



Fiscal Year 2027 Operating Budget
Child Support Administration - N00H00

Response to Department of Legislative Services Analysis

Senate Budget and Taxation Committee
Health and Human Services
Senator Cory McCray
March 6, 2026

House Appropriations Committee
Health and Social Services
Delegate Emily Shetty
March 9, 2026

Honorable Chair and Members of the Subcommittee, on behalf of the Maryland Department of Human Services (DHS), we thank Governor Moore, Lieutenant Governor Miller, the Department of Budget and Management (DBM), and the Budget Committees for their support. We thank the Department of Legislative Services Analyst Connor Brown for his analysis and assistance leading up to today's hearing. Joining me at the table is Jarnice Johnson, Executive Director of the Child Support Administration (CSA), and Roman Napoli, Chief Financial Officer. We have senior members of our leadership team, including CSA leaders, and directors of our local departments of social services (LDSS) present in the audience as well.

The mission of the Department of Human Services' Child Support Administration (CSA) is to encourage responsible parenting, family self-sufficiency, and child wellbeing. To do so, we work with parents to provide the financial, medical and emotional support their children need to grow and thrive.

The child support program establishes the paternity of unmarried fathers, establishes child support orders, ensures children have health care coverage, and collects and distributes child support payments to families. 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. To ensure families are supported, child support activities are fully integrated into our human services programs and proactively engage with child welfare and family investment programs.

During federal fiscal year 2025, CSA collected and distributed \$450 million in child support payments, providing comprehensive child support services to over 155,000 Maryland families at year end. Families previously participating in the Temporary Cash Assistance program received \$72 million, providing a base level of financial stability for children. We appreciate the opportunity to provide updates on the important progress our office has made in serving Marylanders during the past year.

Implemented Multifamily Adjustment Updates to our Child Support Management System (CSMS)

During its 2025 session, the Maryland General Assembly introduced a change to Maryland's Child Support Guidelines. The legislation updated the definition of "actual adjusted income" to include a deduction from "actual income" for each additional child living in the parent's home for whom the parent owes a legal duty of support. This change serves as a multi-family adjustment.

The children within the noncustodial parent's home will be better supported since their standard of living is considered. When an achievable support amount is ordered, the outcome for these children could also result in more time with their parents as subsequent employment may not be needed to afford both the support order and the other children living in the NCP's household. Additionally, the NCP may no longer be consumed by a financial burden they cannot fulfill.

Prior to the passage of the new law, "actual adjusted income" only allowed deductions to the "actual income" amount for child support paid for other children, alimony or maintenance obligations paid, and the cost of health insurance for the child(ren) the two parents share.

A guiding principle of this model is that the support due each child shall be based on the parents' respective financial resources, the needs of the child, and the standard of living the child would have enjoyed if the parents and child were living in an intact household. Holding to that principle, additional children in the home would impact the standard of living for the child receiving support and ensure the child within the home is receiving the same standard of living as the parent's other children.

Updated the Driver's License Suspension Program to Exclude Noncustodial Parents Below 250% of the Federal Poverty Level

In May 2025, Governor Moore signed into law House Bill 681, changing the Driver's License Suspension program. The law amended the timeline for compliance before a referral for suspension from 60 days to 120 days. It also exempted noncustodial parents whose income is at or below 250% of the current federal poverty level (FPL).

Additionally, we hosted a statewide Driver's License Suspension Amnesty Program. This initiative reinstated 2,383 driver's licenses and collected over \$790,018 from noncustodial parents seeking to reinstate their driving privileges previously suspended due to non-payment of their child support obligations.

Increased Engagement and Assistance to our Customers

CSA celebrated the 50th Anniversary of the Title IV-D Child Support Program by hosting a series of public facing events throughout the year. Some statewide activities included expungement and resource fairs for both parents, and increased education and enrollment of our Payment Incentive Program (PIP) to help noncustodial parents reduce their state owed arrears.

System Reconciliation

CSA partnered with the Family Investment Administration (FIA) to improve the interface between the Child Support Management System (CSMS) and Eligibility & Enrollment (E&E) System. System integration allows the CSMS to exchange data and files with other state systems, including the E&E system. A reconciliation of the data between the systems is ongoing, and several updates were made to ensure more accurate and timely processing of customer information. This collaboration improved the data match rate across programs to 82%.

