

Budget Trends
Howard County Health and Human Services
FY 2008- FY 2011

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About the Policy Analysis Center: the Center was established in 2007 and became operational in June 2008 as a result of a joint partnership between the Association of Community Services (ACS) of Howard County and the Horizon Foundation. This unique collaboration was designed to provide a new capability to develop useful research information in the areas of health and human services.

The Policy Analysis Center is under the direction of Viviana Simon and guided by a Steering Committee co-chaired by Rich Krieg, President of the Horizon Foundation and Anne Towne, Executive Director of the Association of Community Services. Current Steering Committee members include Roy Appletree, Shirley Collier, Jacqueline Eng, Glenn Falcao, Harry Schwarz and James Truby.

About this Report: The Association of Community Services requested that the Policy Analysis Center review the impact of budget reductions so that it is able to better engage the health and human services community in planning for future service delivery. Questions considered have included:

- 1) What has been the general trend in the overall budget for your agency/organization over the past four years?
- 2) How has the population you serve changed over the same period?
How has its characteristics changed?
- 3) What emerging or new unmet needs are you seeing in Howard County that are not being addressed by budget decision makers?
- 4) Which programs or services provided by or through your organization have experienced the most significant budget changes in the period FY 2008-2011?
- 5) Did you receive any Federal stimulus money and if so, how did that make an impact on your organization?

About the Author: Jim Macgill has over 34 years of experience of planning, managing and consulting with human service and transit organizations. Past positions include Administrator of the Harford County Office on Aging/Harford Transit and Deputy Secretary of the Maryland Department of Aging. He has developed new programs, designed financial and program data collection systems, and led major initiatives at both the local and statewide level. For the past eight years Macgill has been a consultant with clients in the public, nonprofit and philanthropic sectors, including the Horizon Foundation, Association of Baltimore Area Grantmakers, Mental Hygiene Administration, Harford Transit and the Baltimore City Area Agency on Aging. He holds a B.A. in History from Columbia University, and a Master's Degree in Human Services Administration from Antioch University.

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Budget Trends: Howard County Health and Human Services FY2008 – FY2011

Executive Summary

Between FY 2008 and FY 2011 Howard County health and human service agencies have struggled to maintain services for vulnerable populations as need increased. Funding for most County health and human service agencies was basically flat, while the number of citizens needing help grew significantly.

Key trends during this period included:

- The number of County residents applying for services and benefits grew dramatically. Applications for Supplemental Nutrition Assistance (Food Stamps) rose by almost 80% while the number of persons receiving Energy Assistance more than doubled.
- American Recovery and Reinvestment Act (ARRA) funds helped support County residents, but grants funded by ARRA have now ended or are being phased out, creating uncertainty for some agencies.
- Most public and nonprofit agencies in the County have had level funding or even reduction in their staffing budgets over the past few years. Agencies report that they are experiencing strains on capacity, as employees work harder to maintain operations. In particular, administrative staff is under increasing pressure.
- The County Health Department's public health functions have suffered significant State cuts.
- Changes in State funding appear to be accelerating a trend away from programs with local flexibility toward more centralized, rule driven service models.
- The United Way, which in the past provided on-going support for some agencies, no longer plays that role.
- Nonprofit and public agencies serving Howard County's at risk populations are seeing growing gaps in services, affecting children and youth, persons with mental illness, vulnerable persons with complex medical needs, transit dependent populations, and persons who cannot afford housing.

Throughout this difficult period, Howard County Government has been particularly responsive and supportive of health and human service agencies on the front lines, and has stepped in to fill gaps that have been created by funding cuts and increases in service populations. Over the next few years, however, there is likely to be more pressure on local government and the nonprofit sector, as efforts are made to reduce Federal and State expenditures. County decision makers may have to make difficult choices in allocating resources for health and human services in the near future.

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Introduction: Maintaining Health and Human Services During the Recession

Each year in April, the County Executive of Howard County submits the County budget to the County Council. The County Executive sends a letter with the budget, addressed to the Chairman of the County Council, summarizing the major changes in the budget from the previous year, and outlining the Executive's priorities.

In his April 2008 transmittal letter for the FY 2009 budget, County Executive Ken Ulman noted "a growing fear of recession." He also made this statement: "All too often, governments faced with financial challenges choose to balance their budgets at the expense of community services, cutting assistance to our most vulnerable populations at a time when that assistance is needed most. During difficult economic times, we must maintain a strong commitment to these essential services."¹

In April 2008, what became known as the Great Recession was already underway. As the recession continued and intensified, Howard County government agencies and their nonprofit partners sought to keep the commitment outlined by the County Executive. The challenge confronting the County's health and human services was how to meet increasing needs with budgets and programs that were increasingly strained.

For the most part, Howard County Government and the County's nonprofits rose to this challenge. In particular, a number of nonprofits in the County have noted the support they have received from the County government, which has shown understanding of their plight and a willingness to provide support when other sources of revenue were reduced. The difficult fiscal years between FY 2008 and FY 2011, however, have put the County's service network under stress, and gaps in some resources have widened.

Tightened Budgets and Expanding Need

As the economy contracted, the growth of Howard County Government revenues slowed, and in the case of income taxes, actually diminished. The amount of County General fund revenues budgeted by fiscal year reflected the downturn (see Fig. 1).

