

STATEMENT OF RAFAEL LÓPEZ
ACTING SECRETARY
DEPARTMENT OF HUMAN SERVICES
BEFORE THE
SENATE BUDGET AND TAXATION COMMITTEE
HEALTH AND HUMAN SERVICES SUBCOMMITTEE
FY 2024 BUDGET
DHS OVERVIEW
THURSDAY, FEBRUARY 2, 2023

Testimony of Acting Secretary Rafael Lopez

Good afternoon, Chairman McCray and honorable members of the Committee. I am honored to be here with you representing the Department of Human Services (DHS).

I am joined by Daniel Wait, Acting Deputy Secretary for Administration and Stafford Chipungu, our Chief Financial Officer.

Also available to address any questions are my colleagues La Sherra Ayala, Executive Director of the Family Investment Administration; Kevin Guistwite, Executive Director of the Child Support Administration; Denise Conway, Executive Director of the Social Services Administration and Patrick O'Malley, our department's Chief Portfolio Officer for MD THINK. In the spirit of continuously building strong partnerships with all of Maryland's jurisdictions. I am pleased to be joined by two Local Directors, Gloria Brown Burnett, Director of the Prince George's County Department of Social Services and Stephen Liggett-Creel, Director of the Howard County Department of Social Services.

The Department of Human Services is responsible for three primary areas: we administer the State's social services programs, including foster care, adoption, and adult services; we provide economic assistance to those in need; and we administer the state child support program, including the collection of child support, setting child support orders, and a number of non-custodial employment and training programs. During the last fiscal year, we estimate that over one million Marylanders used one or more of our services.

The Fiscal Year (FY) 2024 Allowance for DHS totals \$4.1 billion, an increase of \$329.4 million or 8.8% compared to the FY 2023 Appropriation. This increase primarily responded to the anticipated continuation of the Supplemental Nutrition Assistance Program (SNAP) Pandemic-Electronic Benefit Transfer (P-EBT) benefits.

I'd like to take a moment to highlight some of our accomplishments and challenges in our major programs. I'll begin with our Family Investment Administration.

Family Investment Administration

- As required by the Federal Government, DHS resumed Supplemental Nutrition Assistance Program (SNAP), Temporary Cash Assistance (TCA), and Temporary Disability Assistance Program (TDAP) redeterminations on January 20, 2022. The department continued to issue SNAP Emergency Allotments (EA), a temporary strategy implemented by Congress to help low-income individuals and families deal with the financial hardships of the COVID-19 pandemic. With Emergency Allotments, a SNAP household received \$170 in additional benefits on average per month. Unfortunately, the Consolidated Appropriation Act of 2023 law recently passed by Congress ends emergency allotments after February 2023 SNAP EA benefits are issued. This means that by March 2023, all SNAP households' benefits will return to standard SNAP benefit amounts, without the added supplement..
- The Consolidated Appropriations Act sunsets the moratorium on Medicaid case closures. Starting April 1st of this year, states will have to start closing Medical Assistance (MA) accounts for clients who do not submit required information to renew their benefits or are no longer eligible due to a change in household circumstance.
- Like other states nationwide, Maryland has seen a significant increase in Electronic Benefit Transfer (EBT) benefit theft through electronic EBT skimming. This issue impacts both SNAP and Cash programs. With 1,300 incidents in Maryland, clients have reported nearly \$1 million in stolen benefits between October and December of 2022. We welcome Congress' authorization to use federal dollars to replace SNAP benefits lost to theft. The passing of this legislation makes available retroactive replacements

starting October 1, 2022. We will be proactive in how we respond to benefit theft moving forward and intentionally generate solutions with local jurisdictions, our federal partners, and the clients we serve.

- In partnership with the Maryland State Department of Education (MSDE), we successfully issued School Year (SY) 2021 - 2022 and Summer 2021 Pandemic-EBT (P-EBT) benefits to eligible households. P-EBT households continued to include children under the age of six now eligible based on the childcare eligibility provision enacted in the Continuing Appropriations Act of 2020.
- We welcomed the establishment of a new permanent Summer EBT program enacted by the United States Congress as part of the Consolidated Appropriations Act of 2023. The program, which will start in 2024, will provide \$120 in nutrition assistance benefits to children who don't have access to school meals that they otherwise would be eligible for during active school sessions.
- Summer EBT is similar to Maryland's own Summer SNAP program authorized under the Summer SNAP for Children Act in 2019. The difference is that the federal program will have a statewide reach and is more generous in the amount of benefits it provides.
- Effective July 1, 2021, TDAP clients saw monthly benefits increase from \$243 to \$256, and another increase to \$328 effective January 1, 2022. This increase now matches the Temporary Cash Assistance household size of one.

Next, I'd like to highlight some of our accomplishments and challenges with the Social Services Administration.

