



Analysis of state policy choices with particular attention to their impacts on low- and moderate-income Marylanders

Left Behind in the Budget Debate

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Summary

- Maryland's Governor and Legislature are debating solutions to a "structural budget gap" - how to fund current state programs or cut from them – in the next year. The Governor wants a solution that doesn't hurt vulnerable people; some legislators think we should cut more from current spending. But both sides in this debate seem to have lost sight of the fact that many people are, and have been, hurting already. Our current budget under-funds many important programs and services. **Where do these needs fit in the debate?**
- More than 10,000 elderly Marylanders and more than 16,000 individuals with developmental disabilities are stuck on waiting lists for help to safely remain in or return to their homes or communities.
- In one of the richest states in the country, Deamonte Driver, a twelve-year-old boy from a low-income family, died of an untreated cavity. Only thirty percent of children on Medicaid get dental care in a year.
- Prevention and early intervention services that help people and save the state money are under-funded.
- Staffing problems at state agencies and facilities erode standards of care and compromise safety.
- Military base realignment is bringing new jobs to Maryland and new families who will need new schools, roads, and other infrastructure.
- This report lists some, but certainly not all, of the problems that are being left out of the current budget debate. Marylanders should be asking when will the 'solutions' in Annapolis deal with these needs?

Introduction

A special session of the General Assembly has focused public officials, media, advocates and the public on the growing budget deficit forecast for the next fiscal year and the ‘structural deficit’ problem that underlies it.

Not heard in any of this discussion is the ‘inconvenient’ fact that this year’s budget is already woefully inadequate in many areas. With our current level of services (that we are \$1.7 billion ‘short’ of funding for next year) people of all ages are effectively being denied access to a variety of services that our programs are supposed to provide. People under the state’s care, protection or custody are receiving substandard attention. In some cases the safety of staff or the public is at risk from under-funding or under-staffing.

While overall funding has grown in most recent years, it has not kept pace with many needs. Waiting lists have grown, reimbursements to those providing services have fallen farther below needed levels, and staffing has been held below recognized standards.

Deamonte Driver of Prince George’s County died this year from a cavity. In the last months of his life, he watched his mother, with the help of an advocate, try to get dental care for his younger brother’s serious tooth decay. Both were eligible for dental care under the state’s Medicaid program. But only about one-third of Maryland’s children on Medicaid get dental care.¹ Only a limited number of dentists accept children on Medicaid as patients, because the program pays so little for their care.

In one of the wealthiest states in the country,

where government spending ranks lowest relative to personal income, routine care that costs less than \$100 would have prevented the brain infection that began in Deamonte’s abscessed tooth and killed him before he even he even became a teenager.²

Most families in Maryland can get the routine care needed to solve this simple problem and other challenges. But like Deamonte, many Marylanders do not get help meeting basic needs. A lack of resources means less access to preventive care and other targeted interventions that not only help people, but save the state money by solving problems up front before they become much worse.

In addition to low-income children, seniors and Marylanders with disabilities are stuck waiting for help. For working families, the rising costs of health care and energy are increasing demand for state support, particularly for energy assistance. As new jobs and families move to the state because of military base realignment, funding for new school construction lags behind need. After past budget cuts, tuition at state colleges and universities is much higher than just a few years ago. And staffing shortages in the state workforce and private providers and institutions erode standards of care and compromise public safety.

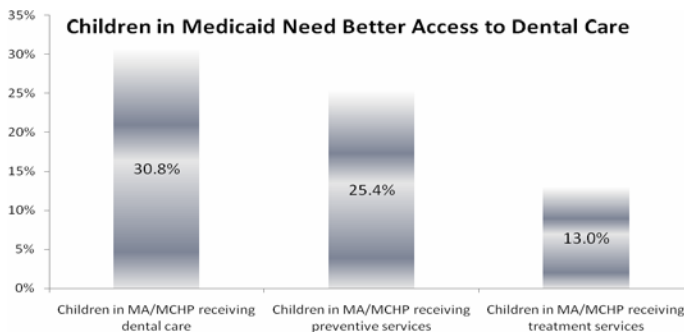
The administration’s revenue proposal does address the state’s structural budget deficit, but with a mix of taxes and budget cuts. Even if adopted as proposed, the plan leaves little if any money for vital services that are left out of the current budget. And yet opponents argue for more cuts.