¹ Howard County, Maryland Approved Operating Budget, Fiscal Year 2009

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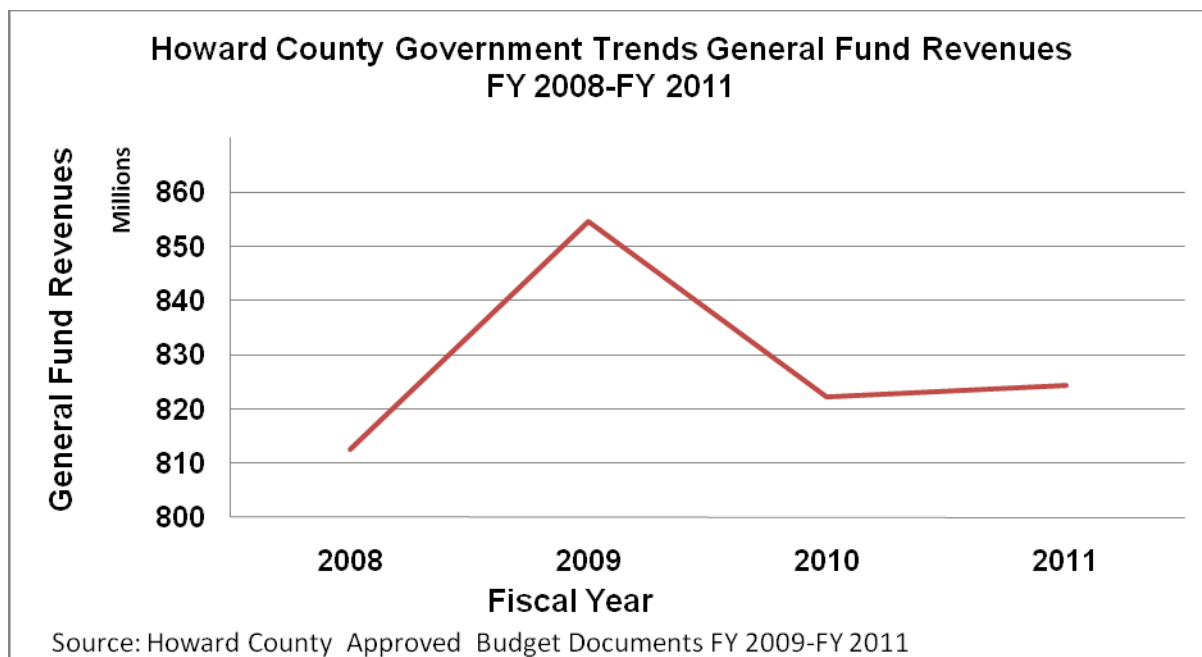


Figure 1: General Fund Revenues FY08-FY11

The tightening of the County General fund budget affected County health and human services agencies. In addition, these organizations experienced changes in State and Federal funding. Table 1 shows how revenues changed for the County's major health and human services agencies:

Table 1 Howard County Health and Human Services Approved Budgets (all funding sources) FY 2008-FY 2011				
Agency	FY 2008	FY 2009	FY 2010	FY 2011
Department of Citizen Services	21,834,816	22,709,234	17,463,566*	17,787,937
Community Services Partnerships	5,345,562	5,816,997	5,824,120	5,937,120
Health Department	19,335,840	21,137,105	21,156,619	20,563,767
Department of Social Services	8,035,701	8,855,526	9,629,215**	9,263,606
Department of Housing and Community Development	13,227,545	13,467,100	10,871,217	16,707,498
*Citizen Services changed its methodology for budgeting between FY 2009 and FY 2010; the change between FY 2009 and FY 2010 is largely a result of the new methodology, not changes in actual appropriations.				
** The increase in the Department of Social Services budget between FY 2009 and FY 2010 was due to the increase in the number of recipients receiving benefits.				
Sources: Howard County Department of Social Services. Howard County, Maryland Approved Operating Budget Summary, Fiscal Year 2009 Howard County, Maryland Fiscal Year 2010 Approved Operating Budget Detail Howard County, Maryland Fiscal Year 2011 Approved Operating Budget Detail				

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These figures indicate that between FY 2008 and FY 2011, funding for most County health and human service agencies was basically flat. This bottom line view, however, does not tell the whole story:

- The number of County residents in need has grown. Agencies have experienced more contacts from the public, resulting in increased workloads. This has been particularly true of agencies which help clients become eligible for public benefits, ranging from Medicaid to Energy Assistance.
- American Recovery and Reinvestment Act (ARRA) funds have been important in supporting County residents during the recession. According to State of Maryland figures, as of August, 2010, \$29,139,685 of ARRA funds had been allocated for health and human service needs in Howard County.² Most of the Federal money was used to sustain and support benefit programs such as food assistance and health care administered by State agencies, but some of it was awarded to local agencies for projects. Grants funded by ARRA have now ended or are being phased out, creating uncertainty for some agencies.
- Most public and nonprofit agencies in the County have had level funding or even reduction in their staffing budgets over the past few years. In addition the County and State governments and nonprofits have used furlough days and hiring freezes to reduce spending. Some agencies have shown creativity and commitment in identifying new efficiencies in their operations, and in re-designing processes so that services can still be provided with fewer staff. Increasingly, however, agencies report that they are experiencing strains on capacity as employees work harder to keep up.
- The County Health Department's public health functions have been particularly affected by budget cuts. These cuts are part of a statewide pattern of decreasing State support for local public health.
- The changes in State funding appear to be accelerating a trend away from programs with local flexibility toward more centralized, rule driven service models. Some of this trend is driven by the fact that more State programs are being "Medicaidized," which allows the State to obtain Federal reimbursement for programs that were formerly financed solely by State General funds. When a program enters the Medicaid system, however, eligibility criteria tend to become more rigid, and regulation driven.
- Some nonprofits, which formerly relied on the United Way as a source of ongoing support, are finding that they can no longer do so.
- Nonprofit agencies serving Howard County's at risk populations are seeing growing gaps in services, ranging from longer waiting lists for Head Start programs, to a growing number of people needing treatment for mental health disorders and substance abuse.

This report looks at each of these trends in greater detail.