Pre System Certification

CSMS, which serves as the system of record for CSA, must be federally certified. To ensure compliance, CSA worked with an Independent Validation and Verification (IV&V) Vendor to review the system against the federal system guidelines. The vendor identified 21 areas requiring additional updates to meet the Administration for Children and Families (ACF) automated system certification requirements. CSA has successfully completed all 21 system updates in preparation for the upcoming system pre-certification process.

2026 Priorities:

In 2026 we are prioritizing the following initiatives:

- **Increasing and Enhancing Partnerships** with community-based partners to develop additional Noncustodial Parent Employment Programs (NPEP) to assist noncustodial parents who need job skills and employment opportunities to financially and emotionally support their children.
- **Fostering a Culture of Performance Improvement** through clear communication of performance expectations and metrics to all employees. We are providing employees with the necessary skills and knowledge to achieve performance goals through training and development opportunities by introducing new training modules, including investigations and appeals, customer experience learning “Cultivating Connection”, changes to laws or policies as a result of the legislative session, data reliability audit, and updating our Driver’s License Suspension program. Not only will these training modules improve our service to Maryland families but this will also improve our performance by ensuring child support cases are being effectively handled and monitored.
- **Updating Maryland’s State Plan** to include Title IV-D Funding for NPEP programs. Maryland’s State plan must include a description of the employment and training services and how the state will ensure the services are non-duplicative of other programs supported by federal funding such as the Temporary Assistance for Needy Families program (45 CFR part 261) or the Supplemental Nutrition Assistance Program Employment and Training program (7 CFR 273.7 and 273.24). The State plan must explain how the IV-D agency has consulted with, and taken into consideration the services provided by other state programs to demonstrate a coordinated effort on Title IV-D delivered services.

- **Implementing Child Support Pass-through** Effective October 1, 2025, Maryland Family Law required the Child Support Administration to pass-through 100 percent of the child support to current recipients receiving public assistance over a four-year period.
 - **FY 2028:** The greater of \$100 for one child or \$200 for two children or 25% of any child support collected in a month.
 - **FY 2029:** The greater of \$100 for one child or \$200 for two children or 50% of any child support collected in a month.
 - **FY 2030:** The greater of \$100 for one child or \$200 for two children or 75% of any child support collected in a month.
 - **FY 2031** and beyond: 100% of any child support collected in a month.

Any amounts passed through to the family above the current \$100/\$200, the state would be responsible to pay the federal share for those amounts above the current \$100/\$200.

CSA uses TANF funding from the Family Investment Administration including a portion of the funds offset from TCA recipients and retained by the state to fund the Noncustodial Parent Employment Program (NPEP) statewide. A 100 percent pass-through of child support will reduce or eliminate this amount available to fund NPEP.

Response to DLS Analysis

1. ***DHS should comment on why the portion of this shortfall that related to the transition fee from fiscal 2025 was not paid using the fiscal 2025 appropriation or reported to the Comptroller's office at closeout if there was insufficient appropriation. (pg. 2 of the DLS Analysis)***

DHS Response: The request for the SFY 25 budget was submitted using the old contract's cost information because the budget was submitted prior to the new contract being awarded. The transition fee was paid during SFY25.

2. ***The Department of Legislative Services (DLS) recommends reducing DHS' fiscal 2027 appropriation by \$679,639 to correct the double-budgeting of noncustodial parent training contracts. [pg. 5 of the DLS Analysis]***

DHS Response: We respectfully do not concur with this recommendation and the DLS assessment that this is a duplication of funding. This request will expand the level of services provided to our customers by drawing upon a new fund source. Utilizing IV-D funding, in addition to the funding budgeted in FIA, will enable us to meet the needs of additional noncustodial parents. The funds will allow for the expansion of the program to include a re-entry component for previously incarcerated noncustodial parents. Child support re-entry programs help formerly incarcerated individuals manage or modify child support obligations, which prevents

debt accumulation and supports successful reintegration. The program will provide services such as job placement, legal aid for order modifications and arrearage reduction. These programs often begin during incarceration to assist with financial planning, job readiness, and family reconciliation.

If FIA funding is lost we are unable to expand our program to re-entry services. FIA currently funds the non custodial parent employment program's core components, which includes a thorough client assessment to address the holistic needs of the NCP to reach beyond employment. Resume writing and effective interviewing best practices workshops, bonding, travel assistance to interviews, interview wardrobe, job fair hosting, resource referrals for mental health and social services. CSA would have to absorb those core services and refocus away from incarcerated obligors.

