

Maryland Department of Human Services (DHS)

Fiscal Year 2025 Operating (Child Support Administration) Budget
Response to Department of Legislative Services Analysis

Senate Budget and Taxation Committee
Health and Human Services
Senator Cory McCray
March 1, 2024

House Appropriations Committee
Health and Social Services
Delegate Emily Shetty
March 4, 2024

Honorable Chair and Members of the Subcommittee, my name is Rafael López, and I serve as the Secretary of the Maryland Department of Human Services (DHS). On behalf of our department, I thank Governor Moore, Lieutenant Governor Miller, the Department of Budget and Management (DBM), and the Budget Committees for their support. We are also grateful to the Department of Legislative Services Analyst Nathaly Andrade for her assistance leading up to today's hearing. Joining me at the table is Principal Deputy Secretary Carnitra White, and Acting Chief Financial Officer Kirill Reznik. We have senior members of our leadership team, including Executive Director of the Child Support Administration, Kevin Guistwite, and directors of our local departments of social services present in the audience as well.

The Maryland Child Support Administration (CSA) works with parents to provide the financial, medical, and emotional support their children need to grow and thrive. Child support and related services provide an opportunity for families to foster connections between the custodial parent, child, and noncustodial parent that may not have otherwise occurred. Our child support activities must be fully integrated into our human services programs and be proactively engaged with child welfare and family investment programs to ensure families are supported.

CSA provides comprehensive child support services to approximately 105,984 children involved in an active child support case during federal fiscal year 2023. Last federal fiscal year, DHS collected and distributed \$431 million in child support payments, benefiting Maryland's families. Families previously participating in the Temporary Cash Assistance program took home \$63 million last federal fiscal year, providing a base level of financial stability for children.

Maryland's Child Support Administration reduces poverty and the negative effects of poverty for children and their custodial parents. For example, CSA partnered with the Family Investment Administration and community-based organizations to provide statewide noncustodial parent employment programs, providing employment and training services to parents who are unable to meet their child support obligations.

Our investment in children's family connections, health, education, and overall development can break the cycle of poverty by providing children with a strong family foundation to ensure we leave no child behind.



During the past year, we found:

- Significant system challenges with the new Child Support Management System (CSMS), CSA's primary application housed on the MDTHINK platform. Challenges with financial processing of payments decreased our ability to send timely and accurate payments to families.
- Significant technological and customer service issues with MD THINK negatively impacted how Marylanders accessed basic services via the myMDTHINK Consumer Portal.
- Declined performance in all Maryland jurisdictions, including Baltimore City which is operated by a privatized vendor, due to declining caseloads and the system issues experienced with the Child Support Management System.
- Growing distrust in government which keeps families away from seeking our services and notifying us of significant life status changes in a timely manner that impact how we might better provide support from employment changes, disability, and other factors limiting their ability to pay support.
- Use of the Child Support Reinvestment Fund (incentive dollars earned from Maryland's performance) for the CSA operational budget rather than using incentives to reinvest in the program as intended to expand services to support Maryland's children and families.

Over the past nine months, we have:

- Refocused attention on recruiting and staff retention strategies to decrease child support vacancies stemming from previously implemented hiring freezes.
- Identified and prioritized system fixes for the Child Support Management System to ensure the system works more effectively for employees and program participants so child support payments are disbursed accurately and on time to Maryland's families.
- Recruited and hired a new Child Support Management System Application Director at MDTHINK dedicated to fixing identified technical issues.
- Reduced the vacancy rate statewide for the Child Support Specialist position from 17.49% to 7.54%, a gain of 43 filled positions.
- Strengthened our partnership with the Maryland Courts, child support directors, and child support attorneys to consider improvements to child support court processes statewide.

In 2024, we will:

- Act with urgency to fix long standing issues with the Child Support Management System.
- Work with community-based partners to enhance existing and develop additional noncustodial parent employment programs to assist noncustodial parents who need job skills and employment opportunities to financially and emotionally support their children.

- Strengthen our partnerships with the Maryland Courts, attorneys, employment and training, and community-based organizations as we expand child support policies and practices to improve the overall effectiveness and trust in Maryland's child support program.

This budget proposal was assembled in partnership with many of you and others who advocate tirelessly for the Marylanders we serve. We are ready to work with you all to deliver bold investments in a fiscally responsible way to make this Maryland's decade.

