delaware, Pennsylvania, and Virginia. Salary ranges for DHS positions show a comparatively higher starting salary compared to all positions in the other three states except for three of five comparable positions in Pennsylvania. However, the upper limit of salary range for DHS positions varies in relation to salary ranges in other states. Specifically for positions in Pennsylvania, the upper salary limit of $72,176 for all five position classifications was higher than the upper limit of four out of five DHS positions. For positions in Virginia, one position type out of five had an upper salary limit higher than the comparative DHS position, while the remaining four were lower. For all five positions in Delaware, both the starting salaries and upper limit of the salary ranges were lower than DHS positions. DHS notes that while position classification between states for these positions is similar, Pennsylvania and Virginia have differing qualification requirements for working as social worker, which may impact differences in salary compared to DHS positions in some cases.

Exhibit 4
Salary Ranges for Positions Compared to Neighboring States
Fiscal 2024

Maryland	Salary Range	Delaware	Salary Range	Pennsylvania	Salary Range	Virginia	Salary Range
Casework Specialist Family Services	$59,351-$80,551	Social Worker/ Case Manager	$37,265-$55,897	Social Worker I[1]	$47,472-$72,176	Family Services Specialist I[2]	$36,993-$79,088
Child Support Specialist Trainee	$44,621-$62,297	Child Support Specialist I	$37,265-$55,897	Child Support Enforcement Specialist	$47,472-$72,176	Program Administration Specialist I	$40,839-$47,000
Family Services Caseworker Trainee	$52,362-$70,751	Family Services Specialist	$39,272-$55,897	Social Worker I	$47,472-$72,176	Family Services Specialist I	$36,993-$79,088
Child Support Specialist I	$47,455-$66,354	Child Support Specialist II	$39,654-$59,480	Child Support Enforcement Specialist[3]	$47,472-$72,176	Program Administration Specialist I[4]	$40,839-$47,000
Family Investment Specialist I	$44,621-$62,297	Social Services Specialist I	$30,982-$46,392	Income Maintenance Caseworker[5]	$47,472-$72,176	Benefit Programs Specialist I[6]	$36,877-$47,940

[1]Pennsylvania does not require licensure for social workers.
[2]In Virginia, a Master's degree in Social Work is desired but not a required qualification.
[3]Pennsylvania does not differentiate between experience levels for Child Support workers.
[4]Virginia does not differentiate between experience levels for Child Support workers.
[5]Pennsylvania does not differentiate between experience levels for Family Investment workers.
[6]Virginia does not differentiate between experience levels for Family Investment workers.

Source: Department of Human Services

Strategies to Reduce Vacancies

DHS previously outlined a departmentwide recruitment plan in a December 2022 response to a request contained in the 2022 JCR. The recruitment plan developed by DHS focuses on the following components:

- ***Deepening the Pool of Potential Candidates by Removing Barriers to Entry:*** Review job classifications to ensure that barriers to entry are being removed based on the needs of the job. Specifically, minimum education requirements were adjusted for the family investment specialist series and the child support specialist series.

- ***Streamlining the Recruitment Processes:*** Identify and apply best practices to its hiring processes to make recruitment more efficient.

- ***Marketing the Department as an Employer of Choice:*** Utilize social media channels as part of its recruitment process, work directly with local universities, colleges, and in appropriate situations, high schools, to build the reputation of the department as a desirable employer.

- ***Focusing on Competitive Compensation:*** Examine employee compensation to ensure that pay is both competitive and equitable.

- ***Building Work Environments Focused on Balancing Departmental Needs with Employee Well-being:*** Implement supervisory training and employee engagement processes and conduct exit interviews and employee experience surveys to establish feedback for areas of continuous improvement.

The committee narrative in the 2023 JCR requested, and DHS submitted, a report providing an update on the current status of its recruitment and retention strategy, including the outcomes that the agency is seeing from its current strategy on reducing the overall number of vacant positions across the agency, in addition to other data on position classifications with the highest rates of vacancies and a comparison of salaries of these positions with comparable positions in neighboring states discussed in the previous section.

DHS reports that in calendar 2023, it engaged in a multi-channel approach to recruitment through both in-person and virtual recruitment activities, including through social media and online job posting sites, and worked to build better processes to advertise opportunities using existing resources. Additionally, DHS has worked on creation of a recruitment video that will be attached to each job posting.

In addition, DHS increased its presence at virtual and in-person job fairs. In calendar 2022, DHS reported participating in no job fairs, while in calendar 2023, DHS reported participating in at least 12 job fairs in calendar 2023. DHS has worked with DBM to receive permission to make conditional offers of employment on the spot at these job fairs to qualified candidates. DHS indicates that participating in these job fairs has also improved the ability to connect potential candidates with job openings at both LDSS and DHS headquarters by providing an exchange of contact information and interest. These recruitment efforts are consistent with broader strategies across State government recommended by the Task Force on the Modernization of the State Personnel Management System, which was led by DBM and met during the 2023 interim. Among other recommendations, the task force specifically focused on recommendations related to reducing the length of the recruitment process through streamlining steps of the hiring process and improving applicant engagement throughout the recruitment process to make applicants feel valued and more likely to accept an offer of employment.

2. Temporary Assistance for Needy Families Update

Temporary Assistance for Needy Families (TANF) is the primary federal fund support for cash assistance. Uses of TANF must meet one of four purposes:

- providing assistance to needy families so that children can be cared for in their homes;
- reducing the dependence of needy families by promoting job preparation, work, and marriage;
- preventing and reducing out-of-wedlock pregnancies; and
- encouraging the formation and maintenance of two-parent families.

TANF may also be used for items authorized under the prior federal law (for programs that it was replacing). A certain percentage of the funding is also authorized to be transferred to certain other block grants and funds.

Funding through TANF is primarily provided through a block grant amount, which is largely unchanged since the program's initiation. Since fiscal 2017, Maryland has annually received $228 million from the federal TANF block grant. The same amount is expected to be available in fiscal 2025. Maryland has also received TANF contingency funds each year since the Great Recession. Contingency funds are available to states meeting certain criteria related to the Supplemental Nutrition Assistance Program (SNAP) participation or unemployment. In order to receive TANF contingency funds, a state must meet one of two conditions:

- an unemployment rate of at least 6.5% and that is 10% higher in a three-month period compared to the same three-month period in either of the two prior years; or
- a SNAP caseload that is 10% higher in a three-month period than in a corresponding three-month period in 1994 or 1995.

Maryland continues to qualify for these funds because of SNAP caseload changes over that period and, as long as the criteria remains unchanged, will continue to qualify for the foreseeable future. The amount of contingency funds received year to year has varied throughout the period of receipt but has been relatively steady in recent years. From fiscal 2020 through 2022, Maryland received $27.2 million of these funds. DHS received near that level in fiscal 2023 ($26.9 million), which is the same level as is anticipated in fiscal 2024 and 2025.

TANF Balance

Between fiscal 2021 and 2022, the State replaced $140 million of planned TANF spending on cash assistance with State Fiscal Recovery Funds available from the American Rescue Plan Act (ARPA). The use of these funds for this purpose was intended to assist the State with the higher-than-expected Temporary Cash Assistance (TCA) caseload and allow the State to retain TANF balance for future years. Although this planned action was expected to lead to higher general fund spending in fiscal 2021 and 2022, the action was expected to reduce general fund spending at a future time when there were less general funds available because there would be TANF balance available to be used.

Ultimately, DHS increased TANF expenditures in fiscal 2022 beyond what was anticipated with the fund swap. However, despite this, the TANF balance at the close of fiscal 2022 was $63.5 million, approximately $22.8 million higher than the fiscal 2019 (final pre-covid impacted year) balance, even though it was about half the balance that was expected with the planned swap. As shown in **Exhibit 5**, the TANF balance at the close of fiscal 2023 was $47.2 million, a decrease of $16.3 million compared to fiscal 2022. This decrease occurred due to expenditures exceeding revenue. The Department of Legislative Services (DLS) notes that this was a larger decrease than was expected during the 2023 session and came in a time when general funds remained plentiful. The use of fund balance in years when general funds remained plentiful reduces their availability for years beginning in fiscal 2025 and beyond when the State is projected to experience cash shortfalls. DHS anticipates a closing balance in fiscal 2025 of $35.9 million due to increased TANF spending compared to fiscal 2024 despite level revenue.