3. DHS should comment on the substantial variation in CRA expenditures across years and why fiscal 2025 actual spending was \$23.4 million below spending in fiscal 2024. [pg. 6 of the DLS Analysis]

DHS Response: We are working with program staff to identify why reported CRA expenditures decreased in FY 2025, compared to FY 2024. We have confirmed that part of the difference is that our agreements with the Statewide Clerk of the Court and some sheriffs offices are two year agreements which allows DHS to modify the agreement in subsequent years if spending is slower than expected. For example, the agreement with the Clerks of the Court (with the Administrative Office of the Courts) was \$10 million less in FY 2025 from FY 2024. We will provide updated information to the Committees as soon as it is available.

4. DHS should comment on the discrepancies in Child Support Reinvestment Fund revenue and balance reported between sources. [pg. 7 of the DLS Analysis]

DHS Response: We believe there has been some miscommunication due to how the word "revenue" may have different meanings when discussing the agency's budget. In some instances, the term refers to new funds awarded by the federal government for a given year. In other instances, it refers to the fund source assigned to a given amount of expenditures in a year. Additionally, DHS must estimate how much it will be awarded in each year, meaning the amount of funds received may change depending on when data are reported. The amount that Maryland receives is based on the second preceding year's performance, yet DHS plans its budget one year in advance of when the Governor's Allowance is presented and the appropriation year begins. This causes a timing misalignment that impacts DHS' ability to accurately estimate revenues. We plan to work with our DLS colleagues on how we can better report on this information moving forward including on balances.

5. DHS should comment on how the agency will address any potential shortfalls resulting from including federal matching funds in appropriations utilizing the Child Support Reinvestment Fund. [pg. 11 of the DLS Analysis]

DHS Response: Per federal statute, DHS does not use CSRF to match federal funds. DHS intended for this FY 2026 deficiency to be 100% funded with the CSRF.

6. DHS should comment on why Child Support Reinvestment Funds are being used for sources outside of CSA or LDSS child support enforcement functions, as well as how these uses support child support service activities. DHS should also comment on the limited budgeting of funds from this source in fiscal 2026 and 2027 despite reporting a fiscal 2025 closing balance exceeding \$15 million and having additional revenue received since that time. [pg. 11 of the DLS Analysis]

DHS Response: Per Sec 458 (f) of the Social Security Act, Child Support Reinvestment Funds may only be used for (1) privatization and outsourcing; (2) development of programs and special projects; (3) automation; (4) employee performance incentive programs; (5) staff development and training; (6) community outreach; and. (7) public awareness projects.

- The FY 2025 CSRF budget amendment for \$4 million was mistakenly recorded under FIA local offices (G00.02) but was used for allowable expenditures. When DHS entered FY 2025 expenditures into BARS, the Department did not report a correct amount of CSRF expenditures, compared to what was reported in FMIS. DBM inputted a technical revenue adjustment to ensure the budget book data for FY 2025 more closely reflected the amount of CSRF funds spent across the agency in that year, informed by prior years' expenditures. The adjustment incorrectly displayed CSRF expenditures in G00.02. CSRF funds were not used to draw down federal matching funds in G00.02. FMIS entries show that CSRF funds were spent only in H00.08 and G00.06 in FY 2025
- The FY 2026 Deficiency for Foster Care Maintenance Payments (G00.01) includes \$758,000 in CSRF to assist in funding a projected shortfall. The correct fund source for this budget item should be the Child Support Foster Care Offset (N00334).
- The FY 2027 CSRF funding in the Office of the Secretary (A01) is for DHS's Constituent Services Call Center (CSCC) contract (\$3.9 M), which serves as critical customer and community outreach to our target populations, including those receiving services via CSA (CSRF purposes 3 and 6).

7. DHS should comment on any changes between the preliminary data and final numbers reported to HHS for federal fiscal 2025. Additionally, DHS should comment on measures being taken to improve LDSS performance in the federal incentive goals. [pg. 14 of the DLS Analysis]

DHS Response: There were no changes in the Performance data that was submitted to HHS. CSA has implemented mandatory training and is working to provide additional tools to our local leadership in an effort to work on performance consistently throughout the federal fiscal year. We are meeting with the local leadership quarterly to specifically review ways to improve performance and to identify any barriers that are seen locally to meeting performance goals. These meetings are designed to promote two-way conversation, discuss goals, and set expectations for continuous improvement. To further support this, a new orientation series has been developed to assist new directors and assistant directors in understanding the child support program.