Responses to DLS Analysis

1. ***DHS should comment on why no funds from the Child Support Reinvestment Fund are included in the fiscal 2025 allowance. In addition, the Department of Legislative Services (DLS) recommends reducing general and federal funds budgeted in the State office of CSA, which can be replaced by funds from the Child Support Reinvestment Fund. (page 6)***

DHS Response: DHS respectfully disagrees with reducing general and federal funds budgeted for CSA and replaced by funds from the Child Support Reinvestment Fund as this is contrary to the federal purpose and intent for the use of incentive funds as explained above.

The Child Support Reinvestment Fund consists of approximately \$10 million per year in federal performance incentives. Maryland receives these funds from the federal Office of Child Support Services within the U.S. Department of Health and Human Services, Administration for Children and Families (ACF). These incentives are awarded based on performance metrics.

According to [section 458\(f\) of the Social Security Act](#): "A State to which a payment is made under this section shall expend the full amount of the payment to supplement, and not supplant, other funds used by the State (1) to carry out the State plan approved under this part; or (2) for any activity (including cost-effective contracts with local agencies) approved by the Secretary, whether or not the expenditures for the activity are eligible for reimbursement under this part, which may contribute to improving the effectiveness or efficiency of the State program operated under this part."

According to the federal Office of Child Support Services, a state must reinvest incentives in the state's child support program or may use the funds for other activities approved by the Secretary of Health and Human Services that will improve the state's child support program. However, state child support expenditures may not be reduced as a result of the receipt and reinvestment of incentive payments. ([Action Transmittal-20-01](#)).

Currently, applying Child Support Reinvestment funds to operating expenditures is not an allowable use of incentive dollars. Federal limitations prevent the Department from providing additional services and programs necessary to support the families and children who rely on our services. Incentives can be used to expand outreach and strengthen partnerships with employment and training programs and community-based organizations as we work to build and renew the trust of our customers and community stakeholders in the child support program.

Previously employed DHS budget staff inadvertently left off Child Support Reinvestment Funding as a funded appropriation in its budget submission. We will work with the Department of Budget and Management (DBM) and Department of Legislative Services (DLS) to correct this oversight when we are informed by ACF of our annual allocation in the coming months.

2. DHS should discuss efforts that it is making to increase collections, particularly of current support owed. DLS recommends adopting committee narrative requesting periodic reports on CSA's performance against the federal incentive objectives and utilization of the new Child Support Management System (CSMS). (page 10)

DHS Response: DHS concurs with the recommendation and will provide periodic reports. The Department seeks to increase collections, particularly current support, through the following efforts:

- **Building and Renewing Trust:**

Child support caseloads are declining nationwide, as in Maryland, limiting the amount of total collections received. The federal Office of Child Support Services reported \$30.5 billion collected from 12.8 million cases in federal fiscal year 2022, down from \$32.7 billion collected from 13.2 million cases in federal fiscal year 2021. While federal fiscal year 2023 data has not yet been released, it is anticipated the decline in collections and cases will continue.

One reason for declining cases is a growing distrust in government and the child support services provided by the national and state programs. DHS will use federal Child Support Reinvestment Funds to expand education, outreach, and services needed to build and renew customer trust in the services we provide. Building and renewing trust involves the Child Support Administration and our relationships with local, state, and federal partners.

- **Increasing Strategic Partnerships:**

The Child Support Administration is strengthening and building new partnerships with the Maryland Courts, child support attorneys, and community-based organizations to improve the Child Support program and services.

Beginning in 2021, the Child Support Administration served as a consultant to the Maryland Judicial Council's Child Support Workgroup, seeking improvements to child support court processes statewide. We helped organize a Child Support Symposium held in March 2023 to educate the Maryland Courts, child support directors, and child support attorneys about the national and Maryland child support programs; recent updates to the Maryland child support guidelines; and future of the child support program. Educating and understanding the child support program helps our program partners better inform customers of program requirements, which will contribute to increased child support collections.

In July 2023, the Child Support Administration reconvened the Child Support Guidelines Advisory Committee for the quadrennial review of the child support guidelines. The Guidelines Advisory Committee proposed, and the Maryland General Assembly passed, comprehensive reform in 2020 that took effect in 2022. This year, efforts to update the state child support guidelines would add a Multifamily Adjustment if House Bill 1045 / Senate Bill 1011 is passed. Collective updates to the state child support guidelines will result in establishing child support orders based on realistic income and the ability to pay support, as well as being fair and equitable for all Marylanders who seek child support services. Studies show that orders established based on realistic income and the ability to pay lead to more consistent payments of current support.

