



Fiscal Year 2026 Operating Budget
Overview - N00

Response to Department of Legislative Services Analysis

Senate Budget and Taxation Committee
Health and Human Services
Senator Cory McCray
January 31, 2025

House Appropriations Committee
Health and Social Services
Delegate Emily Shetty
January 30, 2025

Honorable Chair and members of the Subcommittee, my name is Carnitra White, and I serve as the Principal Deputy Secretary of the Maryland Department of Human Services (DHS). On behalf of DHS, 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 Suveksha Bhujel for her assistance leading up to today's hearing. Joining me at the table is Acting Chief Financial Officer Jessica Smith. We have senior members of our leadership team, including directors of our local departments of social services, present in the audience as well.

We are honored to serve more than one million Marylanders to empower them and to unlock opportunities. We serve to ensure all can reach their full potential by helping with preventive and supportive services, economic assistance, and meaningful connections to employment development and career opportunities.

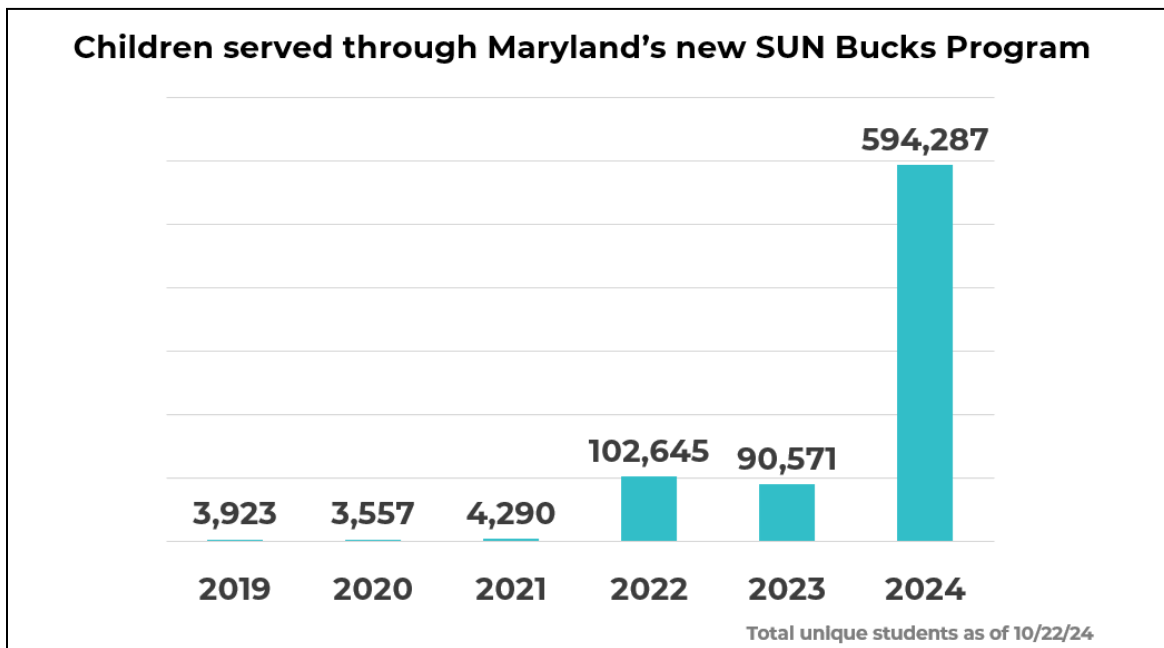
Our team consists of our nearly 6,000 employees across the state, who are supported by our many partners in the communities we serve. Our 24 local departments of social services administer 80% of all activities in our \$4.2 billion budget. The DHS budget is 69% federally funded. To do this work well, we must deploy these resources strategically. And to do this work well, we must hold ourselves accountable to a new standard of excellence and customer service.