² Maryland StateStat, <http://www.statestat.maryland.gov/recovery.asp> Accessed February 3, 2011

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Increases in Need

The National Bureau of Economic Research states that the recession officially began December, 2007 and ended in June 2009. While Howard County was not affected as severely as other areas of Maryland and the United States, the economic downturn had a significant impact on the County. The County's unemployment rate, measured at 2.9% in July, 2007, roughly doubled by July 2009 to 5.7%.³ By February, 2011, it had declined to 5.1%.⁴ The economic recovery in Howard County appears to be slow, consistent with national patterns.

As the economy worsened in 2008 and 2009, the number of Howard County citizens who were eligible for public benefits increased. The number of households receiving Energy Assistance rose by 134% between FY 2007 and FY 2009, and only declined slightly in FY 2010. All other measures of financial assistance showed a continued growth of a population in need into FY 2010 (see Table 2).

Table 2					
Trends Howard Countians Receiving Financial Assistance FY 2007-FY 2010					
	FY 2007	FY 2008	FY 2009	FY 2010	Change FY 07- FY10
Food Stamps (Households)	2,646	3,199	4,059	4,752	79.59%
Temporary Cash Assistance (Households)	396	373	490	502	26.77%
Home Energy Assistance (Households)	2,051	2,100	4,811	4,611	124.82%
Community Medicaid (Individuals)	6,341	6,876	7,289	7,551	19.08%
<i>Source: Policy Analysis Center: Howard County Maryland Self Sufficiency Indicators Report 2010</i>					

Most of the health and human service agencies in the County have been affected, directly or indirectly, by the increase in need. The Department of Social Services and the Community Action Council have seen their caseloads grow. Calls to the Grassroots Hotline have been rising at the rate of 10% per year, but calls related to financial stress rose by 300% between 2008 and FY 2009. Calls to the Office on Aging's Maryland Access Point service (serving older adults and persons with disabilities) now include requests for help from clients facing foreclosure or the loss of their pensions. Between FY 2009 and FY 2010 the number of Women's Infant and Children (WIC) checks disbursed by the County Health Department increased from 40,282 to 43,600, an increase of 8.3%.

The increase in the number of agency contacts put increasing stress on agency staff, forcing agencies to change procedures and processes. The Department of Social Services (DSS), in particular, has adapted to the changing economic environment.

DSS takes applications for a wide range of income assistance programs including the Food Supplement Nutrition Assistance Program (formerly known as Food Stamps), Temporary Cash

³ Policy Analysis Center, Self Sufficiency Indicators 2010, Page 7

⁴ United States Department of Labor, Bureau of Labor Statistics, <http://www.bls.gov/ro3/mdlaus.htm>
Accessed April 21, 2011

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Assistance and Medicaid. As unemployment increased, the number of applicants for these programs grew (see Table 2 above). To meet the increase in client volume, the Department has implemented time saving processes.

Most of the agency's regular working hours are devoted to face to face work with the public. Clients are screened through a type of triage process so staff can allocate more time to meet with clients whose cases require staff work. Actual work on processing claims takes place late in the day, after hours, or on the weekend. The Department has received overtime funds through the State Department of Human Resources, which has made this after hours processing possible. Without these funds, the waiting time for clients would significantly increase.

During the economic downturn, the population the Department serves has changed. The recession has brought a new group into the agency: the "new poor," people who had jobs but lost them, have lost their savings, and whose unemployment benefits have run out. This new group is not familiar with public assistance programs, does not understand the system, and has difficulty accepting eligibility rules. For example, some applicants are surprised to learn that cable and cell phones bills are not considered essential expenses in making eligibility determinations. Some of the new applicants are hostile, resulting in an increase in tension, particularly in the Department's waiting room. The Department has increased security in the waiting room, and has developed a new relationship with the Howard County Police Department. Staff have had training on dealing with difficult and angry customers.

DSS's experience working with the "new poor" is echoed by other agencies in the County, including nonprofits. Howard County Housing, the Community Action Council, Family and Children's Services of Central Maryland and Grassroots have all seen a new group of clients accessing their services, as a result of the recession.

The Impact of ARRA (Stimulus Funds)

As noted above, Federal ARRA Funds have played an important role in Howard County. Much of the impact of these funds is hard to measure at the County level, since Howard County citizens received benefit from them through eligibility programs operated by State agencies. Some local agencies, however, were able to use ARRA funds for local projects, but found that accepting the funds required a significant amount of administrative work.

Grassroots has been receiving Federal stimulus funds for homelessness prevention. This project was initiated two years ago with a grant from the Horizon Foundation. The project provides emergency assistance, including help with BGE bills and financial crises. Grassroots partnered with Christ Church Link to set up a Family Emergency Fund which served over 200 families.

ARRA funds became available as the Horizon grant was winding down. Grassroots partnered with Bridges to Housing Stability, Christ Church Link and the Howard County Department of Citizen Services to provide the assistance. Grassroots administers the program and provides initial funding to clients; Bridges provides case management for eligible families seeking housing.

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Grassroots found that the Federal project required more documentation and compliance with regulations than programs it has operated previously. The funding will end in 2011.

The Community Action Council sought Stimulus funding in a highly strategic manner. Community Action Council used ARRA funding to:

- Expand and renovate the County Food Bank on Rt 108, doubling its size and making it compliant with the Americans with Disabilities Act. Between FY 2009 and FY 2010, the number of people served by the CAC Food Banks grew from 6,614 to 12,599, an increase of 90%.⁵
- Create a community garden, which now supplies fresh produce for the Food Bank.
- Move the North Laurel/Savage Multiservice Center to an expanded and more accessible site.
- Increase Weatherization services.
- Provide direct Housing Assistance grants.

ARRA grants required the agency to submit detailed productivity reports, on a weekly and monthly basis.

The County Office on Aging received ARRA funds to expand congregate and home delivered meals programs. The Federal funds had a significant impact on the home delivered meals program, which expanded the number of people served from 102 in FY 2009 to 176 in FY 2010.