8. DHS should discuss its efforts to implement the changes in the driver's license suspension program. [pg. 17 of the DLS Analysis]

DHS Response: In five months, CSA completely rebuilt and restructured the entire Driver's License Suspension program as well as delivered statewide training and additional resources to local offices. We created a mechanism to track court determined voluntary impoverishment and imputed income when there was not one. The creation of fields and functionality for tracking and verifying the income and household size of the obligor were also necessary. Staff were trained not only in the changes in the law but the entire change of process for the program. Notably, the information regarding household size for federal poverty level is not only something we never had previously, it is also something that is difficult to determine without cooperation from the obligor. As a result, to date, there have been zero licenses suspended by DHS since the new law was implemented.

9. DHS should comment on specific steps being taken to ensure that LDSS' are utilizing this report to address rejected referrals. [pg. 18 of the DLS Analysis]

DHS Response: CSA has conducted mandatory training on the No Match Report. Additionally, CSA Internal Audit completes a quarterly review of the report to ensure that the local offices are working on the report and recording efforts to update the data where possible. These referrals were made prior to the change in the law and the DLS implementation in October. Since that time, we have not been able to select individuals for DLS, resulting in no rejected referrals since October 1, 2025.

Response to DLS Operating Recommended Actions (pg. 19 of the DLS Analysis)

1. Add the following language:

Provided that this appropriation shall be reduced by \$679,639 in federal funds for noncustodial parent employment and training contracts. The Department of Human Services is authorized to allocate this reduction across programs.

DHS Response: As noted in our response to #2 above, we respectfully do not concur with this reduction and the DLS assessment that this is a duplication of a request for funding. The intent of this request is to expand the level of services provided to our customers. Utilizing IV-D Funding will enable us to meet the needs of additional noncustodial parents. The funds will allow for the expansion of the program to include a re-entry component for previously incarcerated noncustodial parents. Child support re-entry programs help formerly incarcerated individuals manage or modify child support obligations, which prevents debt accumulation and supports successful reintegration. We will provide services such as job placement, legal aid for order modifications and arrearage reduction. These programs often begin during incarceration to assist with financial planning, job readiness, and family reconciliation.

2. Adopt the following narrative:

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 stagnating in each of the five areas. Considering CSA's 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 in understanding how this system is helping CSA achieve its performance goals.

The committees request that DHS submit three reports on performance using data as of June 30, 2026; September 30, 2026; and December 31, 2026. Each report should include:

- 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; and**
- **specific tasks related to each of the five performance measures that are streamlined, made more efficient, or made more complicated by the CSMS.**

DHS Response: We concur.

3. Adopt the following narrative:

Reconciliation of the Child Support Reinvestment Fund: The Department of Human Services (DHS) annually receives federal funding related to child support performance in certain measures. These funds are received into the Child Support Reinvestment Fund and used to support child support service activities. Over the last several years, reported Child Support Reinvestment Fund revenue has differed significantly by source, leading to differing accounts of both revenue and balances in the account. The committees request that DHS submit a report reconciling Child Support Reinvestment Fund revenue and expenditures by year from fiscal 2019 through 2026. This report should include opening and closing fund balances for each year.

DHS Response: We concur.

4. Add the following language:

N00H00.08 Child Support-State – Child Support Administration

To become available immediately after passage of this budget to supplement the appropriation for fiscal 2026 to fund call center services.

Special Fund Appropriation....	1,858,906 0
Federal Fund Appropriation....	-\$306,707
	1,552,199 — - \$306,707

Total Net Change to Fiscal 2026 Deficiency - \$1,858,906

DHS Response: We respectfully do not concur. The funding split for the Constituent Services Call Center (CSCC) contract must maintain a balance of general, special, and federal funds aligned to the grants and sources that fund it. The special fund (SF) authority to fund the contract and operations must be maintained. DHS and DBM undertook a multi-step process to more accurately reflect the cost centers for the call center contract in FY 2026 and 2027. As a result, total call center spending across the agency decreased, though realigning funds to the correct cost centers meant some programs and fund types saw funding increases, while others saw decreases.