Exhibit 5
Availability of TANF Funding
Fiscal 2022-2025 Allowance
($ in Millions)

	Actual 2022	During the 2023 Session 2023 Est.	Actual 2023	Working 2024	Allowance 2025
Beginning Balance	**$35.791**	**$63.502**	**$63.502**	**$47.157**	**$50.077**
TANF Grant	$228.342	$228.342	$228.342	$228.342	$228.342
Contingency TANF	27.202	27.202	26.871	26.871	26.871
TANF Pandemic Emergency Assistance Funds	17.756				
Total Income	**$273.300**	**$255.544**	**$255.213**	**$255.213**	**$255.213**
Available Funding (Balance + Income)	$309.091	$319.046	$318.715	$302.370	$305.290
Total Expenditures	**-$245.589**	**-$266.179**	**-$271.559**	**-$252.293**	**-$269.355**
Ending Balance	**$63.502**	**$52.867**	**$47.157**	**$50.077**	**$35.935**

TANF: Temporary Assistance for Needy Families

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

Source: Department of Budget and Management; Department of Human Services; Department of Legislative Services

TANF Spending

Exhibit 6 provides detail on TANF spending by activity by fiscal year, including areas of increased spending in fiscal 2023. As shown in this exhibit, in fiscal 2023, the largest area of increased expenditure compared to the amount anticipated during the 2023 session was Child Welfare Services ($13.5 million). The other substantial area of increase was in the Local Family Investment Program, the program in which eligibility caseworkers and other administrative activity related to TANF is budgeted ($8.0 million). These increases more than offset decreased spending on cash assistance and the Work Opportunities program primarily due to declining caseloads and reduced employment and training activity since the onset of COVID-19.

Exhibit 6
Changes in TANF Spending
Fiscal 2022-2025 Allowance
($ in Millions)

Activity	Actual 2022	Working 2023	Actual 2023	Working to Actual	Working 2024	Allowance 2025	Change 2024-2025
Cash Assistance	$71.4	$112.8	$101.1	-$11.7	$112.9	$115.0	$2.2
Work Opportunities	27.0	29.2	22.5	-$6.7	29.2	24.7	-4.5
Family Investment Services	6.9	8.1	8.4	$0.3	6.8	7.1	0.3
Local Family Investment Program	29.4	24.5	33.0	$8.5	26.2	32.5	6.3
Foster Care Maintenance Payments	33.7	34.9	34.9	$0.0	16.7	34.7	18.0
Local Child Welfare Services	41.5	24.2	37.7	$13.5	25.8	20.8	-5.0
Local Adult Services	10.9	10.3	10.8	$0.5	11.9	12.1	0.2
Social Services Administration State Operations	9.5	8.6	9.0	$0.4	10.0	10.2	0.2
General Administration	15.2	13.7	14.2	$0.5	12.8	12.2	-0.6
Total Expenditures	**$245.6**	**$266.2**	**$271.6**	**$5.4**	**$252.3**	**$269.4**	**$17.1**

TANF: Temporary Assistance for Needy Families

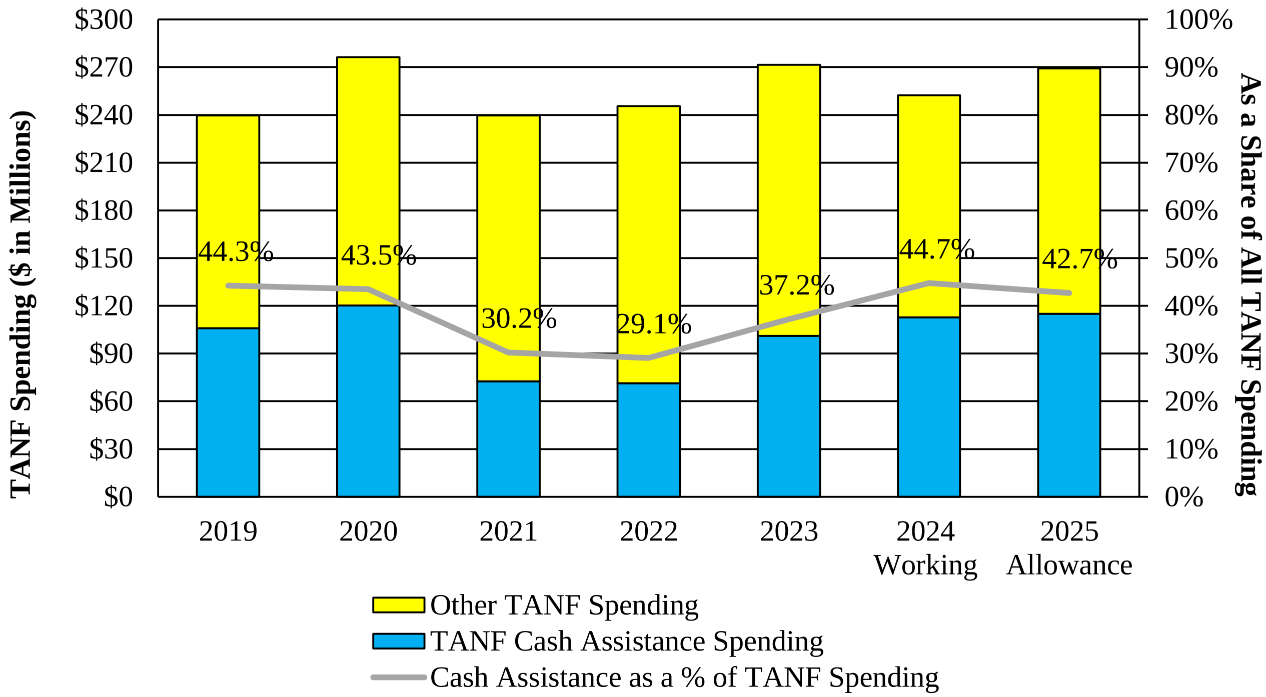
Note: Numbers may not sum to total due to rounding.

Source: Department of Budget and Management; Governor's Budget Books; Department of Human Services; Department of Legislative Services

In fiscal 2025, TANF spending totals $269.4 million, an increase of $17.1 million compared to the fiscal 2024 working appropriation. In the fiscal 2025 allowance, the largest area of increase in TANF spending occurs in Foster Care Maintenance payments, an increase of $18 million, to $34.7 million. This level of spending in the program would be the second highest level for this purpose in recent history. Spending on the Local Family Investment Program increases by $6.3 million, to near the level of the fiscal 2023 actual expenditures. Spending on work programs declines by $4.5 million, to $24.7 million. Despite the decrease, this level of expenditures would be an increase over fiscal 2023. Spending on work programs has substantially decreased during the pandemic and has continued to remain depressed even with the enforcement of work requirements once again. The level of TANF spending on work programs in the fiscal 2025 allowance is the second lowest since at least 2011.

In general, cash assistance remains the largest use of TANF. The exception to this is in fiscal 2022, a year in which as noted previously the State intentionally reduced TANF spending on cash assistance to save TANF for future years. As shown in **Exhibit 7**, spending on cash assistance in the fiscal 2025 allowance represents 42.7% of total TANF spending.