Use of ARRA funds for regular agency operations creates a dilemma for agencies. The architects of the ARRA legislation assumed that by the end of calendar year 2010, the ARRA funds and other measures would have the desired stimulus impact on the American economy. At the time of the passage of the legislation in early 2009, economists projected a baseline unemployment rate of 8.7% and predicted that by the last quarter of 2010 the Senate version of the ARRA bill would result in that rate declining to a range between 6.7% (high estimate of impact of plan) to 8.1% (low estimate impact of plan).⁶ As the economy improved, the number of people in need would drop, and local and State tax revenues would increase, reducing the need for Federal help.

Unfortunately, the recession proved to be more severe than projected. In addition, economic recovery, while underway, is taking longer and is weaker than anticipated. As a result, need is still high (see Table 2 above) while State and County tax revenues are recovering slowly.

Some Howard County agencies recognized that the availability of ARRA funds created an opportunity to create new assets for the future. Howard County Housing, in particular, saw this potential.

⁵ Bitia Dayhoff, "Ending Hunger," <http://cac-hc.org/CAC/CACDocs/Ending%20Hunger%20Presentation.pdf> accessed February 6, 2011, and email update Bitia Dayhoff to James Macgill, April 27 2011

⁶ Congressional Budget Office, Letter to Senator Judd Gregg, February 4, 2009, <http://cbo.gov/ftpdocs/96xx/doc9619/Gregg.pdf> , accessed February 7, 2011

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Howard County Housing consists of two entities: The Department of Housing and Community Development and the Housing Commission. Howard County Housing's mission is two-fold:

- To generate affordable and sustainable housing opportunities for moderate and low income County residents.
- To assist these residents in moving toward economic independence.

In pursuit of this mission, the Housing Commission owns and manages public housing properties, administers the Housing Choice Voucher Program, and works with private developers to create more affordable housing in Howard County. The Department of Housing and Community Development administers a number of programs designed to promote affordable housing, serve families and individuals in crisis, and prevent/reduce homelessness. One of the Department's major programs is the Federal Community Development Block Grant (CDBG).

Foreseeing the change in the financial environment based on major market events over the past three years, Howard County Housing started discussing the potential impact that CDBG grant funding cuts would have on some of its nonprofit grantees. Housing focused especially on those nonprofits with budgets heavily dependent on grant funds to pay staff salaries and operational costs for services. CDBG funds in particular were reduced during the Bush Administration, and it is likely that they will experience further reductions in the next few years. When grants from the Department comprise more than 25% of a nonprofit's budget, budget cuts can be catastrophic to that nonprofit.

Howard County Housing used its \$300,000 allotment of ARRA funds to pursue a strategy of putting one of its nonprofit partners on a firmer base. Early on, Howard County Housing decided that using the Stimulus funds to finance program operations was problematic, due to the difficulty of accounting for the funds and the complicated reporting such a strategy would involve. Instead, Howard County Housing used the ARRA funds for a capital project, to help Bridges to Housing Stability, Inc. (Bridges) purchase its office facility.

Bridges's previous office had been destroyed by a fire in 2008. The CDBG funds channeled through Howard County Housing and a mortgage enabled Bridges to purchase its new office space.

Stacy Spann, Director of Howard County Housing notes that typically nonprofits tend to lease property, which can result in instability. A nonprofit can be evicted from a rental, and a lease involves higher on-going expenses. At the end of the lease, the nonprofit has no assets and is not guaranteed a headquarters to continue to provide services. The Bridges project was an example of how a public agency used ARRA funds to help a key nonprofit acquire an asset, and strengthen its future prospects.

The Impact of Budget Restrictions on Agency Staff

With some exceptions, both public and nonprofit agencies in Howard County have managed to avoid lay-offs during the recession. As positions have become vacant, however, agencies have either not filled them or delayed hiring. Nonprofits have cut benefits and have not provided

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raises. In the meantime the workload has increased for most agencies, particularly those on the front lines, responding to emergency needs. In addition, most agencies in the County are seeing an increase in administrative requirements from funders, including greater financial accountability, more detailed program reports and greater documentation.

Following are some examples of how the budget situation has affected organizations:

Employees of the **Howard County Mental Health Authority** have had no raises for four years. The agency closes between Christmas and New Year's to save money. The agency has been able to buy into the County's health insurance plan for employee coverage, but has been forced to reduce the employer contribution to the agency retirement plan. The Authority now contributes to the retirement plan only if it has a surplus at the end of the year. The agency's administrative budget has been flat for six years; the Executive Director and Fiscal Manager make it up by bringing in new grants, but then have to manage these additional grants.

Grassroots is a crisis services agency. It cannot fulfill its mission if it reduces hours that the crisis service operates. As a result, budget cuts result in cuts in staff who do not work shifts, including administrative staff and some counseling positions. The administrative workload, however, has not decreased. In particular, reporting requirements by funding agencies remain in place or have intensified, resulting in more work for the staff that remains.

As funding has been reduced Grassroots has reduced employee benefits (such as health insurance coverage) and reduced paid vacation time. Pay scales are falling behind those of other agencies. Grassroots' counselors make \$6,000 to 10,000 less than equivalent staff in other agencies.

The **Community Action Council (CAC)** is increasingly concerned about retention of high quality staff, given the increase in demand for its services. In addition, the agency needs more core capacity funding to support service delivery. At the beginning of calendar year 2011, the CAC did not have adequate funding for a Human Resource office, Resource Development Office, or a Transportation Coordinator.

Existing staff, already working at full capacity, absorb all these responsibilities.

The **Arc of Howard County** has eliminated most staff positions at the Administrative Assistant level. Data collection and reporting responsibilities previously handled by these staff are now largely handled by senior staff.