While the upcoming debate must address the future budget problem, our leaders should also find an answer for the people who are

unable to receive help under programs we have already established and then underfunded.

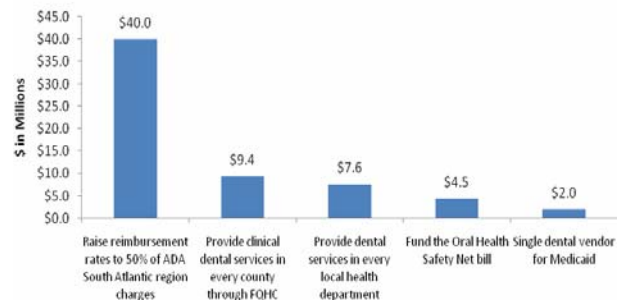
Please Take A Number: Maryland's Health Care Waiting Room

In 2005, there were more than 480,000 children receiving health care through the state's HealthChoice program which covers those eligible for Medicaid (MA) or the Maryland Children's Health Program (MCHP), and about one-third of these children saw a dentist. Only 13% of these children received dental treatment services in Fiscal Year (FY) 2005.³ In a recent survey, more than 55% of Head Start children had caries experience, the dental infection leading to tooth decay, and 95% of these children with untreated caries had tooth decay.⁴

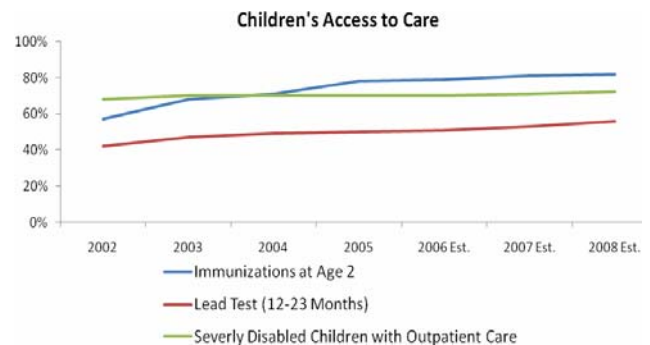


Like many types of Medicaid services, dental reimbursement rates are too low to expand the number of providers. The Dental Action Committee, a state workgroup formed in response to Deamonte's death, recommends raising these reimbursement rates and increasing access to dental care in local departments of health and qualified community-based centers. The state cost of the boosted investments would be matched with federal Medicaid funds.⁵

Children's Access to Oral Health
Dental Action Committee: Total Cost of Selected Recommendations

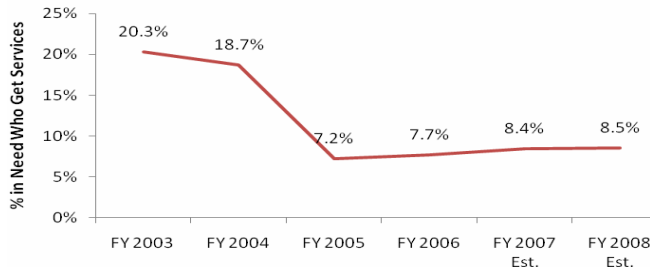


In addition to dental services, children in Maryland lack access to other types of preventive health care. One of every five children does not get immunizations by age 2; nearly half of all toddlers miss out on timely lead screenings; and 30% of severely disabled children lack access to outpatient care.⁶



