



**STATEMENT OF LOURDES R. PADILLA  
SECRETARY  
DEPARTMENT OF HUMAN RESOURCES  
BEFORE THE  
SENATE BUDGET AND TAXATION COMMITTEE  
HEALTH AND HUMAN SERVICES SUBCOMMITTEE  
FY 2018 BUDGET**

**FRIDAY, FEBRUARY 17, 2017**



**STATEMENT OF LOURDES R. PADILLA  
SECRETARY  
DEPARTMENT OF HUMAN RESOURCES  
BEFORE THE  
HOUSE APPROPRIATIONS COMMITTEE  
HEALTH AND HUMAN RESOURCES SUBCOMMITTEE  
FY 2018 BUDGET**

**MONDAY, FEBRUARY 20, 2017**

Good afternoon Chairman Reznik and members of the Committee. Thank you for the opportunity to appear today regarding the Department's Child Support Enforcement Administration (CSEA). With me today is the Acting Deputy Secretary for Programs, Ann Flagg, the Acting Executive Director of the Child Support Enforcement Administration, Leyla Layman and the Department's Chief Financial Officer, Stafford Chipungu.

The Child Support Enforcement Administration (CSEA) provides comprehensive child support services to approximately 266,000 Maryland children. CSEA is responsible for establishing paternity for children born to unmarried parents; establishing, collecting and distributing child and medical support obligations; the enforcement of past due support; and the accounting of child support payments which are made through the Department. Our mission is to make certain that children grow up receiving financial support from both parents and that the family is able to stay economically independent.

Child support collections continue to grow and set records for the State of Maryland. The Department collected and distributed \$566 million last year. Of that amount, \$162 million was distributed to families previously receiving Temporary Cash Assistance; reducing the likelihood those families would again become dependent on the State for financial stability. As of January 31, 2017, our overall collections have increased by \$4 million. CSEA also participated in the establishment of a support order in approximately 12,513 cases in 2016.

Over the last two years, the Department has improved the collection and distribution of child support payments to Maryland families by \$7 million - setting consecutive state records in 2015

and 2016 for the most child support collected in Maryland for each year. Even though our caseload decreased by 5% from FFY 2014 to FFY 2016, our collections increased indicating that gross dollars collected was not the result of an increased caseload. Furthermore, during that same time period, the amount collected per case has increased by \$175 from \$2,605 to \$2,780-- an increase of 7% percent over the past two years.

For the past two years, the Department has ranked above the national average in three key federal child support performance measures to include the percentage of current support collected, percentage of cases collecting past due support and percentage of children in our caseload where paternity has been established. —Since June 2015 with the implementation of House Bill 549 allowing for the intercept of winnings from video lottery facilities to pay past due support we have disbursed over \$800,000 in gaming intercepts.

The Department has continuously scored above 95% on Federal Data Reliability Audits and has passed all federal audits. This assures a continuation of DHR's incentive funds. CSEA also had no repeat findings in its most recent Legislative Audit Report issued June 2015. In the most recent audit, CSEA had six findings compared to eleven findings in the prior audit.

Our FY 2018 Budget Allowance for the Child Support Enforcement Administration is \$92.2 million, representing a \$331,000 decrease from fiscal year 2017.

The Department is acutely focused on improving its services to customers. Over the past two years the Department has reduced the application and annual fees from \$25 to \$15 as well as

eliminated fees charged to custodial parents on child support collections received via tax intercepts. The Department is currently exploring opportunities to increase customer convenience by expanding payment options for our customers.

The Administration provides comprehensive services we provide to both the custodial and non-custodial parents. This year we have proposed legislation to remove 'Enforcement' from our name (Child Support Enforcement Administration) to more accurately reflect this reality. Furthermore, we continue to expand our employment and workforce development efforts for unemployed and under-employed non-custodial parents.

Through Delegate Rosenberg's sponsorship of House Bill 1502, the Baltimore City pilot program, STEP UP (Supporting, Training and Employing Parents), launched on October 1, 2016. STEP UP provides employment services and other support services to noncustodial parents to support their efforts to become economically self-sufficient. As of February 7<sup>th</sup>, the program has enrolled 136 participants, all of whom have been referred to employment training programs.