Humanim has multiple funding sources, including the Developmental Disabilities Administration, Medicaid, DORS, and private insurance. Much of its funding operates on a reimbursement for services and care provided. To receive reimbursement, the agency must maintain specified direct care staff ratios.

Consequently, when personnel costs rise, Humanim cannot reduce direct care staff; it must reduce administrative costs, including staff, which increases pressure on that part of the agency's operations. Funding agencies generally do not allow nonprofits more than 10% in overhead

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costs, which is unrealistic, given the increasing sophistication and complexity of reporting and accountability required by funders.

The **Department of Citizen Services** did have a small increase in its budget between FY 2010 and FY 2011. This increase is balanced, however, by increasing built in costs:

- County employees continue to receive step increases.
- The Department gets charged certain overhead costs (data processing, IT, telephone, fleet charges, etc), which are rising at a rate of about 5% per year.

Both step and overhead increases must be absorbed within the Department's budget; as a result, the Department's "real" budget is shrinking year to year. The Department has responded by cutting ancillary costs, such as training, supplies, etc, and in some cases combining positions. A prime example of this is in the Office of Children's Services where the agency has combined the position of the Administrator of the Office with the Local Children's Board Administrator (in Howard County the Local Children's Board serves as the State designated Local Management Board or LMB).

At the beginning of calendar year 2011, the Department has 12-13 staff vacancies. This fiscal year the Department does not have funds to fill about half these vacancies, and will not be allowed to fill them this year. The remaining positions are under a "soft freeze;" the Department can fill them but the process to do so takes a long time and requires the Department to submit detailed justification.

Department staff have responded to these constraints by juggling responsibilities and having existing staff take on more functions. Tighter budget has forced people to engage in critical thinking on how the Department does business.

Cuts to Public Health

The budget cuts experienced by the Howard County Health Department are of special concern. The Department began dealing with budget problems before the economic downturn, and has re-configured how some of its major programs are managed. The State cuts over the past few years, however, are jeopardizing the Department's ability to perform its mandated public health functions.

When a new management team took over the Howard County Health Department in 2007-8, it discovered that the Department had a structural deficit in its operating funds. The Department had been financing on-going programs with revenue sources that were not sustainable. The Department's management conducted an extensive review of agency functions and programs. During the review the agency's leadership used the following criteria in determining if a program or function was essential:

- Is the program or function required by the Code of Maryland Regulations (COMAR)?
- Is continuing the program or function necessary for the Department to meet its public health mission?
- Is the program or function required by a funding source?

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If a program or function did not meet one of these criteria, the Department sought to transition it out of the Health Department to another provider or agency. The management team also began to look for greater efficiencies, and reduction of operating costs.

Following are some of the changes made in the Health Department:

- \$50,000 allocated to purchase cab service to take people to appointments was eliminated.
- The Department changed the clinic structure to enable staff to use interpretation services more efficiently, and eliminated the \$180,000 the Department was paying for interpretation services.
- The Department was spending \$800,000 per year on a dental clinic. The Department formed a partnership with Chase Brexton, providing that organization with space and equipment. The Health Department closed its clinic and Chase Brexton opened the new clinic in 2008. The cost to the Department was reduced from \$800,000 to \$50,000. Chase Brexton serves more people than the original clinic and is providing services in more schools than that clinic provided.
- The Department transitioned its HIV treatment program to private partners. The original program was serving about 80 people, and providing them with a full array of case management and clinical services. Less than a dozen, however, actually met the eligibility criteria for the program. The Department was spending \$150,000 of administrative cost for \$50,000 worth of grants. The Department transitioned case management to Chase Brexton; clinical services are now provided by Chase Brexton and a new clinic opened by Johns Hopkins.

Through data analysis, patient flow analysis, and close monitoring of resource utilization the Department has achieved productivity gains in a number of programs:

- In Addiction Services, the number of clients served per counselor per day increased from an average of 1.8 per day to just under 5 per day.
- Environmental Health Inspections conducted per inspector rose from 1 to 2.2 per day.
- The number of nurses making Adult Evaluation Review Services (AERS) home visits was decreased from two to one per visit.
- By reducing office temperatures and reducing lighting in offices with windows, the Department saved \$120,000 on its electrical bills. By buying in bulk, instituting inventory controls, switching medications from brand names to generics, and transitioning from faxing to scanning, the Department achieved further savings

A more difficult change involved the County's maternity programs. The Department ran a maternity program which provided prenatal care for mothers with about 200 babies being delivered each year. The program was not mandated. The program cost about \$500,000 a year, of which \$450,000 was funded by Core Public health funds. The Department transitioned the clinic to a private group which provides midwife services. Under this arrangement, the remaining mothers in the program received services until their babies were born; the program then ended. Subsequently, the Department formed a partnership with the Kaiser Permanente Bridge Program, which provides 300 slots for health care for low income County residents, with low co-pays. The Department gives priority to uninsured pregnant women for referral to this program.

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As the Department was making these changes, its challenges were compounded by the recession and resulting State budget cuts. Many of the State cuts since the beginning of the recession have fallen on the Department of Health and Mental Hygiene. As a result, local health departments, including the Howard County Health Department, have been on the front line of State budget reductions.

One program budget which has been reduced significantly is the Core Funding Program. The Core Funding Program is a funding allocation from the State to local Health Departments for public health activities, in accordance with State law. Core Funding Program funds are matched by the local jurisdictions and are used for the following program areas:

- Communicable disease control services;
- Environmental health services;
- Family planning services
- Maternal and child health services;
- Wellness promotion services;
- Adult health and geriatric services; and
- Administration and communication services⁷

Between FY 2009 and FY 2011, the State reduced funding for the Core Funding Program by 43%. The cuts occurred in budget reductions during the 2009 and 2010 Fiscal Years. The impact on Howard County's program is shown in Table 3.