Exhibit 7
Cash Assistance as a Share of TANF Spending
Fiscal 2019-2025 Allowance



TANF: Temporary Assistance for Needy Families

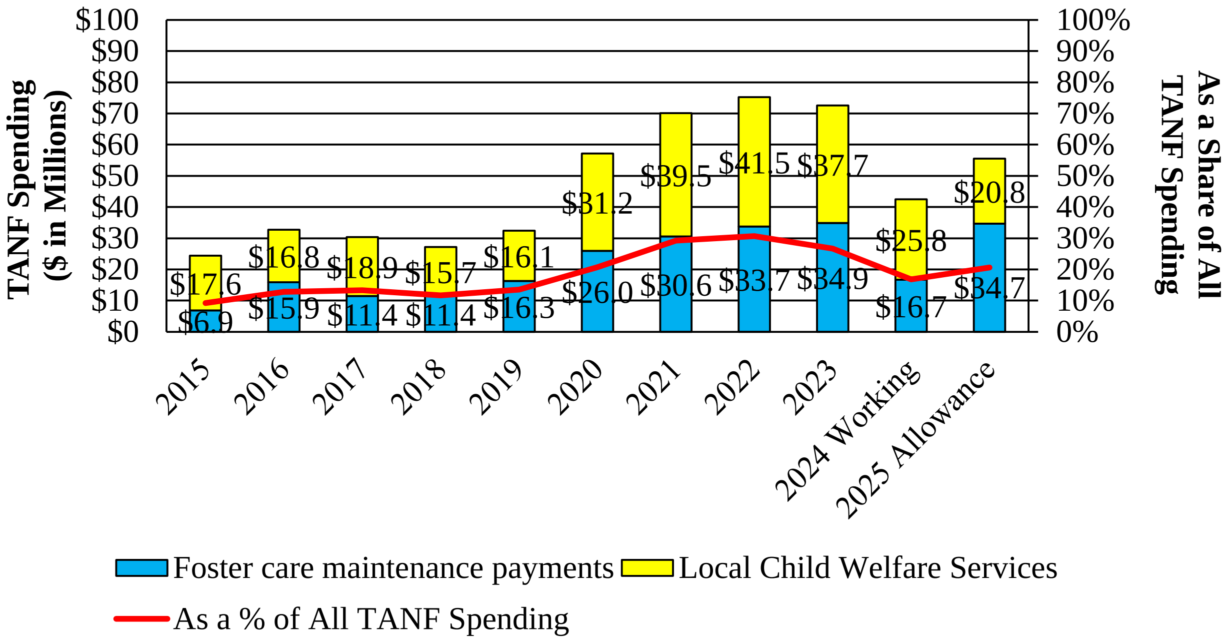
Source: Department of Budget and Management; Governor's Budget Books; Department of Human Services; Department of Legislative Services

As shown in **Exhibit 8**, since fiscal 2020, DHS has spent more than $30 million of TANF on Child Welfare Services in each year, compared to less than $20 million in each year from fiscal 2015 through 2019. In testimony in the 2023 session, DHS indicated that the increased use of TANF in child welfare services in recent years is due to declining attainment in other fund sources including the Title IV-E program (the primary federal funding source of child welfare and foster care). DLS notes that in these years with higher child welfare spending, the budget as introduced has generally included funding of a lower amount. For example, despite ultimately spending $41.5 million and $37.7 million, respectively, in this area in fiscal 2022 and 2023, the working appropriation in the prior session was slightly less than $25 million for each of those years. The increased use of TANF at closeout for child welfare services in those years highlights potential risks for fiscal 2024 and 2025 in terms of the ending fund balance given that budgeted levels in fiscal 2024 are just under $26 million and in fiscal 2025 are less than $21 million. Similarly, spending on Foster Care Maintenance Payments has also increased substantially since fiscal 2015, when it totaled less than $7 million, compared to more than $30 million in each fiscal 2020 through 2023. In fiscal 2015, these programs combined to represent 9.3% of TANF spending, while it exceeded 25% of spending in each fiscal 2021 through 2023.

Exhibit 8

TANF Spending on Child Welfare Purposes

Fiscal 2015-2025 Allowance



TANF: Temporary Assistance for Needy Families

Source: Department of Budget and Management; Governor's Budget Books; Department of Human Services; Department of Legislative Services

Maintenance of Effort

In return for the annual TANF block grant, the State must spend $177 million of its own money to meet a federal maintenance of effort (MOE) requirement equal to 75% of its spending on TANF's predecessor programs in fiscal 1994. A higher MOE is required if a state does not meet its federal work participation rates. Additional MOE funds are required when a state receives contingency funds. Specifically, a state must spend 100% of what it spent on the predecessor programs, and then contingency funds must be matched by MOE spending. Due to the required MOE for the base block grant and the receipt of contingency funds, Maryland has been required to spend $240.1 million of its own funds. In fiscal 2023, DHS reported approximately $564.5 million in MOE spending, an increase of nearly $131 million compared to fiscal 2022. Fiscal 2023 is the third consecutive year that the State has exceeded its required MOE spending by more than $100 million.

The Earned Income Tax Credits at both the State and local level alone in fiscal 2022 and 2023 have been more than sufficient to meet the required MOE, in fiscal 2023 these amounts total $289.8 million. Other significant contributors to MOE spending in fiscal 2023 were prekindergarten ($186.9 million) and cash assistance ($73.4 million). Excess MOE spending assists the state in meeting the Work Participation Rate as it can be used in the calculation of the caseload reduction credit. The Work Participation Rate is discussed further in the analysis of DHS Family Investment Administration – N00I.

Notice of Proposed Rulemaking Would Change Allowable Uses of Spending and MOE Claiming

In October 2023, the Administration for Children and Families (ACF) within the U.S. Department of Health and Human Services issued a notice of proposed rulemaking that, among other changes, would place additional limitations on the use of TANF and expenditures that can be claimed as MOE. ACF indicates that these proposed changes follow a review of spending by states. In particular, ACF noted that states have shifted spending away from focusing on direct cash assistance and employment related spending. In addition, ACF explained that spending is occurring for families with higher income levels (including up to 400% of the federal poverty level in some states) and on purposes it views as tenuously connected to TANF's four purposes. Major changes in the proposed rulemaking include:

- ***Establishing a Maximum Income for a State Definition of Needy at 200% of the Federal Poverty Level (FPL):*** Previously, there was no definition of needy, and some states have defined this term at levels of 300% or 400% of federal poverty in determining uses of funds. States would still have flexibility to set limits at or below this limit including using other measures as long as the limits do not exceed this level.

- ***Establishing in Regulation a Standard for Determining Acceptable Uses of Funds:*** The new standard would be whether an expenditure is reasonably calculated to accomplish one of the TANF purposes.

- ***Excluding Third-party, Nongovernmental Spending as Allowable MOE*** – Specifically, this change would be related to spending by third party rather than spending that a state provides to a third party. Local government expenditures remain allowable.

Although the Notice of Proposed Rulemaking (NPRM) for this standard does not expressly state allowed or disallowed uses of funds for each of the purpose, it provided examples of those likely and unlikely to meet this standard. Examples provided in the NPRM are shown in **Exhibit 9**. Although the NPRM provides examples, ACF indicates that states could provide evidence prior to assessing a penalty for misuse to show that the expenditure would likely meet the purpose for which it is connected. ACF indicates states in these cases can provide certain evidence that the expenditure accomplishes a TANF purpose, a prior expenditure by the state or another entity for the same or substantially the same program/activity accomplished a TANF purpose, academic or other research indicates it would accomplish a TANF purpose, among other information.

Exhibit 9

Examples of Likely Allowed and Unlikely to be Allowed Uses under NPRM

TANF Purpose	Likely Allowed	Likely Not Allowed
Provide Assistance to Needy Families so That Children May Be Cared for in Their Own Homes or in the Homes of Relatives	Cash assistance for needy families (recurring or non-recurrent cash benefits) Certain prevention and reunification strategies in child welfare, including • Parenting skills classes • Family reunification efforts • Supports for parents preparing for reunification • Concrete and economic supports to prevent removal	Certain other child welfare costs including • Foster care or other out-of-home maintenance payments for residential care, assessment, rehabilitative services • Child protection investigations Juvenile justice system

TANF Purpose	Likely Allowed	Likely Not Allowed
End the Dependence of Needy Parents on Government Benefits by Promoting Job Preparation, Work, and Marriage	Workforce development services for needy parents (job placement and retention) • Tuition assistance • Education and training programs Work supports for needy parents including childcare and early education programs	Workforce development services for those without children or income above standards for needy
Prevent and Reduce the Incidence of Out-of-wedlock Pregnancies and Establish Numerical Goals for Preventing and Reducing the Incidence of These Pregnancies	Comprehensive sex education Family planning services Pregnancy prevention programs Community mobilization services for at risk youth that increase access to pregnancy prevention programs for teens	College scholarships for childless adults Pregnancy counseling to women after pregnancy After school and mentoring or academic tutoring costs that are not directly associated with the delivery of pregnancy prevention services
Encourage the Formation and Maintenance of Two-parent Families	Marriage education Marriage and relationship skills Parent and co-parent skills workshops Public awareness campaigns on the value of marriage and responsible fatherhood	After school and mentoring or academic tutoring

Source: U.S. Department of Health and Human Services, Administration for Children and Families; Federal Fund Information for States; Department of Legislative Services

DHS reports that it is opposed to these three proposed changes to regulations. In particular, DHS reports that the change to limit the definition of needy families would impact certain spending and claiming of MOE. In particular, DHS notes that it uses a definition of needy for some TANF spending that is 300% of FPL. DHS specifically highlighted spending related to child welfare, transitional benefits, diversion programs, and prekindergarten programs as being impacted. DLS notes that prekindergarten spending is impacted only as claiming for MOE purposes, as the State does not spend TANF outside of DHS. In fiscal 2023, DHS claimed $186.9 million of MOE from prekindergarten programs, some portion of which would remain eligible for claiming. DLS notes that this level of claiming in the prekindergarten program was substantially higher than in other recent years, for example, the claiming in fiscal 2022 from this use was $74.9 million.

