

**Department of Human Services
Fiscal Year 2022 Operating Budget
Response to Department of Legislative Services Budget Analysis**

**Senate Budget and Taxation Committee
Health and Human Services Subcommittee
Senator Melony Ghee Griffith
Monday, February 15, 2021**

**House Appropriations Committee
Health and Social Services Subcommittee
Delegate Kirill Reznik
Monday, February 15, 2021**

Testimony of Secretary Lourdes R. Padilla

Good afternoon Chairman Griffith, Chairman Reznik and members of the Committees. Thank you for the opportunity to appear today regarding the Department's Child Support Administration (CSA). With me today is the Deputy Secretary of Programs, Netsanet Kibret; the Executive Director for the Child Support Administration, Kevin Guistwite; and the Department's Chief Financial Officer, Stafford Chipungu.

CSA provides comprehensive child support services to approximately 235,000 children who were involved at some point in an active child support case during Federal Fiscal Year (FFY) 2020. The Administration 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. CSA's mission is to make certain that children grow up receiving financial support from both parents, and that the family is able to maintain economic independence.



The Fiscal Year (FY) 2022 Budget Allowance for CSA is \$ 94,603,027 representing less than a 1.75 percent decrease from FY 2021. The Department collected and distributed \$583 million in child support last fiscal year. Of that amount, \$176 million was distributed to families previously receiving Temporary Cash Assistance, reducing the likelihood that those families would again become dependent on the State for financial stability. As of the first quarter of FFY 2021, \$138 million was collected and distributed, and collections per case increased by \$40 from \$733 to \$773. Based on trends from the first quarter of FFY 2021 compared to the previous year, collections are expected to increase.

CSA established support orders for 6,875 cases in FFY 2020, representing 85.9 percent of support orders established on cases. Additionally, CSA's collection on arrears reached 76.62 percent of cases, an all-time high for Maryland's Child Support Program.

Even though our caseload decreased by 9% from FFY 2018 to FFY 2020, the amount collected per case has increased by \$457 from \$2,782 to \$3,239 an increase of 16% over the past three years. During FFY 2019, Maryland ranked above the national average in two key federal child support performance measures. These performance measures include: the percentage of current support collected – 68.90 percent (66.24 percent national average); and percentage of cases collecting past due support – 70.56 percent (64.82 percent national average). Nationally, Maryland ranked 14th for collections of current support and 7th in cases collecting past due support arrears for FFY 2019.

Since June 2015, with the implementation of House Bill 907 allowing for the intercept of winnings from video lottery facilities to pay past due support, the Department has disbursed approximately \$3.3 million in gaming intercepts. The Department has continuously scored above



95 percent on Federal Data Reliability Audits and has passed all federal audits. This assures a continuation of DHS's incentive funds. CSA had no repeat findings in its most recent Legislative Audit Report issued in May 2019.

The Maryland Child Support Administration (CSA) is committed to serving the whole family, providing assistance to both NCPs and custodial parents (CPs) during the COVID-19 Pandemic. CSA temporarily suppressed driver's license and professional license suspensions. As cash payments have been unable to be accepted at local offices, CSA waived all credit card processing fees when paying support online. Local child support offices manually release enforcement actions on a case-by-case basis being receptive to the reduction in work hours or other circumstances affecting an NCP's ability to pay as a result of COVID-19. While courts were closed and not hearing general child support matters, local child support offices continued to process applications, conduct interviews virtually or by telephone, and file actions with the court in as timely a manner as possible to preserve the filing date for retroactivity of establishment and/or modification orders. Most importantly, CSA has been committed to ensuring our primary essential function is met to ensure NCP payments are received and disbursed to CPs to provide financial support of Maryland's children.

CSA is currently exploring opportunities to increase customer convenience by expanding payment options for our customers. In addition, through our Work Share Program, CSA staff in seven counties worked to pool resources and find creative solutions to help disburse undistributed collections to hundreds of families in need of child support payments. These undistributed collections are often difficult to release due to key identifying information missing, such as an address that requires additional effort to locate. The program has disbursed \$1,687,483.00 owed to custodial parents since the beginning of the program in August 2018.



Several key child support bills passed during the 2020 Maryland General Assembly legislative session. Maryland Family Law §12-104.1 (b) was amended that a child support payment is not past due and arrearages may not accrue during any period when an obligor is incarcerated, and continuing for 60 days after the obligor's release if the obligor was incarcerated for more than 180 consecutive calendar days.

Further, the Maryland General Assembly passed comprehensive legislative reform addressing the child support guidelines. The legislative provisions were submitted by the Maryland Child Support Guidelines Advisory Committee led by the Department of Human Services and sponsored by Delegates Dumais, Malone, Cox, and Lewis and Senator Sydnor. The bills revised the child support guidelines schedule based on the 2016 quadrennial review and federal requirements of the 2017 Flexibility, Efficiency, and Modernization in Child Support Enforcement (FEM) final rule. This comprehensive legislation is key to providing a greater holistic approach to ensure child support benefits the whole family, and supporting policies and practices based on a parent's ability to pay.

In December 2020, we passed the four -year anniversary of the Baltimore City STEP Up (Supporting, Training and Employing Parents) Program. STEP Up provides employment services and other support services to noncustodial parents to support their efforts to become economically self-sufficient. Between October 1, 2019 and July 31, 2020, there were 104 noncustodial parents enrolled in the STEP Up Program. This represents 183 active cases and 132 of the cases (72.1%) had a payment distribution since the NCP was enrolled in the STEP Up Program.



I would also like to take this opportunity to highlight our statewide noncustodial parent employment programs conducted in conjunction with the Family Investment Administration (FIA). Programs are conducted jointly by FIA and CSA, in addition to specific CSA-sponsored programs. Through June 30, 2020, there have been 11,297 NCPs enrolled in Non-Custodial Parent Employment Program (NPEP) programs outside of Baltimore City representing 16,362 cases. Of these, 14,505 cases had a payment distribution after enrollment in the program totaling distributions of \$172,058,935.

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



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Response to Issues

Issue#1: - The agency should comment on factors affecting the declining cost effectiveness ratio. (Page 9)

Response to Issue: The cost ratio is determined by dividing the total child support collections by the total cost in administering the child support program in a given year. Total collections have been increasing at a modest rate. On the other hand, the total cost has increased steadily due to staff cost of living adjustment (COLA) and the cost of the supporting Information Technology (IT) systems. IT expenditures are currently higher to both maintain the existing legacy mainframe-based child support enforcement system and develop the new child support management system.

Issue #2: The Department of Legislative Services recommends adopting narrative requesting that DHS submit updates on the vendor's performance in addition to statewide performance data. (Page 13)

Response to Issue: The Department concurs with the Analyst's recommendation.

Response to Recommended Action

Recommended Action #1

Adopt committee narrative recommending DHS submit reports on Veritas performance and statewide performance data. **(Page 14)**



Response:

The Department concurs with the Analyst's recommendation.

Recommended Action #2

Adopt committee narrative recommending DHS include annually, beginning with the fiscal 2023 Management for Results submission, the average monthly collections for TCA-related cases, the number of families that received pass-through collections, the number of children that received pass-through collections, the total collections on arrears for TCA-related cases, the percent of TCA-related cases receiving current support, and the percent of TCA-related cases with a support order. **(Page 15)**

Response:

The Department concurs with the Analyst's recommendation.