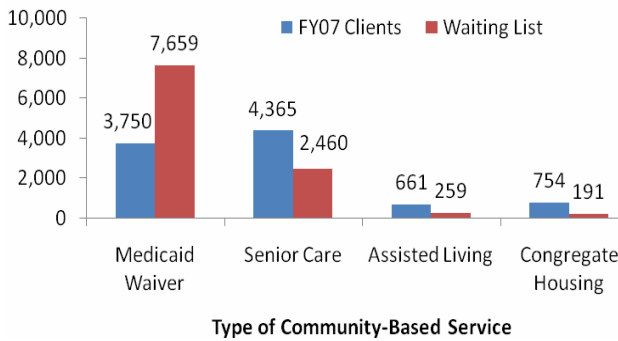
Just as the state's children lack access to basic care, Maryland's seniors wait for help to remain safely in their homes or neighborhoods and close to family and friends. The state's senior citizen population is expected to grow by more than 725,000 people, from 11% to 21% of the state's population, from 2000 to 2030.⁷ By keeping the elderly out of costly nursing homes, these services also save the state money. In Fiscal Year (FY) 2006, less than 8% of the seniors who needed community-based support received services.⁸

Maryland's Aging Population Grows While Services Lag



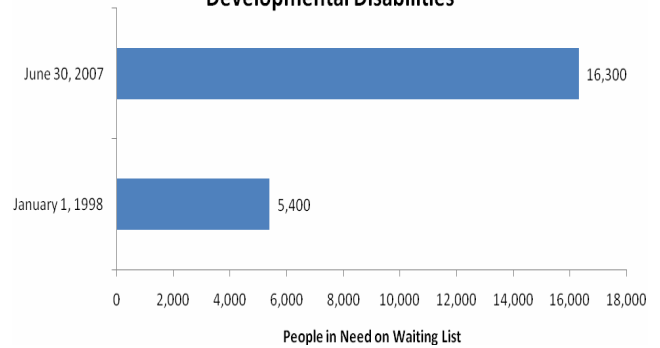
As access to services dropped, the waiting list has grown, with more than 10,500 seniors waiting for help in FY 2007, more than the number who received services.⁹

Maryland's Elderly Are Waiting for the Help They Need to Remain Safely in Their Community



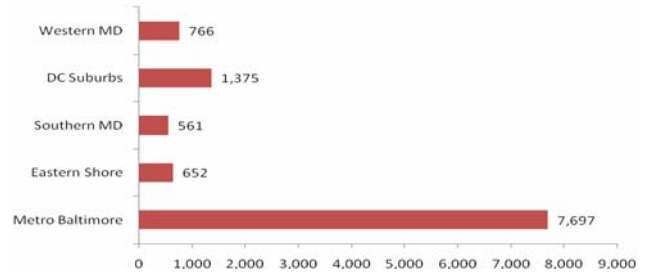
Maryland's elderly are not alone in the waiting room. As of June 30, 2007, there were 16,700 individuals with developmental disabilities on the waiting list for services that help them remain in or return to the community. 9,354 of the 10,300 people who have gone on the waiting list since January 1998 had yet to receive any help. About 40% of the nearly 30,000 requests for services fall into the crisis category.¹⁰

Waiting for Help: 16,300 Marylanders with Developmental Disabilities



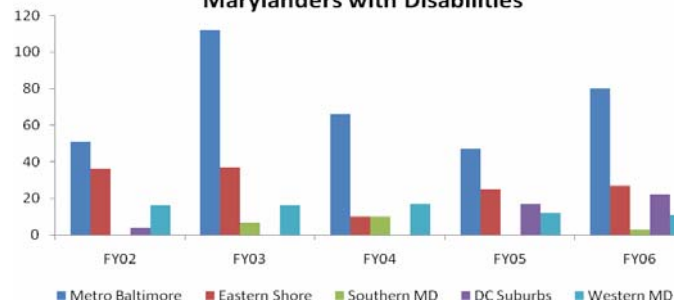
Individuals with mental health challenges also need support, especially affordable housing, to safely and successfully live in community settings. In 2005, more than 11,000 Marylanders with serious mental illness needed help with affordable housing.¹¹

Individuals with Serious Mental Illness in Need of Affordable Housing (2005)