In addition to employment services, participants are referred to services to assist them with removing barriers to employment (e.g. child care, substance abuse treatment, education, transportation). They are also provided with intensive case management and case conferencing. Participants also automatically qualify for a review of their child support case to ensure the existing support order is based on his or her actual income. Non-custodial parents actively participating in the program are exempt from the driver's and professional license enforcement remedies provided they remain compliant with their program agreement. Participants also have the opportunity to earn 5% arrears forgiveness of State-owed arrears after meeting quarterly

milestones for a maximum of twenty percent earned. CSEA anticipates all 136 of the current participants will meet the first incentive milestone.

I would also like to take this opportunity to highlight our non-custodial employment programs granted through CSEA. Over the past two years, nearly 360 noncustodial parents were employed through CSEA-funded employment programs. Participants contributed approximately \$956,000 in collections over the past two state fiscal years, a return on investment of \$1.58 in collections for every \$1 in program expenditures.

Every four years, the Department is required to review the Maryland Child Support Guidelines. The review consists of two components; an economic review and case-level review that conduct an analysis of cases for deviations from the guidelines. The Guidelines review explores varying methodologies currently used nationally to calculate a child support award.

Overall, the findings throughout this case-level review show that most orders established or modified between 2011 and 2014 were based on Maryland's guidelines, consistent with previous reviews. This review did shed light, however, on some potential areas in which policy and practice could improve, such as identifying specific order amounts for parents with very low incomes rather than a range as is in the current guidelines. As we seek to take a more holistic approach in child support, supporting policies and practices that are based on a parent's ability to pay will continue to inform our approach to service delivery. The Department will be convening a statewide committee to review the reports and formulate policy recommendations. The committee will be comprised of private and public practitioners who are the primary users of the

child support guidelines, and we look forward to the participation of members of the General Assembly.

This concludes my testimony. Thank you again for the opportunity to testify and we are of course happy to answer any questions that you may have.

**Department of Human Resources**  
**FY 2018 Budget Highlights**  
**Child Support Enforcement Administration**  
**NH00.08**

	<u>FY 2017</u> <u>Appropriation</u>	<u>FY 2018</u> <u>Allowance</u>	<u>Changes</u>
<b>I. FUNDING<sup>a</sup></b>			
General Funds	2,476,497	2,482,413	5,916
Special Funds	9,721,089	9,940,464	219,375
Federal Funds	30,467,252	29,653,542	(813,710)
Reim. Funds	-	-	-
Total	<u>42,664,838</u>	<u>42,076,419</u>	<u>(588,419)</u>
<b>II. PERSONNEL<sup>a</sup></b>			
Regular Positions:	69.30	69.30	0.00
Contractual Positions:	0.00	0.00	0.00
<b>III. MAJOR CHANGES (In Thousands)</b>			
<b>01 Salaries</b>			(49)
Decrease in Salaries due to Salary Adjustments, (\$97K); Health Insurance, (\$49K); Accrued Leave Payments, (\$34K); Reclassifications, (\$5K); and Fringe Benefits, (\$3K); Offset by Increase in Regular Earnings, \$62K; Turnover Adjustments, \$46K; Workers' Compensation, \$17K; and Employee's Retirement, \$14K.			
<b>02 Technical and Special Fees</b>			53
Increase in Technical and Special Fees due to Contractual Health Insurance.			
<b>03 Communications</b>			6
Increase in Communications due to Regular Telephone Services, \$5K; and DGS - Office of Telecommunications, \$1K.			
<b>07 Vehicle</b>			11
Increase in Vehicle due to Motor Vehicle Replacement, \$15K; Offset by Decrease in Gas and Oil, (\$3K); and Maintenance and Repairs, (\$1K).			
<b>08 Contractual Services</b>			(629)
Decrease in Contractual Services mainly due to Cooperative Reimbursement Agreements Contracts; (\$818K); and Administrative Hearings, (\$1K); Offset by Increase in University of Maryland School of Social Work Contract, \$144K; State Disbursement Unit Contracts, \$21K; Financial Data Match, \$20K; DHMH Paternity Database Contract, \$3K; Court Costs, \$1K; and Freight and Delivery, \$1K.			
<b>09 Supplies</b>			18
Increase in Supplies due to Printed Forms, \$14K; Data Processing Supplies, \$6K; and Promotional Expense \$2K; Offset by Decrease in Office Supplies, (\$3K); and Library Supplies, (\$1K).			
<b>13 Fixed Charges</b>			1
Increase in Fixed Charges due to Subscriptions and Dues.			
<b>Total</b>			<u>(589)</u>

<sup>a</sup> Reference Source: FY 2018 Maryland State Budget Book - Part II: Page 42-43.