We acknowledge that we continue to face major challenges in our efforts to modernize DHS. We regularly discover deeply embedded issues across our teams,

such as with fragmented data reporting approaches or with manual or outdated processes. To meet these challenges, we continue to invest in our people, policies, and practices. Over the past year and more, we have conducted a systematic rebuilding of our teams and functions, including with a particular focus on our Office of Budget and Finance. For example, for the first time, in 2024 we were able to load our detailed financial data into the Financial Management Information System (FMIS), which allowed us to manage according to our budget and track spending. Prior to FY2025, DHS did not utilize detailed allocations in its FMIS system. More broadly, we have continued to rebuild state government in a responsive and sustainable way. On January 1, 2023, we had a vacancy rate of 15.2%. By December 31, 2024, that rate was down to 7.97%, a decrease of 7.23%. While this represents significant progress, we know that we have more work to do: to truly modernize our approaches, to work with integrity, and to leave no one behind.

In calendar year 2024, our work to serve Marylanders included:

- **SUN Bucks:** Providing over \$71.5 million in summer nutrition benefits to more than 594,000 students through SUN Bucks, a historic investment in combating summer childhood hunger. This was possible as a result of the passage of [House Bill 183 / Senate Bill 213 \(2024\)](#).



- **Family Matters:** In December 2024, we launched Family Matters, a bold new approach to prioritize kinship care and strengthen connections for youth experiencing out-of-home care. Family Matters is based on the General Assembly's passage of [House Bill 1499 / Senate Bill 708 \(2024\)](#). It is grounded in research that highlights the importance of familial bonds. Family Matters reflects our belief that every child deserves a safe, loving, and stable home

with people they know and trust. In state fiscal year 2024, fewer than 1/4 of young people in Maryland's out-of-home care lived with kin, a statistic we are determined to change. Key features of Family Matters include a kin-first philosophy and support for kinship caregivers. Our kin-first philosophy shifts agency culture and practice to prioritize placement with relatives or trusted adults. For kinship caregivers, we offer new resources and training empower caregivers to meet the needs of the young people they love.

- **Unified Benefits Screener:** Launching the [Benefits Screener on myMDTHINK](#), enabling Marylanders to determine their eligibility for critical support programs in just minutes. As of January 23, 2025, and [as highlighted by the Governor in December 2024](#), the benefits screener has already helped Marylanders complete 42,865 checks, with an average time to complete this screener of 4 minutes, 41 seconds. The benefits screener helps Marylanders quickly and easily check their eligibility for Medicaid, Supplemental Nutrition Assistance Program (SNAP), Emergency Assistance, Women Infants and Children (WIC), Temporary Cash Assistance (TCA), and Home Energy Assistance Program (OHEP) benefits.

2025 Goals

As we look ahead to 2025, we will focus on three primary goals that build on our 2024 successes and move us closer to delivering the excellent governance and service all Marylanders deserve.

- **Launch Year 2 of Maryland SUN Bucks to Feed 500,000+ Students During Summer Months:** In 2025, Maryland will continue initiatives ensuring students have access to the food they need when schools are closed. We will continue our inter-agency data-sharing efforts to enhance automatic enrollment across the state, ensuring the experience is simple, seamless, and swift.
- **Expand our Family Matters Approach to Improve Youth Well-being:** We will partner with Maryland families to prioritize kinship for youth, support kinship caregivers, and strengthen lifelong bonds. Guided by shared values, goals, policies, and practices, we are shifting toward a kin-first culture to transform how we serve youth and families.
- **Launch a Common Application to Increase Benefits Access:** Building on the Benefits Screener, we will launch a Maryland Benefits Common Application with the Maryland Departments of Health and Information Technology. The Common Application will enable Marylanders to apply for multiple benefits with a single online form. The enhanced technology will simplify benefits applications, making it easier for Marylanders to access, apply for, and manage their benefits.

This FY2026 budget proposal was assembled in partnership with many of you and others who advocate tirelessly for the Marylanders we serve. We stand ready to work with you to deliver bold investments in a fiscally responsible way to make this Maryland's decade.

Response to DLS Analysis

DHS should discuss its plans to improve its closeout processes to ensure that reporting to the Comptroller reflects actual expenditures and shortfalls are reported as required. DLS will make a recommendation related to the reporting of closeout information in the analysis N001 – DHS – Family Investment Administration. (pg. 15 of the DLS Analysis)

DHS Response: We acknowledge our accounting errors and have taken immediate course corrective actions to improve our FY2025 closeout process including making key changes to the fiscal leadership team.