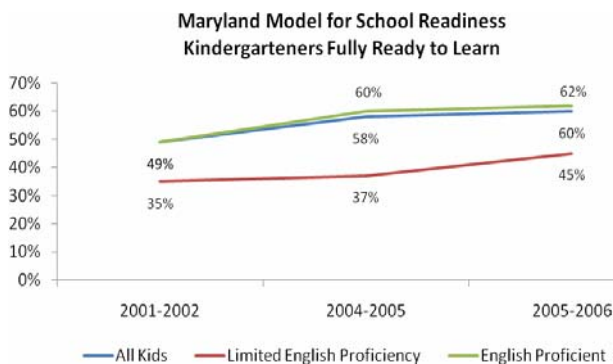
Despite the need, from FY 2002 to FY 2006, the state allocated just 626 affordable housing units for individuals with disabilities.¹²

"Set-Aside" Affordable Housing Units for Marylanders with Disabilities



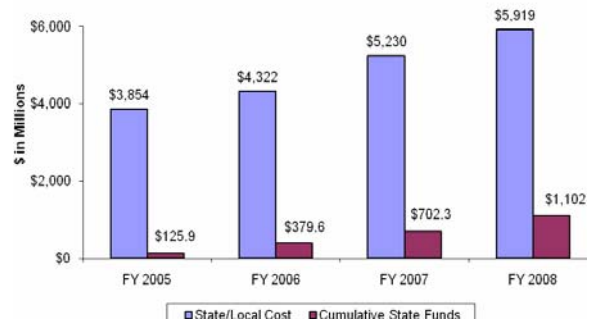
Investing in Education Infrastructure and Interventions

Students in both public schools and universities are also affected by service and infrastructure gaps in the current budget. Maryland's public school students are being held to more rigorous standards; but low-performing students do not get the targeted interventions they need to succeed.¹³ Limited English Proficiency (LEP) students also do not receive appropriate help. For example, 45% of LEP preschoolers are fully ready to learn when they enter kindergarten compared to 62% of their English-speaking peers.¹⁴

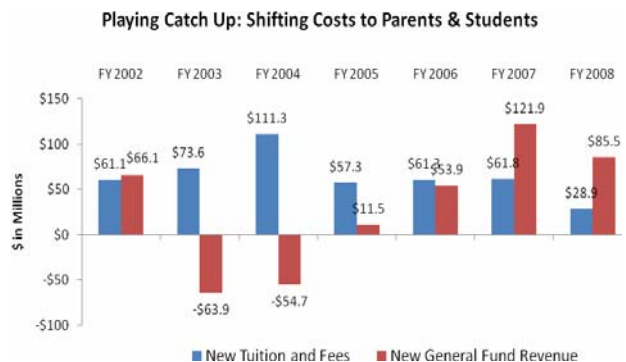


The military's Base Realignment and Closure (BRAC) process is bringing thousands of new jobs and families to Maryland. The new residents will increase the demand for new schools, roads and other infrastructure. Even before the BRAC decisions, a state task force documented a need for \$3.85 billion in state and local funds to bring all school facilities up to minimum educational and safety standards. In recent years, however, only a fraction of the documented need has been funded.¹⁵ Governor O'Malley's plan does dedicate a portion of future revenue from slot machines to school construction.

Maryland's School Construction Funding Gap

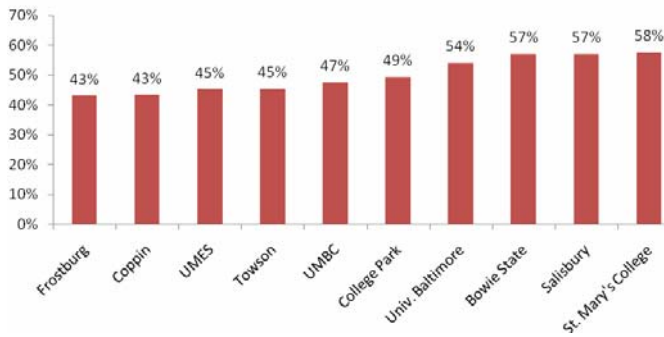


During the last slowdown in state tax collections, Maryland's leaders could not reach consensus on new revenue. So they turned to students at state colleges and universities and their parents to help balance the state's budget with new tuition and fees. From FY 2002 to FY 2008, new tuition and fees went up \$455 million, twice as much as the \$220 million in new state support.¹⁶



To make up for the loss of state money, tuition increased 40% to 60%.¹⁷ Public higher education is now unaffordable for more Maryland families, and many students graduate with high levels of student debt. Governor O'Malley's announced plan does include dedicated funding of approximately \$60 million annually for higher education.