In April 2024, the Child Support Administration will convene a new Child Support Advisory Committee. While the Guidelines Advisory Committee focused on efforts to improve the Maryland child support guidelines, the new committee will review existing policies and procedures to identify opportunities to work with our state and local partnerships to improve the program, regain trust, and enhance services. Working together to increase outreach will bring new customers to the program. Better partnerships and improving service will help customers understand program requirements and can lead to more consistent and timely payments while increasing collections of current support.

- **Improving the Child Support Management System:**

The Child Support Management System presented multiple challenges this year for both employees and customers to navigate, impacting the ability to appropriately manage cases and ensure payments are disbursed timely and accurately. These system challenges prevented child support offices statewide from properly assisting customers and the automated system from properly receiving and disbursing child support payments. As a result, collections not disbursed decrease Maryland's total collections.

The Child Support Administration and MDTHINK, with input from all statewide child support offices, prioritized system fixes to be addressed throughout 2024 and 2025. The Department will ensure all needed fixes are addressed to resolve ongoing system challenges experienced by both our employees and customers. Improving CSMS will improve our ability to collect current support payments and to properly, accurately, and timely disburse payments to Maryland children and families.

3. ***DHS should provide an update on the status of these priorities and offer an estimated timeline for fully addressing these challenges. (page 12)***

DHS Response: Priorities addressed during first quarter 2024 are expected to be completed by the end of March, while any additional work identified during development may occur during the second quarter. Following are updates to the first quarter 2024 priorities:

- Data reconciliations between the Child Support Management System (CSMS), Eligibility and Enrollment System (E&E for economic support programs), and Child, Juvenile, and Adult Management System (CJAMS for child welfare) occur monthly. Reports are sent to all child support offices statewide to review, make corrections, and help identify system code fixes so MD THINK can fix root causes and problems.
- Payments that were not previously visible have been addressed both with new reports for child support offices statewide to review and code fixes by MD THINK to ensure those payments are now visible within the CSMS.
- A new updated payment summary screen is near the end of the requirements gathering phase and includes input from all statewide child support offices. MD THINK is preparing to begin development of the updated payment summary screen.
- Modifications for establishing or modifying a support order in CSMS are in development and expected to be implemented by the end of March.

Further, the Child Support Administration and MD THINK, with input from all statewide child support offices, prioritized additional fixes to be addressed throughout 2024 and 2025. The Department will ensure all needed fixes are addressed to resolve the system challenges experienced by both our employees and customers.

DHS Response to DLS Recommended Actions:

1. Add the following language:

Provided that \$3,655,000 in general funds and \$7,095,000 in federal funds made for the purpose of the Child Support – State program in the Department of Human Services Child Support Administration shall be reduced. The Secretary is authorized to allocate this reduction within the program. The department is authorized to process a budget amendment to replace these funds with special funds from the Child Support Reinvestment Fund. (page 13)

DHS Response: DHS respectfully disagrees with reducing general and federal funds budgeted for CSA and replaced by funds from the Child Support Reinvestment Fund as this is contrary to the federal purpose and intent for the use of incentive funds as explained above.

2. Adopt the following narrative (page 13-14):

Child Support Performance Reports: The federal government evaluates states' performance against five measures to determine federal incentive payments: paternity establishment; support order establishment; collections on current support; cases paying toward arrears; and cost effectiveness. Recent data from the Department of Human Services (DHS) Child Support Administration (CSA) shows that the agency is falling behind the federal performance goals in each of the five areas. Considering CSA's recent transition of its primary data system, the Child Support Management System (CSMS), to make its agency's processes and tasks more efficient, the committees are interested to understand how this new system is helping CSA achieve its performance goals. The committees request that DHS submit three reports on performance using data as of June 30, 2024; September 30, 2024; and December 31, 2024. Each report should include the following:

- ***a discussion of factors affecting performance in the quarter;***
- ***the State's aggregate performance set against the five performance measures used to determine federal incentive payments;***
- ***each jurisdiction's performance set against the five performance measures used to determine federal incentive payments;***
- ***the number of cases in each jurisdiction in the quarter;***
- ***specific tasks related to each of the five performance measures that are streamlined, made more efficient, or made more complicated by the new CSMS;***
- ***and the number of staff in each jurisdiction who have been trained and those who have yet to be trained in the new CSMS.***

DHS Response: DHS concurs and will provide these reports.