As shown in Exhibit 8, DHS has increased TANF spending on foster care maintenance payments and local child welfare services substantially since fiscal 2015. In fiscal 2015, DHS spent a combined $24.4 million of TANF in these programs, while in comparison, DHS spent more than $70 million combined in these programs in each fiscal 2021 through 2023. In particular, DHS reports that the TANF spending in these programs supports adoption and guardianship subsidies as well child welfare services caseworker activities related to in home services. DLS is concerned that not all of the spending in these programs will meet the reasonableness test that ACF has described in the NPRM. DLS notes there are two impacts of failure to meet this standard. Initially, there would be a risk that expenditures are deemed a misuse of funds and draw a penalty, depending on whether these uses are ultimately determined to be allowable both in purpose and based on the income levels of those for which funds are being spent. Second, other fund sources, likely general funds, would also be needed to replace spending currently being made with TANF if it becomes questionable whether these uses would be allowable. **DLS notes that one solution to reduce risk would be to shift more of the TANF spending currently programmed to the TCA program, which is budgeted in fiscal 2025 with $49.1 million in general funds, and then shift the freed up general funds to Child Welfare Services and/or Foster Care Maintenance Payments program. A recommendation that would allow for this flexibility will appear in the analysis for N00I – Family Investment Administration.**

DHS explained that while it does not support the change to restrict the use of MOE claiming related to spending by third-party nongovernmental entities, the State does not currently claim MOE from any such sources. As a result, the department's concern is that would impact flexibility going forward.

DHS should discuss the status of the NPRM including the anticipated timeframe for any resulting regulations to be implemented. In addition, DHS should identify the general fund and other impacts of (1) replacing spending in TANF on uses that would no longer be allowed and (2) changes in ability to claim MOE due to serving families over 200% of FPL and not meeting the reasonableness test.

3. Hospital Overstays for Children and Youth in Out-of-home Care

Issues related to the length of hospital stays and stays in emergency rooms by children and youth in State custody have been an ongoing concern of the General Assembly for the past several years. Of particular concern are youth who experience lengthy overstays in emergency rooms, psychiatric hospitals, or psychiatric units of general and medical hospitals that extend beyond what is deemed medically necessary while the youth is awaiting placement with an appropriate provider. These overstays generally occur due to difficulties in securing placements for children with complex behavioral or physical health needs due to a lack of providers meeting the needs of these children and limited capacity for providers that do.

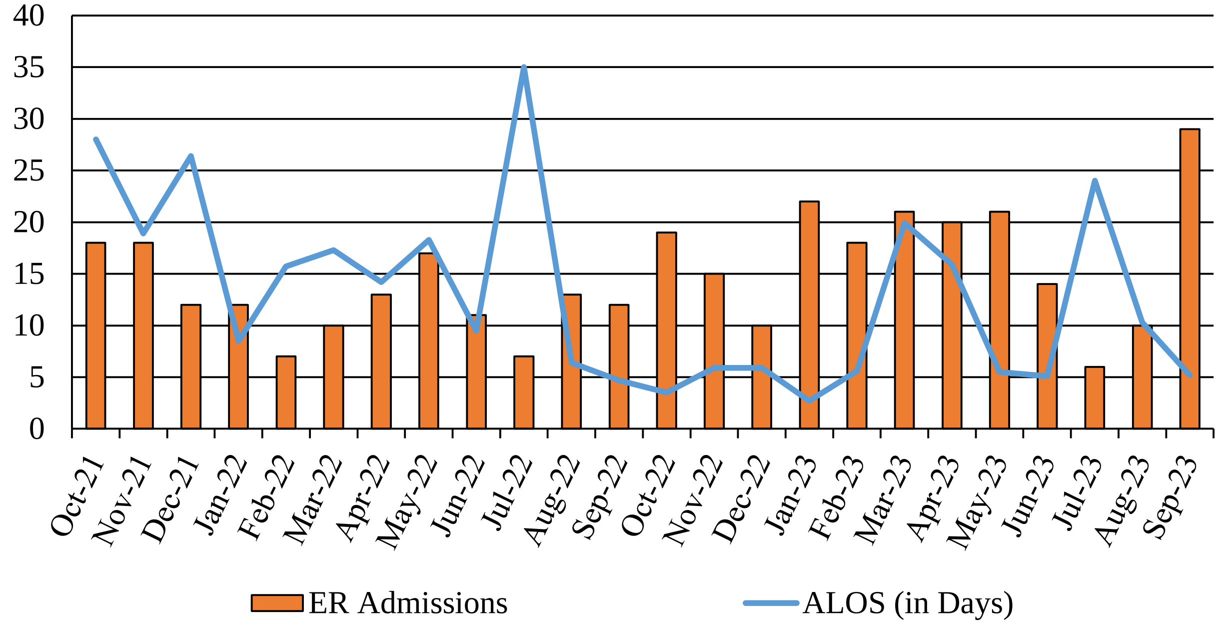
On May 30, 2023, a lawsuit (*TG et. al. v. Maryland Department of Human Services et. al.)* was filed in the U.S. District Court for the District of Maryland by plaintiffs representing a group of Maryland foster children in the custody of LDSS outside of the Baltimore City LDSS, who have experienced or are at imminent risk of experiencing medically unnecessary hospitalization. The current lawsuit alleges that both DHS and the Maryland Department of Health (MDH) have not ensured a sufficient amount and range of placement providers for behavioral health services that are needed by children in State custody with complex health needs. At this time, the lawsuit remains pending. Separately, concerns over hospital overstays within the Baltimore City LDSS have been raised over the past several years as part of the *L.J. v. Massinga Modified Consent Decree*, which covers the foster care system in that jurisdiction.

In order to track the extent of the hospital overstay issue, in recent years, DHS has been requested to and submitted data on youth in out-of-home placements served in hospitals. In response to committee narrative in the 2023 JCR, DHS submitted a report providing updated data on the number of youth served in emergency rooms for psychiatric evaluation or crisis and the average length of stay (ALOS) for these visits, the number of inpatient admissions of youth to medical and psychiatric hospitals and the ALOS for these hospital stays, the length of stay beyond medical necessity for both hospital types, and data on placements after discharge from inpatient hospital stays for the period of October 2022 to September 2023. DHS noted that the data is based on self-reported information from the 24 LDSSs, which is submitted weekly and compiled into a single report by DHS SSA. DHS previously reported data in a similar format for the period between October 2021 and September 2022 in addition to reports submitted in prior years covering previous reporting periods.

Emergency Room Visits for Psychiatric Evaluation or Crisis

DHS reported that between October 2022 and September 2023, there were a total of 205 emergency room admissions of youth in out-of-home placements through DHS for psychiatric evaluation or crisis, an increase of 55 compared to the prior reporting period (October 2021 through September 2022). By month, the number of emergency room admissions during this period ranged from a low of 6 in July 2023 to a high of 29 in September 2023. ALOS for these emergency room admissions, in addition to emergency room admissions occurring during the prior reporting period of October 2021 through September 2022, are shown in **Exhibit 10**. For all emergency room visits during the current reporting period between October 2022 and September 2023, ALOS was 8.4 days but ranged from a low of 2.7 days in January 2023 to a high of 24 days in July 2023. Comparatively, DHS previously reported an ALOS of 16.9 days for all emergency room visits during the prior period. As a result, despite a higher number of admissions, ALOS decreased by 8.5 days.

Exhibit 10
Average Length of Stay for Emergency Room Visits (in Days)
October 2021 to September 2023



ALOS: average length of stay
ER: emergency room

Note: ALOS is calculated based on the length of stay for a youth admitted to an emergency room in a given month.