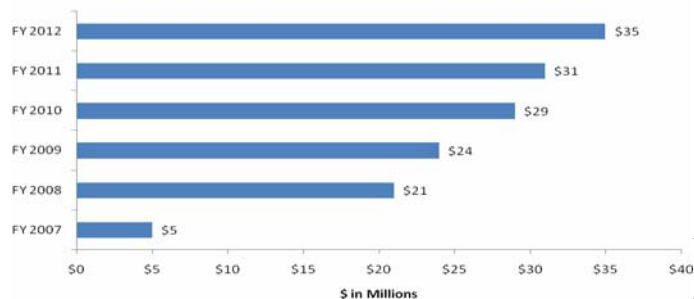
**The Soaring Cost of Higher Education in Maryland
Increase in In-State Tuition 2001-2007**



Supporting Working Families

More than 100,000 children in the state receive health care through the Maryland Children's Health Program. Their parents work and earn too much for Medicaid but are not covered through work and they can not afford the high cost of private insurance. Because of growing demand and uncertain Federal support for the program, the state will see a shortfall in funding for MCHP. Prior to the President's veto of legislation to reauthorize the federal program, MCHP had an estimated cumulative shortfall of nearly \$120 million from FY 2009 to FY 2012.¹⁸

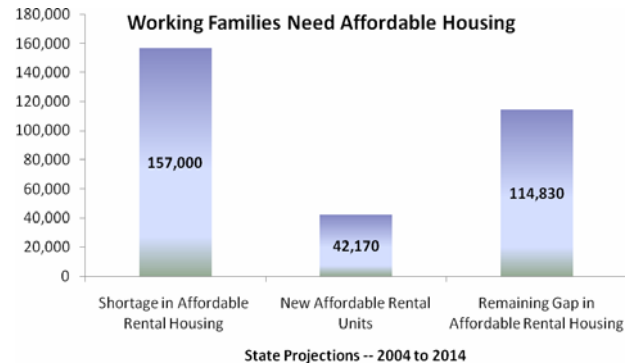
**Maryland Children's Health Program
Projected Shortfall**



The state's recent real estate market boom caused state revenues to surge; but it also made rental housing unaffordable for more working families. The state projects a shortage of 157,000 affordable rental units

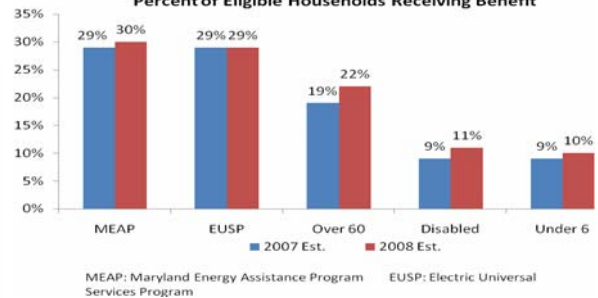
through 2014, with just 42,000 new units planned. Nearly 115,000 families will lack affordable rental housing that they need to avoid the risk of becoming homeless.¹⁹ Deamonte Driver's family lived in a homeless shelter for much of the last months of his life, which added to the obstacles to help.