Social Services Administration

- Maryland has continued to implement the Family First Prevention Services Act (FFPSA) of 2018, as we transform our system to put families first and build a prevention-based approach to more effectively engage with children and families. The Social Services Administration (SSA) has focused on the following four implementation priorities.
 - First, enable families to access Evidence-Based Prevention (EBP) services that strengthen families and keep them safely together. Seventeen (17) of our local jurisdictions are implementing one or more of the evidenced-based practices identified in Maryland’s Title IV-E Prevention Plan.
 - Second, establish Qualified Residential Treatment Programs (QRTPs) that are able to provide high-quality, therapeutic intervention for youth who need short-term residential care.
 - Third, implement the new assessment process to determine the appropriate level of care for children and youth who are entering foster care.
 - Fourth, another application cycle for providers to apply for the QRTP designation in 2023 has been planned and will launch with an informational convening of providers this February (2023).
- As of December 30, 2022, there were 4,045 Maryland youth in out-of-home placements. Of these, 3,026 children and youth were in family foster care settings, and 471 youth were placed in group homes or similar settings, with the remaining 548 youth residing in independent living, residential treatment, or other settings.
- The overall number of children in care has decreased by 12% since State Fiscal Year (SFY) 2019. With a continued focus on providing and expanding supportive services for families, it is anticipated the foster care caseload could continue to decrease as preventive services are provided through evidence-based practices that are part of the Family First

Prevention Services Act, contributing to more children being able to safely remain in their home while achieving permanency and well-being.

- The percentage of children in group home settings makes up approximately 12% of the total number of children in care as of December 2022. While this percentage has remained relatively constant since SFY 2019 (11%), the actual number of children in group home settings has decreased. SSA anticipates that, with a continued focus on providing and expanding supportive services for families, these positive trends in foster care caseloads and placements will continue, even as safety remains our top priority.
- In SFY 2022, 693 children were reunified with their families, 369 achieved permanency within a guardianship home, and 262 children were adopted.
- Adoptions have increased 28% from SFY 2021 to SFY 2022. The goal of adoption is to secure and develop permanent families for youth who cannot safely live with or be reunited with their birth parents. The Social Services Administration continues to assist our Local Departments of Social Services (LDSS) and other adoption agency partners in finding adoptive families for youth, especially older youth, who are in the care and custody of the State.
- As of January 1, 2023, there were 20 youth placed in an out-of-state Residential Treatment Center (RTC) facility. This is less than 1% of the total youth in foster care in Maryland. We will continue to work tirelessly to reduce this number.

Next, I'd like to highlight some of our accomplishments and challenges with the Child Support Administration.

Child Support Administration

- The Department collected and distributed \$511 million in child support last fiscal year. Of that amount, \$87 million was distributed to families previously receiving Temporary Cash Assistance, reducing the likelihood that those families would again rely on the State for financial stability.
 - As of the first quarter of Federal Fiscal Year (FFY) 2023, \$87 million was collected and distributed. The Child Support Administration (CSA) established support orders for 7,043 cases in FFY 2022, representing 86.86 percent of support orders established on cases.
 - During FFY 2021, Maryland ranked above the national average in three key federal child support performance measures. These performance measures include: the percentage of current support collected – 68.70 percent (66.97 percent national average); the percentage of IV-D Paternity - 96.21 percent (94.37 percent national average); and the percentage of cases collecting past due support – 73.16 percent (69.58 percent national average).
1. 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. The Child Support Administration had no repeat findings in its most recent Legislative Audit Report issued in May 2021.
 2. We continue to offer our clients multiple avenues to engage with the local child support offices either in-person or remotely, walk-in or by appointment.
 3. The *STEPUp* Program (Supporting, Training and Employing Parents) in Baltimore City continues to provide eligible unemployed or underemployed noncustodial parents (NCP) with assistance in obtaining employment that will enable them to achieve economic self-sufficiency and meet their child support obligations.

4. During FFY 2022 there were 207 noncustodial parents enrolled in STEP Up. This represents 374 active cases of which 199 (53.2%) cases had a payment distributed and 182 (48.7%) cases received multiple payments. There was a total of \$86,470 of state owed arrears expunged during this period. The total amount of current support collections was \$120,524. The total amount of arrears collections was \$133,428.
5. Through September 30, 2022, there have been 11,618 Non Custodial Parents (NCPs) enrolled in a Non Custodial Parent Employment Program (NPEP) outside of Baltimore City representing 26,809 cases. Of these, 16,362 cases had a payment distribution after enrollment in the program totaling distributions of \$217 million.

Finally, I'd like to highlight some of the accomplishments and challenges with the Maryland Total Human Services Integrated Network (MD THINK).

MD THINK

6. Our department serves as the operating agency for the MD THINK, a relatively new shared human services platform. MD THINK includes program applications for the Social Services, Family Investment, and Child Support Administrations within our department, and a shared hosting and services platform which supports the applications of multiple programs and administrations across state government.

All three major systems for DHS have been implemented statewide. These systems include:

1. the Child Juvenile and Adult Management Systems (CJAMS) which was implemented statewide in 2020 for foster care and adoptions except for the Department of Juvenile Services application which is still under construction and being tested.