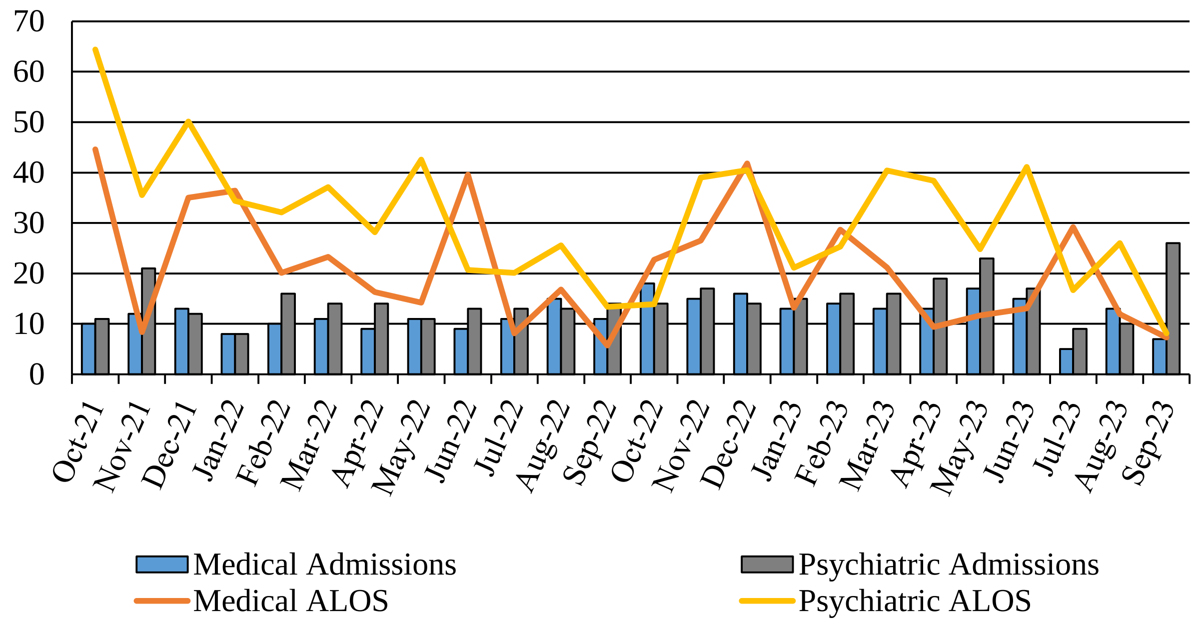
Source: Department of Human Services

Average Length of Stay for Medical and Psychiatric Hospital Admissions

For the period between October 2022 and September 2023, DHS reported that there were a total of 159 admissions to medical hospitals and 196 admissions to psychiatric hospitals among youth in out-of-home placements. Consistent with emergency room admissions, the reported admissions were higher than the period covering October 2021 through September 2022, when there were 130 reported admissions to medical hospitals and 160 admissions to psychiatric hospitals.

Exhibit 11 shows ALOS for these hospital stays for the October 2022 to September 2023 period in addition to hospital stays occurring during the previous reporting period of October 2021 through September 2022. Overall, ALOS for youth admitted to the hospital between October 2022 and September 2023 averaged 20.1 days for medical hospitalizations and 27.6 days for psychiatric hospitalizations. In comparison, ALOS for the prior reporting period between October 2021 and September 2022 was 32.4 days for medical hospitalizations and 33.7 days for psychiatric hospitalizations. Similar to the emergency room admissions, despite the higher overall number of admissions, the reported ALOS decreased in the current reporting period compared to the prior period by 12.3 days for medical hospitalizations and 6.1 days for psychiatric hospitalizations. During the October 2022 to September 2023 period, ALOS ranged from a low of 7.3 days in September 2023 and a high of 41.8 days in December 2022 for medical hospitalizations and a low of 8.1 days in September 2023 and a high of 41.1 days in June 2023 for psychiatric hospitalizations.

Exhibit 11
ALOS for Inpatient Medical and Psychiatric Hospitalizations
October 2021 to September 2023
(in Days)



ALOS: average length of stay

Note: ALOS is calculated based on the length of stay for youth admitted to a hospital in a given month.

Source: Department of Human Services

Hospital Overstays

Exhibit 12 presents data on the number of children and youth experiencing inpatient hospital stays deemed longer than medically necessary and the length of these hospital overstays.

Between October 2022 and September 2023, DHS reported a total of 99 youth as having experienced an overstay in a hospital setting for medical or psychiatric reasons. Youth hospitalized for psychiatric reasons experienced more hospital overstays and significantly more overstay days compared to youth hospitalized for medical reasons. Among youth hospitalized for medical reasons, 15 youth experienced overstays totaling 484 overstay days, while 84 youth hospitalized for psychiatric reasons experienced overstays totaling 3,258 overstay days. Particularly among overstays for youth hospitalized for medical reasons, the total number of overstay days and the average length of overstay days is primarily driven by a small number of youth in December 2022 and April 2023, who experienced significantly longer overstays compared to youth in other months. This is likely also the case to some extent among overstays for youth hospitalized for psychiatric reasons, as the total number of overstay days and average length of an overstay are noticeably higher in some months compared to others. DHS notes that overall, 21% of youth experiencing an overstay during this time period experienced an overstay of less than 5 days.

Exhibit 12
Medical and Psychiatric Hospital Stays Longer Than Medically Necessary
October 2022 to September 2023

	Medical Overstays			Psychiatric Overstays		
	Youth Entering an Overstay	Overstay Days	Average Length of Overstay (Days)	Youth Entering an Overstay	Overstay Days	Average Length of Overstay (Days)
October 2022	0	0	0	8	69	8.6
November 2022	1	20	20	7	98	14
December 2022	3	117	39	6	411	68.5
January 2023	1	41	41	4	272	68
February 2023	1	43	43	8	278	34.8
March 2023	0	0	0	10	635	63.5
April 2023	1	125	125	11	518	47.1
May 2023	2	61	30.5	7	328	46.9
June 2023	2	9	4.5	7	301	43
July 2023	1	6	6	6	164	27.3
August 2023	3	62	20.7	5	132	26.4
September 2023	0	0	0	5	52	10.4
Total	**15**	**484**	**32.3**	**84**	**3,258**	**38.8**

Note: Total overstay days and average length of overstay are calculated based on the month that the youth entered overstay status, and the total number of days in overstay status for the youth entering overstay status that month.

Source: Department of Human Services

Comparatively, the total number of youth experiencing an overstay during the current reporting period of October 2022 through September 2023 decreased by 24 youth from the total of 123 youth reported as having experienced an overstay during the prior reporting period between October 2021 and September 2022. This includes a decrease of 25 youth experiencing an overstay for psychiatric reasons, while the number of youths experiencing an overstay for medical reasons increased by 1. Trends in the average length of an overstay varied by overstay type. The average length of a medical overstay decreased by 4.1 days, from an average of 36.4 days in the prior reporting period to 32.3 days during the current reporting period, while the average length of a psychiatric overstay increased by 5.5 days, from 33.3 days during the prior reporting period to 38.8 days during the current reporting period. Overall, DHS reports that the percent of youth experiencing an overstay of 5 days or less declined from 29% during the prior reporting period to 21% during the current reporting period.

Placement After Discharge

DHS reports that there were a total of 355 children and youth served in medical or psychiatric hospitals between October 2022 and September 2023, with 608 discharges, due to some youth having multiple admissions. As shown in **Exhibit 13**, the most common placement types after discharge were treatment (private) foster care and residential (group home) childcare, which included over half of total placements after discharge for all discharges. For medical discharges, the most common placement after discharge was treatment foster care, which represented 45% of discharges. For psychiatric discharges, the most common placement after discharge was residential (group home) childcare, which represented 37% of discharges. A total of 10 placements with out-of-state providers occurred during the reporting period, including 9 placed with an out-of-state residential treatment center (RTC).

Exhibit 13
Placement Types Following Discharge from Inpatient Medical and Psychiatric Hospitalizations
October 2022 to September 2023

	Medical		Psychiatric		
	In-state	**Out-of-state**	**In-state**	**Out-of-state**	**Total**
Reunification	5	0	8	0	13
Independent Living	5	0	6	0	11
Residential Childcare (Group Homes)	59	1	105	0	165
Residential Treatment Center	6	0	27	9	42
Treatment Foster Care	98	0	95	0	193
Community Placements	39	0	49	0	88
Other	4	0	92	0	96
State Youth Population	**216**	**1**	**382**	**9**	**608**

Note: Other includes placements into Adult Developmental Disabilities Administration Facilities, Adult Detention Centers, Juvenile Detention Centers, Inpatient Substance Abuse Programs, and discharge to another hospital.