Over the past 18 months, we have continued the systemic rebuilding of DHS finances, including:

- A. Focused rebuilding and/or creating fiscal processes and invoice payment systems;
- B. Realigning our “top-line” budgeting process to be program-specific and FMIS-entered so we have true quarterly performance measures; and
- C. Developing more accountable systems to maximize federal funds drawdown.

What we have found is that many standard operating procedures simply do not exist within DHS. This issue has been commented on in various previous legislative audits. While maintaining auditors' independence, we have worked in partnership with the Office of Legislative Audits (OLA) and problem-solved in real-time to address or begin to develop the corrective actions for these issues.

We have been proactive in communicating our budgeting challenges with the Department of Budget and Management (DBM), beginning in 2023, and with DBM's support and technical assistance. We have made major changes in our Office of Budget and Finance and will continue to do so at every level.

One of our major challenges in the FY2025 budget was that prior to this year, DHS had practiced “top-line” budgeting. In practice, this meant that specific unit budgets were not fully loaded into the state's Fiscal Management Information System (FMIS), and budget tracking, performance management, and reconciliation occurred ONLY during the closeout of the fiscal year. At the beginning of FY2025, we fully loaded all unit budgets into FMIS for the first time ever. As such, we were able to provide 1st

quarter FY2025 performance information to units who were trying to manage their internal finances based on spreadsheet approximations. This had never been done before. We will continue to be diligent in our efforts to rebuild DHS's performance and accountability to Marylanders.

DHS should discuss the situations in which children are placed in hotels and the efforts made by the department to reduce placements in hotels.

DLS recommends adding language to the fiscal 2026 Budget Bill restricting funds pending a report on children in out-of-home care that are placed in hotels. This recommendation will be included in the analysis for N00B – DHS – SSA. (pg. 25 of the DLS Analysis)

DHS Response: We concur with the addition of reporting on hotel stays for children experiencing out-of-home placements, and will provide this requested information. We respectfully request that this report language be added to the similar request on out of home placements from the 2024 Joint Chairmen's Report, page 290.

A hotel is never an acceptable setting for any child to live in. If circumstances demand the state must intervene on behalf of youth, we prioritize reunification and living with kin before a youth is placed in other settings. In addition, we have made use of our rate reform and provider quality assurance work in the fall of 2024 to help us hold each other accountable so that we maximize the chances that youth in Maryland are in the least restrictive, and most clinically appropriate settings.

We have adopted a practice of limiting the use of temporary hotel stays so that it's the last option. As of January 24, 2025, 3,684 youth were in the State's care, 28 youth were in hotels. That is less than 1% of youth in care. We will use every tool at our disposal to continue working toward ensuring no child experiences a hotel stay while in our care.

DHS should comment on the measures that it is taking to improve the timeliness of submissions of reports and other requested information. (pg. 27 of the DLS Analysis)

DHS Response: We apologize for the delays in timely submission of our reports and other requested information to the General Assembly and to our colleagues at the Department of Legislative Services.

Over the last year, we have renewed our focus on ensuring that any public-facing data is consistent, validated, and comprehensive. In our data review, spanning our approaches to individual case records, fiscal and statistical data, and our systems, we

found that we had inherited antiquated and manual data creation or reporting processes that we did not have confidence in. As we uncovered such challenges, we immediately began to rebuild our approaches to reporting out our data. Addressing these unexpected data-related challenges while preparing reports or summary statistical analyses can take our team extra time, which can therefore lead to a delayed submission.

We have prioritized improving the integrity of the data and validation practices we inherited. As a result, [we developed a Data Office](#). This office is designed to modernize the agency's data collection and public reporting across its various programs and divisions. We brought in new leadership across all of our Administrations, and hired key program staff that will allow us to consistently and accurately prepare reports for publication. The [DHS data office webpage](#) can be found here.

DHS has made a concerted effort to ensure our data reporting to the Maryland General Assembly has our confidence and reflects our high standards of integrity.