⁷ Maryland Department of Health and Mental Hygiene, “*Local Health Departments: Utilization of State Funds and Programmatic and Budgetary Changes Made in Response to Cost Containment Measures Fiscal Years 2009 – 2011, (JCR 2010 page 80) Report by The Maryland Department of Health and Mental Hygiene to The Honorable Edward J. Kasemeyer Chair, Budget and Taxation Committee and The Honorable Norman H. Conway, Chair, Appropriations Committee*”

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Table 3 Howard County Health Department State Funding for Core Funding Program FY 2009-2011						
	FY 2009 original	FY 2009 reduced	FY 2010 original	FY 2010 reduced	FY 2011	% change FY 09-FY 11
Adult & Geriatric Health	\$0	\$0	\$0	\$50,000	\$50,000	*
Communicable Disease Control	\$487,153	\$563,217	\$563,217	\$500,581	\$500,581	3%
Family Planning	\$596,838	\$531,596	\$531,596	\$296,066	\$296,066	-50%
Maternal & Child Health	\$1,165,081	\$815,604	\$815,604	\$398,835	\$398,835	-66%
Wellness promotion	\$179,999	\$132,511	\$132,511	\$143,177	\$143,177	-20%
Total	\$2,429,071	\$2,042,928	\$2,042,928	\$1,388,659	\$1,388,659	-43%
*Increases in Adult & Geriatric Health in FY 2011 are due a change to Medical Assistance Personal Care Case Management requirement effective July 1, 2010. State match for the program must be shown in the Core Funding Program						
<i>Source: Maryland Department of Health and Mental Hygiene, "Local Health Departments: Utilization of State Funds and Programmatic and Budgetary Changes Made in Response to Cost Containment Measures Fiscal Years 2009 – 2011, (JCR 2010 page 80) Report by The Maryland Department of Health and Mental Hygiene to The Honorable Edward J. Kasemeyer Chair, Budget and Taxation Committee and The Honorable Norman H. Conway, Chair, Appropriations Committee"</i>						

Between FY 2009 and FY 2010 the Department did receive ARRA funds through the State. These funds were allocated, however, on a one time basis to meet the H1N1 Flu outbreak in 2009.

The budget cuts have had a visible impact on Health Department staffing. In the mid 2000's, the Health Department had 220 merit positions. Since that time staffing has been reduced by 74 positions, a cut of approximately one-third.

While on the one hand, the Department has had continued staff reductions, on the other, the public is increasingly turning to the Department for help. As noted previously, between FY 2009 and FY 2010 the number of WIC checks disbursed in the County increased by 8.3% from 40,282 to 43,600. Of the 16,000 uninsured people in the County, 9,500 have come through the doors of Healthy Howard. Thousands of children now get their immunizations through the Health Department.

Further cuts to the Department's budget, particularly to the Core Funding Program, may jeopardize the Department's mission of protecting and promoting the public health of the County. For example, in the event of a public health emergency, the Department should have an Incident Management Team (IMT) in place, to handle all aspects of the emergency. Such a Team should have sufficient back-up to assure continuity if the emergency is prolonged; ideally, each position on the Team should be "three people deep." At the beginning of calendar year 2011, the

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Department's Team is only one person deep, meaning that the Department's ability to respond to a prolonged emergency may be compromised.

This lack of back-up personnel extends to other core operations. The Department's clinics also have no back-up; the Department's Medical Director has to substitute for regular staff in the event of staff shortages.

Through this difficult period, the Department has received strong support from the County government. The County Executive's office has stepped in and helped fill gaps created by loss of State funds, preserving important Department programs.

The Loss of Local Flexibility

Difficult financial times, in both the private and public sector, often result in re-structuring of organizations. Inefficiencies and redundancies tend to be reduced as managers and employees, driven by necessity, re-design processes so they can be done with fewer staff. As noted throughout this report State, County and nonprofit agencies have changed the way they operate in order to stretch their resources in the face of growing need.

In Maryland, the recession appears to be accelerating another trend in health and human services: a movement of State programs toward more centralized models: in particular, the "Medicaiding" of State programs.

The advantage of moving a program into Medicaid is that the State is now able to finance up to half the program with Federal match, replacing State General funds. The disadvantage is that program is now subject to Medicaid rules, which tend to restrict eligibility, require more documentation, and reduce local flexibility.

The trend toward centralization has particularly affected two County agencies: the Howard County Mental Health Authority and the County Office of Children's Services.

The Howard County Mental Health Authority

The system of community-based mental health services in Maryland is complex. Service provision is for the most part, financed through the Public Mental Health System (PMHS) which operates on a fee for service program for eligible individuals. An Administrative Services Organization (ASO), under contract with the State, authorizes service and provides claims management. Consumers of mental health services must meet five eligibility criteria to receive services through the PMHS.

At the local level, Core Services Agencies (CSAs), designated by the State, serve as mental health authorities. CSAs plan, manage and monitor public mental health services in their areas. They also manage services and special projects funded outside the PMHS, often for populations that fall outside the PMHS eligibility criteria.

Annually, the PMHS pays for \$11.5 million in services in Howard County. The Mental Health Authority itself manages \$3.1 million for services. The agency's funding includes a variety of

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funding sources including State General funds, CDBG, etc. The Authority delivers some services in-house and contracts out for others. The Authority helps fund the 24/7 hotline at Grassroots (State General funds) and Projects for Assistance in Transition from Homelessness (PATH).

When the PMHS fee for service model was established in the mid 1990's, the goal was not only to serve Medicaid eligible consumers, but also uninsured individuals in need of mental health services. The number of uninsured across the State proved to be much larger than the Mental Hygiene Administration projected, and the system began running deficits. As a result, in the early 2000's, the Administration began to tighten eligibility for the PMHS. Over the past few years it has become much harder to get uninsured consumers into the service system.