Source: Department of Human Services

Governor's Office of Crime Prevention, Youth, and Victim Services Fiscal 2023 Out-of-home Placement Report

The Governor's Office of Crime Prevention, Youth, and Victim Services (GOCPYVS), in coordination with child-serving State agencies, is responsible for preparing an annual report providing analysis of the State's capacity for and utilization of out-of-home placements, costs, and to identify areas of need. The *FY 23 State of Maryland Out-of-Home Placement and Family Preservation Resource Plan* finds that at the conclusion of fiscal 2023, as has been the case in recent fiscal years, RTCs and other high-level residential programs in Maryland currently do not offer an adequate level of services on an ongoing basis to fully address the needs of youth who are at most risk of experiencing a hospital overstay or an out-of-state placement. Furthermore, the continued closure of these facilities in recent years has resulted in increased wait times between referral for these services and placement, exacerbating the challenges already facing the continuum of care for children and youth in Maryland.

As shown in **Exhibit 14**, as reported by GOCPYVS, there were a total of 152 providers of out-of-home residential placement programs for Maryland youth in fiscal 2023, a decrease of 18 providers compared to the 170 total providers previously reported by GOCPYVS for fiscal 2022. Average capacity across all providers was 376.2 in fiscal 2022, a decrease of 34.3 compared to the average capacity of 410.5 reported for fiscal 2022. Out of the 2023 total, 24 providers were out-of-state providers.

Exhibit 14
Out-of-home Residential Placement Programs for Maryland Youth
Fiscal 2022-2023

Provider Subcategory	Total Providers 2022	Total Providers 2023	Difference 2022-2023	Average Capacity 2022	Average Capacity 2023	Difference 2022-2023
Developmental Disability Home	5	5	0	20.60	20.40	-0.20
Diagnostic Evaluation Unit	3	3	0	18.00	18.00	0.00
Group Home	51	50	-1	19.84	16.68	-3.16
Independent Living	16	15	-1	23.06	23.27	0.21
Juvenile Commitment Placement	12	12	0	48.42	51.08	2.66
Other Community-based Placement	1	1	0	12.00	12.00	0.00
Residential Treatment Center	29	17	-12	87.59	89.47	1.88
Substance Use and Addiction Placement	4	4	0	80.00	56.75	-23.25
Treatment Foster Care	37	34	-3	49.66	48.33	-1.33
Treatment Foster Care – Medically Fragile	5	4	-1	35.60	24.50	-11.10
Treatment Foster Care – Teen Mother Program	7	7	0	15.71	15.71	0.00
Total	**170**	**152**	**-18**	**410.48**	**376.19**	**-34.29**

Source: Governor's Office of Crime Prevention, Youth, and Victim Services

Strategies to Close Service Gaps and Reduce Hospital Overstays

As reported by GOCPYVS, in fiscal 2023 DHS, MDH, and other child serving agencies of the Maryland Children's Cabinet partnered to continue to target resource development for both community-based and residential services for Maryland children and youth in order to work to close service gaps for youth in out-of-home care, including investing financial and personnel resources to assess the current state of out-of-home placement, community-based service arrays and how to best create an adequate system of care for children and their families.

As part of these efforts, DHS participated in weekly interagency meetings throughout the fiscal year regarding currently hospitalized children and youth, and to discuss more broadly the complex care needs of children and youth in its care. Through collaboration between child serving agencies, accommodations were made during the fiscal year to place certain youth who otherwise would have been at risk of experiencing a hospital overstay, such as two youth who had previously been denied by both in-state and out-of-state providers, but were subsequently admitted to an in-state RTC. Additionally, DHS created a youth hospital liaison position in July 2022 to increase communication and collaboration between hospitals, LDSS, and SSA to effectuate appropriate safe discharge plans. A separate clinical social work consultant position was also created to work directly with private providers and hospitals. DHS also continued ongoing efforts to implement and expand evidence-based practices under the Family First Prevention Services Act to increase services and supports available to children and their families in order to potentially prevent the need for more intensive services in some instances.

The MDH Behavioral Health Administration (BHA) has worked with DHS and other child serving agencies to focus on building out the provider service array for both inpatient and residential settings. MDH is not considered a placement agency for children with behavioral health needs, however it funds the placement of children in RTC through Medicaid and operates two RTC providers: (1) The Regional Institute for Children and Adolescents Baltimore; and (2) the John L. Gildner Regional Institute for Children and Adolescents (JLG RICA). In November 2023, the MDH Healthcare System opened 12 additional beds at JLG RICA to create additional capacity for high-intensity children and adolescents, including 6 beds for RTC placements and 6 beds for the Facility for Children Program. MDH is currently on schedule to complete additional expansion of JLG RICA to open an additional 6 beds in 2024 (for a total of 18 new beds). In addition, MDH has 4 new high-acuity RTC beds and 7 high-intensity stabilization beds that opened in December 2023 and are designed to specifically reduce some of the delays experienced by youth awaiting residential level placements.

Also in fiscal 2023, MDH continued work on other projects to address provider capacity including:

- development of an inpatient bed registry to better identify available inpatient beds;

- partnership with Maryland 211 to assist emergency rooms with locating community discharge resources in support of those youth currently in an emergency room overstay;

- allocating additional staff resources to focus on solutions for youth unable to be placed in an RTC;
- targeting of out-of-state RTC providers to encourage new providers to join the Maryland Medicaid provider network; and
- ongoing rate rebasing for Medicaid funded RTC base rates.

Since fiscal 2022, BHA has worked with RTC providers and Medicaid partners in efforts to realign base rates for Medicaid funded RTC and to develop a tiered system of rates intended to address bed capacity challenges by increasing the willingness of providers to accept youth experiencing acute placement challenges. In mid fiscal 2023, several RTC providers agreed to participate in a pilot program that would provide a higher base rate in exchange for accepting a larger portion of higher acuity youth. Additionally, the fiscal 2024 operating budget for BHA included $10.7 million allocated for rate increases for high-intensity RTC in order to support 15 to 20 high-intensity complex youth from the hospital overstay list on a rolling basis. More broadly, DHS, MDH, and other child serving agencies will continue to work toward the broader issue of rate reform in the RTC sector during fiscal 2024, in addition to continuing their focus on the ongoing development of other community-based resources for youth and their families.

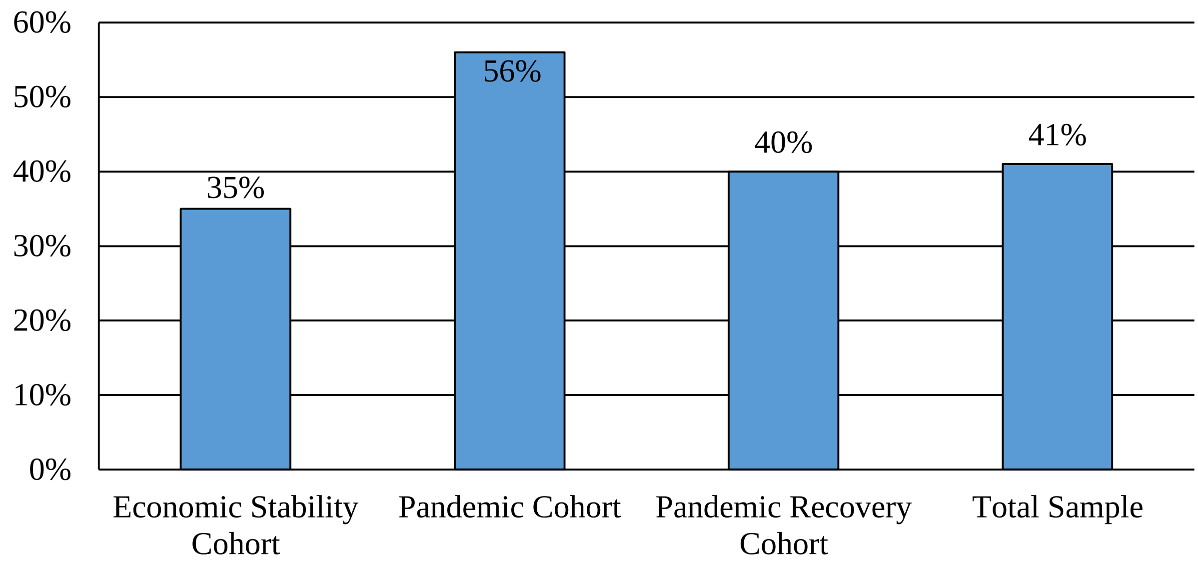
4. *Life After Welfare 2023 Annual Update* Report Findings

The *Life After Welfare, 2023 Annual Update* report, published by the University of Maryland School of Social Work, studies the outcomes for families after they exit the TCA program. The 2023 Annual Update includes an analysis of over 52,000 families that exited the program between July 2016 and June 2022, through a comparison of three distinct cohorts:

- ***Economic Stability Period Cohort:*** Cases that closed between July 2016 and March 2020, when the economy was generally stable and TCA caseloads were generally decreasing.
- ***COVID-19 Pandemic Period Cohort:*** Cases that closed between April 2020 and December 2021, when the pandemic and its subsequent negative economic impacts led to higher unemployment rates and a substantial increase the TCA caseload along with other safety net programs.
- ***Pandemic Recovery Period Cohort:*** Cases that closed between January and June 2022, when the economy began to improve and TCA caseload along with other safety net programs began to decline and pandemic era flexibilities began to expire.