2. the Eligibility and Enrollment System (E&E) which was implemented statewide in 2021 for Cash Assistance, SNAP and Medical Assistance Programs; and
3. the Child Support Management System (CSMS) which was implemented statewide in 2022.

Moving forward, we will be even more deliberate in how we engage our clients, our staff responsible for managing these systems, and all of our agency partners. What's most important to highlight today is that these systems were developed using an agile methodology, and we will continue to improve upon them to ensure that the people of Maryland are able to access the help they need, when they need it. They deserve nothing less.

This concludes my testimony. We appreciate the support of this Committee and of the General Assembly on behalf of our Department and all of our clients in whose names we serve. We are happy to answer any of your questions. Thank you.

**Department of Human Services
Fiscal Year 2024 Operating Budget
Response to Department of Legislative Services Budget Analysis**

**Senate Budget and Taxation Committee
Health and Human Services Subcommittee
Senator Cory McCray, Chair
Thursday, February 2, 2023**

**Overview
N00**

Response to Issues

Issue #1: DHS should discuss how it determined the use of the Pandemic Emergency Assistance Fund for regular Temporary Cash Assistance (TCA) benefits was an allowable use of the funds and whether it has confirmed with the Office of Family Assistance that this interpretation was correct. (page 21)

Response to Issue: The Department was required by the Office of Family Assistance in the Administration for Children and Families to submit a plan on how we were spending the Pandemic Emergency Assistance Funds (PEAF). The Department submitted the plan which included \$11.6M to phase out the \$100 extra monthly benefit, \$5.3M for job retention bonuses, and \$900K for the Public Assistance to Entrepreneurship (PA2E) Jump Start initiative. This grant (\$17.8M) had to be spent by September 30, 2022. As of the end of the grant, \$6.2M was not spent. Rather than letting the funds go unused, the Department applied them to Regular TCA. The funds were applied to caseloads receiving limited TCA benefits, of less than four (4) months and which would add up to the unspent amount. Upon receiving the DLS Analysis, the Executive Director of Family Investment Administration attempted to contact our federal partners to get their position regarding DHS using the funds for Regular TCA for this response. We were unable to connect with our federal contact given the tight timeline and will try again. We will follow any guidance/instructions from our federal partners. We will keep the Committee updated.

Issue #2: DHS should comment on why it backfilled TANF in the TCA program that was specifically withdrawn to be saved for future use. DHS should also comment on the cause of the recent trend toward higher use of TANF spending on child welfare purposes. (pages 23 and 24)

Response to Issue: As required by law, the Department must close the fiscal year without causing a general fund deficit. The backfilling of TANF was necessary because general fund expenditures in the following areas were higher than anticipated.

- As the Department implemented new systems under the Maryland Total Human Services Integrated Network (MD THINK) to replace three DHS legacy IT systems (e.g. Maryland's Statewide Automated Child Welfare Information System, "MD CHESSIE"; Client Automated Resource and Eligibility System, "CARES"; and Child Support Enforcement System "CSES"), it was anticipated that the hosting and application maintenance contracts would be

reduced as the systems were decommissioned. As such, no funding was allocated for the hosting and maintenance of the legacy systems. The Department later learned that the contracts with the hosting vendor required that all decommissioning be completed at the same time for all of the legacy systems. This required additional funding as we closed fiscal year 2022.

All systems were decommissioned as of December 31, 2022. For fiscal year 2023, there is a deficiency appropriation of \$15 million to cover the cost for the previous six (6) months.

- DHS has been using Evidence Base Services (EBS) for the Family First Prevention Services Act (FFPSA). These EBS services were initially funded with 100% federal funding. Beginning in fiscal year 2022, these services are funded with both Federal and State matching dollars. In FY 2022, the State matching funds were not sufficient but have been adequately included in the budgets for FY 2023 and FY 2024.
- DHS uses the Family Investment Administration (FIA) Asset Employment and Income Verification Services contract for TCA and SNAP applications and renewals. DHS is required to use this service for all age appropriate applicants and clients, resulting in a large pool of individuals that are ultimately deemed as eligible to receive or to continue receiving benefits. In recent years, the vendor network of employers providing verification of employment has continually increased. In addition to caseload increases, the resumption of redeterminations has also increased the volume of transactions. The vendor charges our department by the total number of transactions. Consequently, the cost of the services to DHS was higher than anticipated.
- DHS operates a dedicated Call Center under the contract. DHS had to add additional resources to the contract to respond to increases in calls to the center during the pandemic.
- The increase in TCA and SNAP caseloads resulted in increases in both cards and transactions that directly impacted the Electronic Benefit Transfer (EBT) contract.

The Department has experienced a continued decline in attainment of federal Title IV-E and Title XIX Medical Assistance. The Title IV-E attainment has lagged due to the department's efforts to locally implement the Family First Prevention Services Act. In addition, medical assistance applications are now being processed by the Maryland Department of Health and the Health Benefit Exchange. It should also be noted that child welfare is an eligible use of TANF funding.