A key part of this trend is a reduction of local flexibility. For example, in the past the CSA had a State General Fund grant to provide case management to anyone who needed help. Now requests to provide case management have to be approved by the State Mental Hygiene Administration (MHA). In the past the CSA's grant enabled it to do outreach to people outside the system, particularly the uninsured, and to find a way to get them services. As the system becomes more centralized, and eligibility tightened, people who are outside the mental health system are less likely to be able to obtain services. In addition, there are indications that in the future, more State General funded mental health services will be moved into Medicaid, further reducing the discretion of the CSAs.

Despite the growing restrictions on eligibility, the number of Howard County consumers served by PMHS and CSA services in Howard County has continued to grow. Between FY 2008 and FY 2010, that number grew from 2,115 to 2,532, an increase of almost 20%.

Howard County Office of Children's Services

The system of children's services in Maryland resemble the mental health system, in that one the cornerstones of the system is a local planning and coordinating entity, the Local Management Board (LMB). The LMB plans implements, and monitors children and family services. The LMB model emphasizes interagency cooperation, a continuum of services, and outcomes based service performance. LMBs are overseen by the Maryland's Children's Cabinet and the Governor's Office for Children (GOC).

Over the past few years, funding for the GOC has been significantly reduced, resulting in cuts to local programs. In addition some programs have been re-organized, with a resulting loss of local control. The Howard County Office of Children's Services has been affected by these cuts:

- The Office's State grants were reduced from \$1,859,279 in FY 2008, to \$1,494,178 in FY 2011, a reduction of nearly 20%. The Office's staff has shrunk from 23 to 16.
- Administrative funding for the Local Children's Board (Howard County's LMB) has been reduced by 67% since FY 2008. The Board's program funding was reduced by \$128,000, curtailing the Board's ability to provide support for community programs for children, including after school programs.
- The State has re-organized services for high risk youth formerly served by Local Management Boards. Previously, LMBs administered purchase of services for children

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eligible for placement in residential treatment facilities, both in Maryland and out of the State. Now those services have been regionalized and are managed by organizations called Care Management Entities, financed by a Medicaid Waiver.

- In previous years, the Howard County Office of Children’s Services operated the State funded LOCATE Child Care program, which provided parents with guidance on obtaining child care. The program has now been centralized statewide at the Maryland Family Network, with a 1-800 number. The new service can provide callers with lists of child care resources, but its staff are unlikely to be knowledgeable about local resources on a daily basis.

From the point of view of State agencies, centralization of services results in improved accountability, and more consistency in the way services are delivered across jurisdictions. From the point of view of local agencies, centralization results in a one size fits all model, and in increased bureaucracy.

In a more centralized system, Howard County Government plays a critical role. County funds can help address local gaps in services and add flexibility to programs, which otherwise might not be responsive to the particular needs of Howard County citizens. At the Howard County Department of Social Services, for example, County funds and private donations enable the Department to pay for services not covered by State assistance programs. In some cases these “flexible dollars” provide clients with the support they need to become eligible for State programs, such as transportation to offices with the records a client needs need to prove eligibility.

Less Support from the United Way

Nonprofits in Howard County have traditionally had multiple sources of funding including grants and contracts from State and local government, funding from the philanthropic organizations and donations from individuals. The nongovernment side of this revenue model has undergone changes over the past few years in part due to the economy, and in part due to changes in policy.

Particularly significant has been a change in the role of the United Way. In the past, the United Way of Central Maryland helped maintain the infrastructure of nonprofit health and human services in Howard County. In recent years, the United Way has changed its approach to grantmaking, moving toward a more strategic approach, with funding based on identified priority areas.

According to Family and Children’s Services of Central Maryland, the United Way used to provide 50% of the agency’s funding, for such services as counseling and in-home services for the elderly and persons with disabilities. When the United Way began funding services based on priority area, Family and Children’s was affected. In addition, United Way appeared to be less successful in raising money in the Baltimore metropolitan area. As a result of these two factors, Family and Children’s has seen its United Way funding decline to where it is now a very small part of the agency’s budget. The agency leadership does not expect United Way funding to return to former levels.

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Grassroots also depends less on United Way funding. The fact that the United Way now re-assesses its priorities every three years creates a level of uncertainty as to whether nonprofits which have received support in the past will continue to do so. Consequently, Grassroots finds it cannot rely on United Way funding to help sustain its operations.

Growing Gaps in Resources and Services

As the recession recedes, agencies continue to grapple with long term gaps in resources, that are now wider because of the County and State's challenging fiscal situations. Some of the major gaps are as follows:

Services for Children and Youth

The Community Action Council reports that 700 children are eligible for Head Start, but for the past seven years, the program has been funded at 264 slots. The lack of Head Start expansion dollars, and in particular the lack of an early Head Start program in the County, has ramifications for families in poverty, particularly those with female heads of households.

In addition, the CAC is struggling to maintain its summer enrichment program. This Ellicott City based program was started 10 years ago to provide educational and cultural opportunities for low income children during the summer months. Since its beginnings, the program expanded from serving 36 to 144 children for a seven-week period. Two years ago the program was cut from \$100,000 to \$70,000 and last year from \$70,000 to \$54,000. CAC has raised funds to replace the lost funding, but has been forced to reduce the number of weeks the program operates.

As noted in the previous section the Office of Children's Services has had to reduce its after school programs. These programs have been compressed from three days to two days a week, or have had their program year shortened by several months.

Several agencies are seeing an increase in the number of transition- age youth aged 18-24. As children age out of the school system, mental health service providers and organizations serving consumers with intellectual disabilities must respond. In particular, the Arc of Howard County expects to see an impact on its services from the growing population of children with autism, as that group reaches the age of 18 and older.