Several findings in the report show how TCA recipients exiting the program in each cohort differed from the others as a result of changing economic conditions brought about by the COVID-19 pandemic. For example, due to the widespread economic hardship caused by the pandemic, substantial numbers of families sought support from the TCA program, including first-time recipients who had never previously applied for cash assistance. As shown in **Exhibit 15,** approximately 56% of the pandemic cohort were ending their first-time receiving assistance through TCA upon program exit, compared to 35% of participants in the economic stability period cohort, compared to 41% of participants in the total sample. In addition, the report explained that TCA leavers in the pandemic cohort were generally more diverse in gender, ethnicity and race, age, geographic distribution, and educational attainment levels compared to the economic stability period cohort. The demographics of TCA leavers in the pandemic recovery period cohort, in comparison, align more similarly to leavers in the economic stability period cohort, as trends began to revert toward prepandemic levels during that time period.

Exhibit 15
Exits for TCA Recipients in First Period of Receipt
Calendar 2016-2022

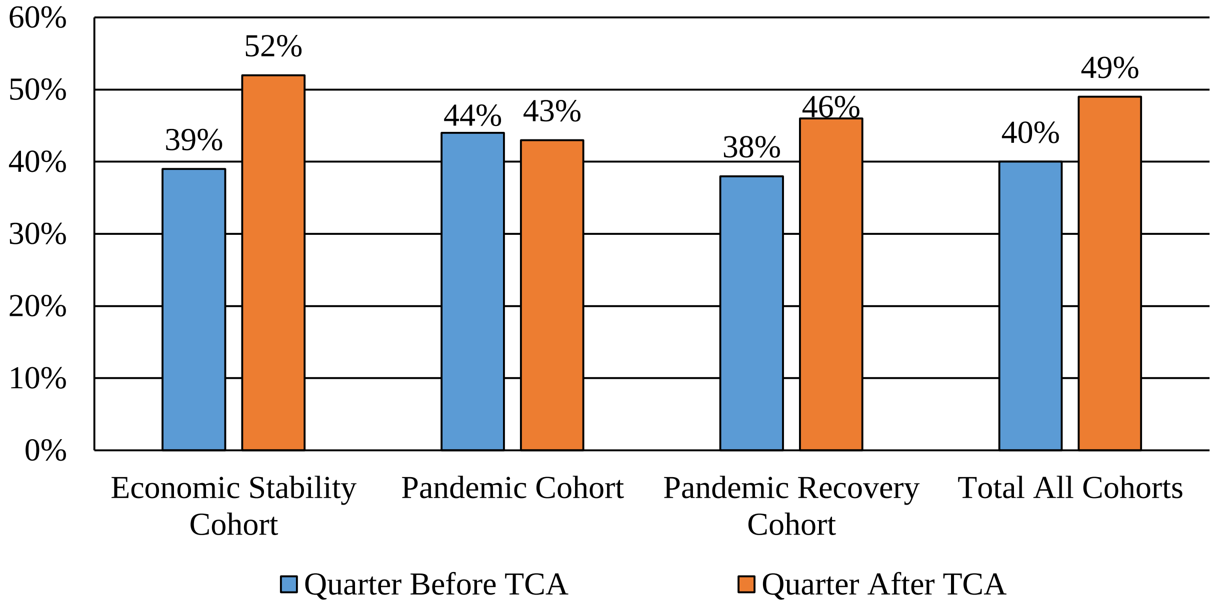


TCA: Temporary Cash Assistance

Source: University of Maryland School of Social Work, *Life After Welfare 2023 Annual Update*

Patterns in employment and earnings for TCA recipients also saw unique differences between the pandemic cohort and the other two cohorts, with participants in the pandemic recovery period cohort returning to more typical trends exhibited among the economic stability period cohort. As shown in **Exhibit 16**, TCA participants exiting the program generally had higher rates of employment following program exit compared to the period prior to program participation, except for leavers in the pandemic period cohort. Leavers in the pandemic period cohort had a reduction of 1 percentage point in employment between the quarter prior to and after exiting, compared to an increase of 13 percentage points for economic stability leavers and 8 percentage points for pandemic recovery leavers. The report notes that unique circumstances presented by the COVID-19 pandemic, including heightened overall unemployment rates and challenges in securing child care due to closures of child care providers and staffing shortages, significantly impacted the ability of adults exiting the TCA program to maintain steady employment following exit. Overall, TCA leaver from the pandemic cohort were the most likely to have been employed in the quarter prior to program participation but were the least likely to be employed in the quarter following program participation. The report also notes that although employment following program participation for adult TCA recipients in the pandemic recovery cohort show a return to a similar trend to those prepandemic, ongoing challenges posed by high inflation rates and scarcity of childcare providers still present challenges to low-income families in this cohort.

Exhibit 16
Employment Percentages of Adult TCA Recipients
One Quarter Before and After Program Participation
Calendar 2016-2022



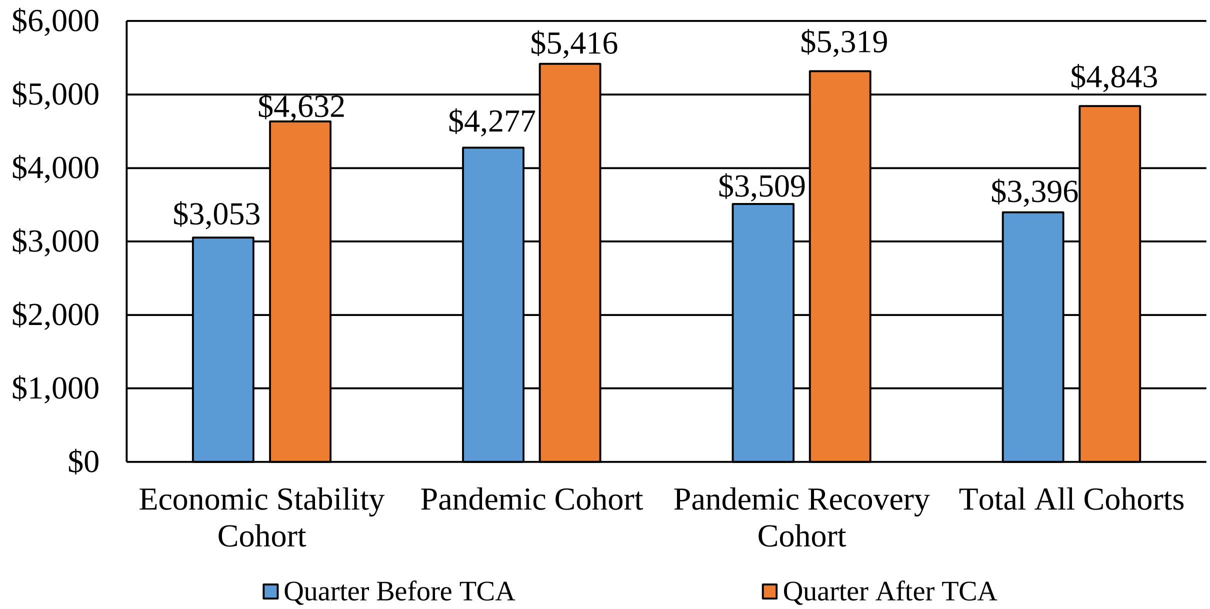
TCA: Temporary Cash Assistance

Source: University of Maryland School of Social Work, *Life After Welfare 2023 Annual Update*

Trends in earnings among TCA recipients prior to and following program participation for adult recipients in the pandemic cohort also differed from recipients in the other two cohorts. As shown in **Exhibit 17**, across all cohorts, median earnings are generally higher following program exit compared to prior to program participation. However, the growth in median earnings from the quarter prior to program participation compared to the quarter following program participation was the lowest among adult recipients in the pandemic cohort, at $1,139 compared to increases of

$1,579 for the economic stability cohort and $1,810 for the pandemic recovery cohort. This low growth is, in part, because the pandemic cohort generally had the highest level of earnings prior to program participation of the three cohorts. Participants in the pandemic cohort had quarterly earnings of $4,277 in the quarter prior to program participation compared to $3,053 among the economic stability cohort and $3,509 among the pandemic recovery cohort. This finding is consistent with other findings in the report that indicated that participants in the pandemic cohort generally had higher education levels and were more likely to have been employed prior to TCA participation compared to the other two cohorts. Additionally, the report explained that challenges to finding and maintaining employment during the height of the COVID-19 pandemic also negatively impacted the overall earnings of this cohort.