**Department of Human Resources  
FY 2018 Budget Highlights  
Local Child Support Enforcement Administration  
NG00.06**

	<u>FY 2017</u> <u>Appropriation</u>	<u>FY 2018</u> <u>Allowance</u>	<u>Changes</u>
<b>I. FUNDING</b>			
General Funds	16,679,777	16,795,284	115,507
Special Funds	551,200	589,169	37,969
Federal Funds	32,609,701	32,713,794	104,093
Reim. Funds	-	-	-
Total	<u>49,840,678</u>	<u>50,098,247</u>	<u>257,569</u>
<b>II. PERSONNEL</b>			
Regular Positions:	589.10 <sup>a</sup>	589.10	0.00
Contractual Positions:	1.00	1.00	0.00
<b>III. MAJOR CHANGES (In Thousands)</b>			
<b>01 Salaries</b>			188
Increase in Salaries due to Turnover Adjustments, \$642K; Regular Earnings, \$412K; Reclassifications, \$112K; Employees' Retirement, \$85K; and Overtime, \$3K; Offset by Decrease in Salary Adjustments, (\$687K); Health Insurance, (\$336K); Accrued Leave Payments, (\$39K); and Fringe Benefits, (\$4K).			
<b>02 Technical and Special Fees</b>			22
Increase in Technical and Special Fees due to Interpreter Fees mainly for Prince George's and Montgomery Counties' OCSE, \$20K; and Temporary Manpower, \$2K.			
<b>03 Communications</b>			30
Increase in Communications due to Regular Telephone Services, \$26K; and Data Processing Telecommunication-Lines, \$6K; Telecommunication Reimbursements, \$1K; and Cell Phones, \$1K; Offset by Decrease in Postage, (\$4K).			
<b>04 Travel</b>			3
Increase in Travel due to In-State Travel-Business.			
<b>06 Utilities</b>			1
Increase in Utilities due to Electricity Usage.			
<b>08 Contractual Services</b>			(2)
Decrease in Contractual Services due to Outside Services Computer Usage, (\$8K); Court Cost, (\$4K); Advertising, (\$1K); and Printing and Publication, (\$1K); Offset by Increase in Other Contractual Services, \$10K; and Freight and Delivery, \$2K.			
<b>09 Supplies</b>			(8)
Decrease in Supplies due to Data Processing Supplies (\$15K); Copier Supplies, (\$4K); Promotional Expense, (\$4K); and Printed Forms, (\$1K); Offset by Increase in Office Supplies, \$13K; and Other Supplies/Materials, \$3K.			
<b>13 Fixed Charges</b>			24
Increase in Fixed Charges due to Non-Department of General Services Rent, \$26K; Offset by Decrease in Department of General Services Rent, (\$1K); and Mult-Service Center Rent, (\$1K).			
<b>Total</b>			<u>258</u>

<sup>a</sup> Reference Source: FY 2018 Maryland State Budget Book - Part II: Page 39.

**Department of Human Resources  
Child Support Enforcement Administration  
N00H00**

**Response to Issues**

*DHR should comment on its timeline for implementation and whether it will implement this provision sooner than the implementation deadline.*

**Response to Issue**

The Department wishes to implement this provision prior to the 2021 deadline; however, we must first identify a mechanism that can be used to identify the inmate population serving sentences at local detention centers. The Department has begun to research this issue. If it is determined that this requires additional interfaces with each local detention center, it may be more financially feasible to delay the implementation of this provision until the Child Support Enforcement System is modernized through the MD Think initiative.

*DLS recommends committee narrative requesting a report on modifications and enhancements to the Baltimore City Child Support Office.*

**Response to Issue**

The Department concurs with the Analyst's recommendation.

**Department of Human Resources  
Child Support Enforcement Administration  
N00H00**

**Response to Recommended Action**

**Recommendation #1**

Adopt committee narrative requesting a report on enhancements to the Baltimore City Child Support Enforcement Office. **(Page 3 and 20)**

**Response:**

The Department concurs with the Analyst's recommendation.