Working Families Need Affordable Housing



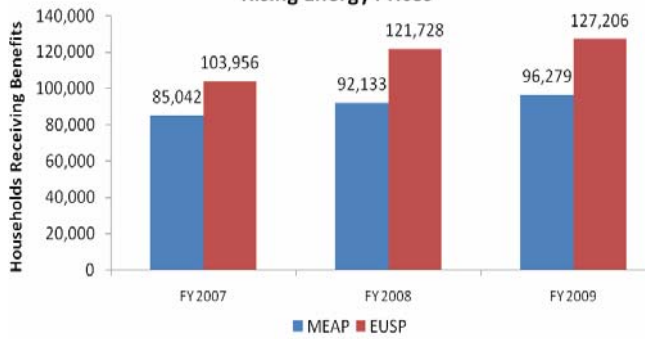
Maryland offers energy assistance to about 100,000 low-income households that need help with surging home heating and utility prices. Families without utilities are forced to rely on unsafe, informal means to get heat and electricity that greatly increase the risk of a deadly fire. Unfortunately, less than one-third of eligible households get this help.²⁰

**Office of Home Energy Programs
Percent of Eligible Households Receiving Benefit**



When recent rate increases are fully phased in, Maryland's households will pay 35% to 45% more than last year.²¹ Of course, the rising cost of oil ends up driving up the price of heating oil. The jump in costs will lead to increased demand for energy assistance.²²

Low-Income Households Will Need More Help With Rising Energy Prices

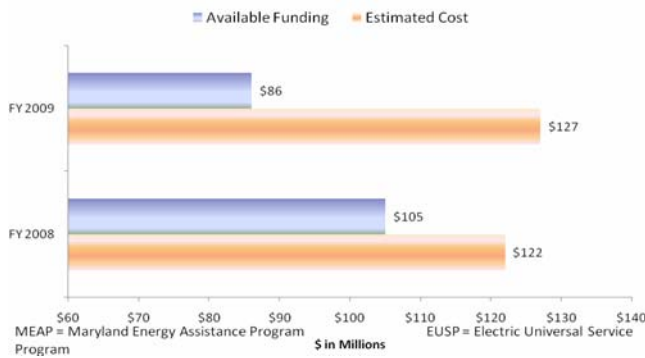


MEAP = Maryland Energy Assistance Program

EUSP = Electric Universal Service Program

As the number of households receiving help grows, the programs' cost will increase, but available funding is expected to drop to 67% of the estimated cost by the next budget year.²³

Maryland's Looming Energy Assistance Funding Gap



MEAP = Maryland Energy Assistance Program

EUSP = Electric Universal Service Program

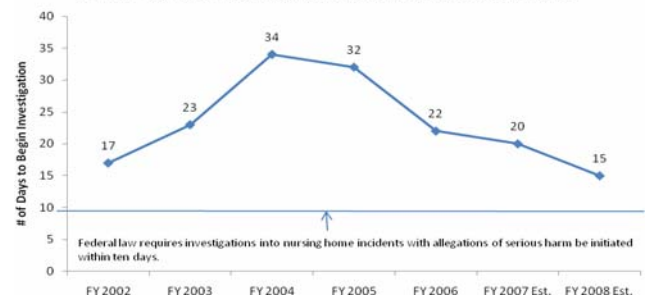
Workforce Matters: Compromising Safety and Eroding Standards

In addition to shifting costs to college students during the last budget crisis, the state skimped on money for its workforce and for staff at providers. This staffing crisis compromises public safety for all Marylanders and erodes standards of care and safety for seniors in nursing homes, the institutionalized disabled, state correctional officers and prisoners, youth in juvenile facilities, and children placed in or at-risk of

entering foster care. The lack of support for workforce means the state misses opportunities to invest in full-scale reform of the child welfare and juvenile justice systems that would help children and save money in avoided foster care and detention costs.

Federal regulations require states to initiate investigations of incidents in nursing homes with allegations of serious harm. Unfortunately, the state misses this safety standard for the most vulnerable seniors. In FY 2006, it took an average of 22 days to begin an investigation. This was projected to improve to 15 days in the current year, or still 50% longer than the federal standard.²⁴

Compromising Safety of Seniors: A Lack of Timely Investigation of Nursing Home Incidents With Allegations of Serious Harm



Federal law requires investigations into nursing home incidents with allegations of serious harm be initiated within ten days.