Exhibit 17
Median Quarterly Earnings Among Employed Adult TCA Recipients
Calendar 2016-2022



TCA: Temporary Cash Assistance

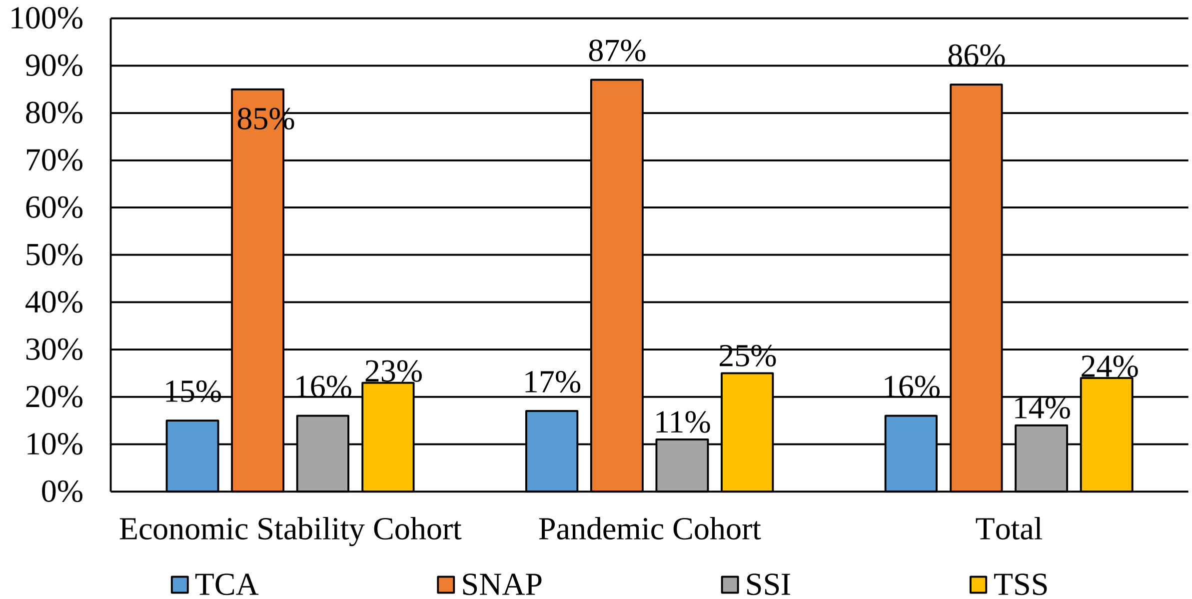
Source: University of Maryland School of Social Work, *Life After Welfare 2023 Annual Update*

Receipt of Other Assistance Benefits Following TCA Exit

Many TCA leavers continue to rely on other benefit programs including SNAP, Supplemental Security Income (SSI), Medicaid or Maryland Children's Health Program, and other programs such as the Childcare Subsidy, energy assistance, and housing assistance due to low earnings that remain below the poverty line or not obtaining or maintaining employment after exit. Maryland provides transitional benefits for TCA leavers including receipt of five months of transitional SNAP benefits for most families and three months of Temporary Support Services for those exiting due to income from work. Some eligible recipients with disabilities that prevent adults from working may also receive SSI.

As shown in **Exhibit 18**, 86% of all families exiting TCA across both the economic stability and pandemic cohorts received SNAP benefits during the first year after program exit, with similar levels of receipt across cohorts. The high rate of SNAP participation can be attributed to the availability of transitional SNAP benefits in addition to the generally low earnings of many families post exit. In comparison, receipt of benefits from other programs by families exiting TCA is more limited, including only 24% of families receiving Temporary Support Services and 14% of families receiving SSI in the year following TCA exit. In addition, 56% of families exiting TCA received child support payments in addition to working in the year following program exit.

Exhibit 18
Program Participation During First Year After TCA Exit



SNAP: Supplemental Nutrition Assistance Program
SSI: Supplemental Security Income
TCA: Temporary Cash Assistance
TSS: Temporary Support Services

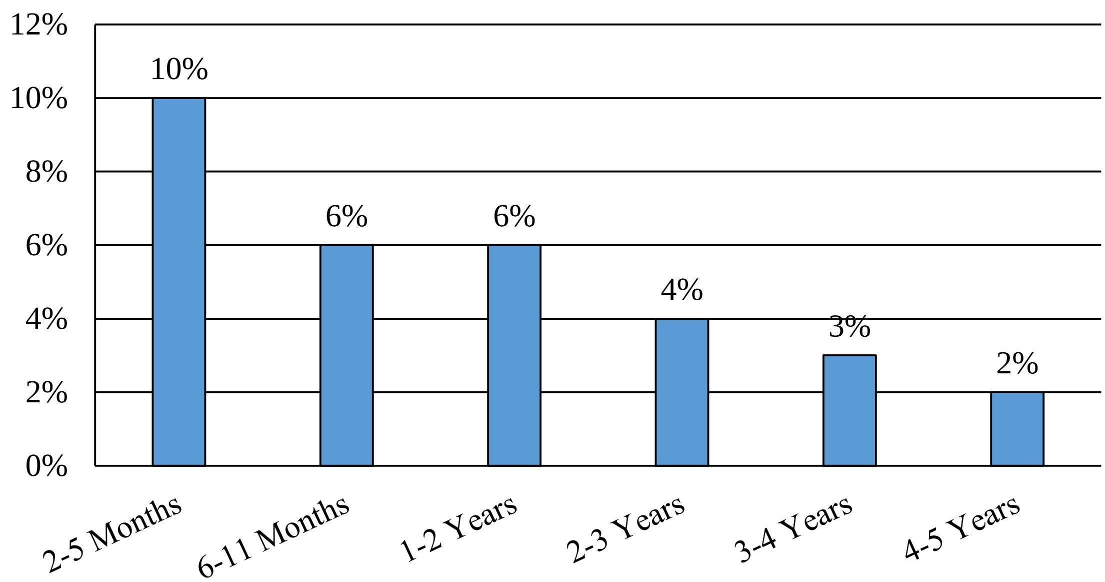
Source: University of Maryland School of Social Work, *Life After Welfare 2023 Annual Update*

The report noted that only 4% of families were able to support themselves exclusively through work during the year following exit from TCA participation. Five years following TCA exit, this number only slightly improves, to 8%. Approximately 16% of families returned to the TCA program during the year following program exit, with a slightly larger percentage returning among the pandemic cohort compared to the economic stability cohort.

Returns to TCA Following Program Exit

Families may return to TCA after exiting due to a variety of changing circumstances such as job loss, persistent barriers to finding and maintaining employment, or personal health issues or changes in the economic conditions. Overall, approximately 31% of families exiting TCA returned to the program within five years of exiting. As shown in **Exhibit 19**, families who return to the TCA program have the highest likelihood of return within one year of exiting (16%), with the likelihood of returning decreasing as more time elapses. Following the first year after TCA exit, program returns are less common, with 6% of exiting families returning between the first and second year after program exit, 4% returning between two and three years after exit, and 5% returning between the third and fifth year after exit.

Exhibit 19
Percentage of Families Returning to TCA by Length of Break in Participation



TCA: Temporary Cash Assistance

Source: University of Maryland School of Social Work, *Life After Welfare 2023 Annual Update*