Aging in Place and Complex Medical Needs

Over the past fifty years, major service systems supporting mental health consumers, persons with intellectual disabilities and the elderly have undergone major changes, shifting the people they serve from institutional settings to community-based alternatives such as group homes, assisted living facilities and subsidized apartments. In Howard County, those community-based programs are now facing a growing challenge, as their consumers age and develop complex chronic medical conditions such as diabetes, heart disease, and COPD.

- The Arc of Howard County reports that approximately half of the people served by its community residential program are 50 or over.
- The Mental Health Authority is concerned about the growing number of persons with medical conditions in residential rehabilitation programs, served by providers which are not licensed or equipped to treat medical problems.

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- Humanim is serving more persons who require nursing care and supervision, including persons with brain injuries.

While policy makers recognize that the number of persons with complex medical needs is growing in community programs, they are just beginning to address the need for new models. Nonprofits in Howard County are facing rising costs as this population increases, but the current State funding models are not being adjusted.

Mental Health Services

Several agencies are seeing more residents in need of mental health services.

Grassroots, which operates the Mobile Crisis Team, is seeing increasing utilization of that service. In addition, the economic crisis has brought a new population into the service system. This includes people who were living close to the margin but who had jobs. When they lost their jobs, their underlying problems (such as personality disorders) became more acute.

Two and a half years ago Grassroots, in partnership with the faith community, started serving homeless people, living outdoors along the Route 1 corridor. The Day Resource Center has served over 550 people since the program began. The population tends to be mostly men, usually with substance abuse problems (primarily alcohol), and a smaller percentage with mental illness. Some had serious personality disorders. The longer they live outside, the harder it is for them to re-enter society. Half of the men in Grassroots' men's shelter were referred from the Route 1 project.

As the economic situation worsened, the Howard County office of Family and Children's Services saw more clients contacting the agency with such problems as family stress and children with behavioral problems. The agency is also seeing more people who previously were served by mental health providers for help with managing medications. These individuals are now coming to Family and Children's because they cannot afford the co-pays and deductibles required by insurance.

Lack of Transportation

While Howard County is served both by a local transit system and commuter buses, County residents who do not drive have difficulty getting around. In particular, persons with disabilities who are seeking employment or need to get to medical appointments struggle to get to their destinations. As a result, agencies like the ARC of Howard County and Humanim must operate transportation services, not only to bring people into their program sites, but also to get them to work and to appointments. Transportation consumes a significant amount of agency resources, and State funders do not take these costs into account when setting reimbursement rates.

Affordable Housing

Howard County Housing notes that as fewer people are buying houses, more pressure is put on the affordable rental market. Low wage earners are now competing with more people for rental housing, and some are getting pushed out of the market, forcing them to double up and triple up with others. The Community Action Council has observed situations where a number of family members are living under the same roof, but only one of them is eligible for benefits. CAC has

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clients who have opened BGE accounts in the names of their minor children in order to avoid paying back bills.

Conclusion

The past four years have been challenging for Howard County's health and human service agencies. Budget reductions and rising need have put many agencies in a position where they have had to work harder with fewer staff.

For the most part, Howard County agencies has been able to preserve the County's network of services; in some cases programs that serve those in greatest need have expanded. Maintaining the County's safety net has required changes in the way some agencies do business, and a willingness on the part of the County government to provide more resources, particularly in the area of emergency services.

It is likely that continued cuts in funding will put the County's service network at risk. All agencies need to have a basic administrative infrastructure to operate. Over the past four years, that infrastructure has been reduced, but the level of accountability and reporting has if anything increased. Should there be further significant reductions in public funding (such as the cuts in federal support now being considered in Congress) some services may stop operating, or reduce hours or days of operation.

It is very likely that government decision makers will have to make difficult choices in the next few years with respect to health and human services. Quality of life of all Howard County residents is at stake - not only now but in the future. In this sector of government spending, the fix is not more cuts. The results of cuts now come to play in the very near future when the human services needs can no longer be ignored. The true costs are clearly expressed through the physical, mental, and emotional well being of friends and neighbors. As budget decisions are being made in health and human services, it would be wise to include representatives of our most vulnerable residents at the table so these extremely complex issues can be better understood and planned for.

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Interviews

Name, Position, Organization

Date Interviewed

Andrea Ingram, Executive Director, Grassroots Crisis Intervention Center, Inc.	12/17/2010
Jane O'Leary, Executive Director, Bridges to Housing Stability, Inc	12/23/2010
Krista McKee, Executive Director, The Domestic Violence Center of Howard County, Inc	12/27/2010
Bitá Dayhoff, President, Community Action Council of Howard County, Md. Inc.	1/4/2011
Donna Wells, Executive Director, Howard County Mental Health Authority	1/5/2011
Stacy Spann, Director	1/5/2011
Tiffany Smith, Special Assistant Howard County Housing	
Lois Mikkila, Director, Howard County Department of Citizen Services	1/12/2011

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Interviews

Name, Position, Organization	Date Interviewed
Charlene Gallion, Director, Howard County Department of Social Services	1/13/2011
Dawn O'Neill, Deputy Health Officer Maura Rossman, Medical Director, Clinical Services Howard County Health Department	1/14/2011
Sue Vaeth, Administrator Shelley Garten, Deputy Administrator Amy Spanier Howard County Office on Aging	1/31/2011
Keri Hyde, Administrator, Howard County Office of Children's Services	2/3/2011
Stan Levi, Executive Director, Family and Children's Services of Central Maryland	4/1/2011
Cheryl Ladota, Assistant Executive Director, Family and Children's Services of Central Maryland	4/11/2011
Carol Beatty, Executive Director, The Arc of Howard County	4/7/2011
Lori Somerville, Chief Operating Officer, Humanim, Inc.	4/13/2011