Maryland's public mental health system is confronting staffing challenges at state psychiatric facilities. A recent study commissioned by the state recommended adding more than 385 authorized positions at inpatient psychiatric facilities. But the staff vacancy rate in these facilities was 8% of authorized positions in 2006.²⁵

Safety continues to be a major problem for guards and prisoners at the state's correctional facilities. Before it was closed in March, a guard at the state prison at Jessup was stabbed to death last year, while wearing a protective stab vest, and earlier this year, another guard was stabbed seven times. Of course, vacancy rates for correctional officers

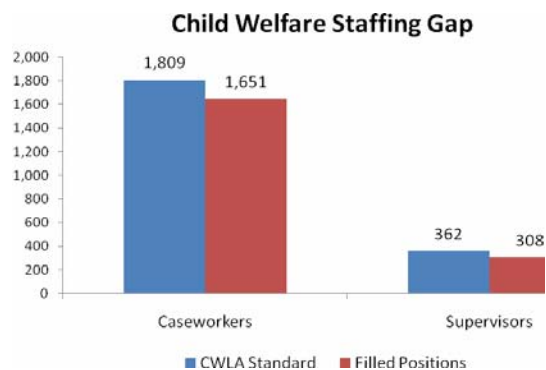
are increasing, making it increasingly harder to maintain safety.²⁶



The Department of Juvenile Services is currently operating under a settlement agreement with the U.S. Department of Justice, which found that the state was violating the constitutional rights of youth at two juvenile detention facilities.

Once youth leave detention or other placements, recidivism rates are high, with two-thirds being re-referred to this system within two years.²⁷ A well-trained, supervised workforce is crucial to comply with the settlement agreement and, along with community-based prevention, to get youth the help they need to avoid getting into trouble again. While turnover rates have come down, more than one-third of direct care workers leave within 12 months of being hired.²⁸ For residential direct care staff, staffing was only at 74% of the total required to meet standards.²⁹

Despite repeated legislation mandating that the state meet Child Welfare League of America standards for child welfare caseloads, case managers and supervisors continue to be burdened with caseloads that are too large. This gap threatens the safety of foster children and children suffering from abuse or neglect.³⁰



Conclusion

Maryland's current general fund operating budget totals \$14.6 billion, but it leaves many Marylanders struggling to meet critical needs.

In an informal survey of nonprofit organizations earlier this year, most reported that current state services and funding are inadequate to meet the needs they see in their communities.

Access to health care is limited for low-income residents, and seniors and those with developmental disabilities linger on waiting lists for help. Meanwhile, investments in prevention and in public infrastructure, including public schools, transportation, and the state workforce, lag behind need.

As prices for energy, tuition, and health care go up much faster than wages, working families will need more support to afford basic needs. Although Maryland has among the highest income levels in the nation, less of that income is invested in government services than in the other 49 states.³¹

State leaders must reach consensus on the structural deficit in financing the state budget. But as they argue over proposals for taxes or more spending cuts, we hope they remember the people our programs and agencies are already unable to serve or protect.

Endnotes:

- ¹ See “Access to Dental Services for Medicaid Children in Maryland: Report of the Dental Action Committee,” September 2007, Appendix D.
- ² Otto, Mary, *For Want of a Dentist*, Washington Post, February 28, 2007
- ³ Dental Action Committee Report, Appendix D.
- ⁴ Dental Action Committee, Executive Summary, page 3.
- ⁵ “Summary of the Dental Action Committee Report,” presentation to the Health and Government Operations Committee by Jane Casper, RDH, MA, Chair and Henry Goodman, DMD, MPH, Vice-Chair, October 10, 2007.
- ⁶ See Medical Care Programs Administration, Analysis of the FY 2008 Maryland Executive Budget, 2007, Maryland Department of Legislative Services, Office of Policy Analysis, page 10.
- ⁷ See “The Elderly Population in Maryland: Data from the 2000 Census and Projections,” presentation to Maryland Association of Counties, Maryland Department of Planning, August 14, 2003.
- ⁸ See Department of Aging, Analysis of the FY 2008 Maryland Executive Budget, 2007, Maryland Department of Legislative Services, Office of Policy Analysis, page 7.
- ⁹ *Id.*, page 9.
- ¹⁰ Current data provided by Maryland Department of Legislative Services, Office of Policy Analysis, October 9, 2007.
- ¹¹ See “Housing for Individuals With Mental Illness or Developmental Disabilities,” report from the Maryland Department of Health and Mental Hygiene to the Maryland General Assembly, 2006, page 7.
- ¹² *Id.*, page 22.
- ¹³ See *Opportunity Lost: Impact of Thornton on At-Risk Student Funding, Services and Achievement*, Advocates for Children and Youth – Voices for Maryland’s Children, Volume 4, Number 7, February 2007.
- ¹⁴ See Maryland State Department of Education, Division of Early Childhood Development, Analysis of the FY 2008 Maryland Executive Budget, 2007, Maryland Department of Legislative Services, Office of Policy Analysis, page 7.
- ¹⁵ See *Spending Affordability Committee, 2006 Interim Report*, Maryland Department of Legislative Services, Office of Policy Analysis, December 2006, page 67.
- ¹⁶ See University System of Maryland, Analysis of the FY 2008 Maryland Executive Budget, 2007, Maryland Department of Legislative Services, Office of Policy Analysis, page 27.
- ¹⁷ See Higher Education – Fiscal 2008 Budget Overview, Analysis of the FY 2008 Maryland Executive Budget, 2007, Maryland Department of Legislative Services, Office of Policy Analysis, page 9.
- ¹⁸ See Medical Care Programs Administration, Analysis of the FY 2008 Maryland Executive Budget, 2007, Maryland Department of Legislative Services, Office of Policy Analysis, page 7.
- ¹⁹ See Department of Housing and Community Development, Analysis of the FY 2008 Maryland Executive Budget, 2007, Maryland Department of Legislative Services, Office of Policy Analysis, page 14.
- ²⁰ See Department of Human Resources – Adult and Community Services, Analysis of the FY 2008 Maryland Executive Budget, 2007, Maryland Department of Legislative Services, Office of Policy Analysis, page 8.
- ²¹ *Id.*, page 19.
- ²² *Id.*, page 21.
- ²³ *Id.*, page 23.
- ²⁴ See Department of Health and Mental Hygiene – Office of Health Care Quality, Analysis of the FY 2008 Maryland Executive Budget, 2007, Maryland Department of Legislative Services, Office of Policy Analysis, page 4.
- ²⁵ See Department of Health and Mental Hygiene – Mental Hygiene Administration, Analysis of the FY 2008 Maryland Executive Budget, 2007, Maryland Department of Legislative Services, Office of Policy Analysis, page 13.
- ²⁶ See Department of Public Safety and Correctional Services – Division of Correction, Analysis of the FY 2008 Maryland Executive Budget, 2007, Maryland Department of Legislative Services, Office of Policy Analysis, page 13.
- ²⁷ See Department of Juvenile Services, Analysis of the FY 2008 Maryland Executive Budget, 2007, Maryland Department of Legislative Services, Office of Policy Analysis, page 16.
- ²⁸ *Id.*, page 18.
- ²⁹ *Id.*, page 19.
- ³⁰ See Department of Human Resources – Child Welfare, Analysis of the FY 2008 Maryland Executive Budget, 2007, Maryland Department of Legislative Services, Office of Policy Analysis, page 16.
- ³¹ Maryland Budget and Tax Policy Institute, from FY 2005 Personal Income Data from U.S. Bureau of Economic Analysis, (U.S. Dept of Commerce) quarterly estimates for Fiscal Year 2005 (MD), at <http://www.bea.gov/regional/sqpi/default.cfm?sqttable=SQ1>, and FY 2005 State and Local Government Direct General Expenditures, from U.S. Census Bureau, State and Local Government Finances: 2004-05, at <http://www.census.gov/govs/www/estimate05.html>

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David McNear is the principal author of this analysis.

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