

N00H00
Child Support Administration
 Department of Human Services

Operating Budget Data

(\$ in Thousands)

	<u>FY 17</u> <u>Actual</u>	<u>FY 18</u> <u>Working</u>	<u>FY 19</u> <u>Allowance</u>	<u>FY 18-19</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Fund	\$18,896	\$19,054	\$19,245	\$192	1.0%
Adjustments	0	-281	126	408	
Adjusted General Fund	\$18,896	\$18,773	\$19,372	\$599	3.2%
Special Fund	9,688	10,527	11,825	1,298	12.3%
Adjustments	0	-12	6	18	
Adjusted Special Fund	\$9,688	\$10,515	\$11,831	\$1,316	12.5%
Federal Fund	63,976	62,254	60,301	-1,954	-3.1%
Adjustments	0	-555	236	791	
Adjusted Federal Fund	\$63,976	\$61,699	\$60,537	-\$1,163	-1.9%
Adjusted Grand Total	\$92,560	\$90,987	\$91,740	\$753	0.8%

Note: FY 18 Working includes targeted reversions, deficiencies, and across-the-board reductions. FY 19 Allowance includes contingent reductions and cost-of-living adjustments.

- The fiscal 2019 adjusted allowance of the Department of Human Services (DHS) – Child Support Administration (CSA) increases by \$752,855, or 0.8%, compared to the fiscal 2018 working appropriation. Increases of \$599,283 in general funds and \$1.3 million in special funds are partially offset by a decrease of \$1.2 million in federal funds.
- The most significant changes are net increases of \$562,353 in personnel expenses and \$329,902 in fringe benefits for cooperative reimbursement agreements.

Note: Numbers may not sum to total due to rounding.

For further information contact: Anne P. Wagner

Phone: (410) 946-5530

Personnel Data

	<u>FY 17 Actual</u>	<u>FY 18 Working</u>	<u>FY 19 Allowance</u>	<u>FY 18-19 Change</u>
Regular Positions	658.40	658.20	653.20	-5.00
Contractual FTEs	<u>15.20</u>	<u>1.00</u>	<u>1.00</u>	<u>0.00</u>
Total Personnel	673.60	659.20	654.20	-5.00

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	46.18	7.07%
Positions and Percentage Vacant as of 12/31/17	54.50	8.28%

- The fiscal 2019 allowance abolishes 5.0 vacant regular positions in DHS – CSA. All of the positions are located in the Local Child Support Administration (Anne Arundel, Baltimore, and Prince George’s counties).
- As of December 31, 2017, CSA had a vacancy rate of 8.28%, or 54.5 positions. To meet the turnover expectancy of 7.07%, CSA needs to maintain 46.18 vacant positions.

Analysis in Brief

Major Trends

Total Child Support Collections Decrease Slightly: Child support collections decreased in federal fiscal 2017 for the first time since federal fiscal 2010. The overall decrease in collections was driven by a 5.2% decrease in Total Cash Assistance (TCA)-related collections. Non-TCA-related collections, which account for approximately 97% of total collections, essentially remained the same with a 0.1% increase.

CSA Performance Worsens in Two of Four Federal Performance Measures: The percent of current support paid and the percent of cases with arrears for which a payment is received both decreased in federal fiscal 2017. The percent of cases with support orders increased, and the percent of cases with paternity established remained the same.

Cumulative Arrearages Increase: Cumulative arrearages increased in federal fiscal 2016 and 2017. Since federal fiscal 2012, cumulative arrearages have fluctuated between approximately \$1.29 billion and \$1.33 billion.

Caseload Declines Slowly: Case closure activity resulted in relatively large declines in the child support caseload in recent years (with a decrease of 7.6% in federal fiscal 2012). The child support caseload has continued to decrease since that time but at a much slower pace.

Issues

Baltimore City Office of Child Support Services Privatization Contract and Enhancements: DHS awarded the Privatization of Child Support Services in Baltimore City contract, taking effect on March 1, 2018, to a new contractor. The Request for Proposal included enhancements to the office, and the 2017 *Joint Chairmen's Report* requested a report on those changes. This issue will discuss the funding, enhancements, performance goals, and incentives in the new contract.

Enforcement Tools Not Applicable to Child Support Obligor Working for Transportation Network Companies: Certain enforcement remedies for collecting and distributing overdue child support payments, including earnings withholding orders and professional license suspensions, are not fully applicable to child support obligors working for transportation network companies (such as Uber Technologies, Inc.). This issue will examine the extent that current enforcement tools used by CSA reach transportation network operators.

Operating Budget Recommended Actions

1. Adopt committee narrative requesting a report on the performance of the Baltimore City Office of Child Support Services during the first six months and first full year of the new contract.
2. Adopt committee narrative requesting a report, in consultation with the Public Service Commission, on the current enforcement remedies applicable to child support obligors who work for transportation network companies.

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Child Support Administration
Department of Human Services

Operating Budget Analysis

Program Description

Child support services involve the establishment of paternity when children are born to unmarried parents, the establishment of child support orders, and the collection and distribution of current and arrears child support payments. The Department of Human Services (DHS) – Child Support Administration (CSA) administers and monitors child support services provided by the local departments of social services and other offices, provides technical assistance, formulates policy, develops and implements new programs, and ensures compliance with regulations and policy. CSA also operates several centralized programs related to:

- locating noncustodial parents;
- collecting and disbursing payments;
- processing interstate cases; and
- enforcing support orders.

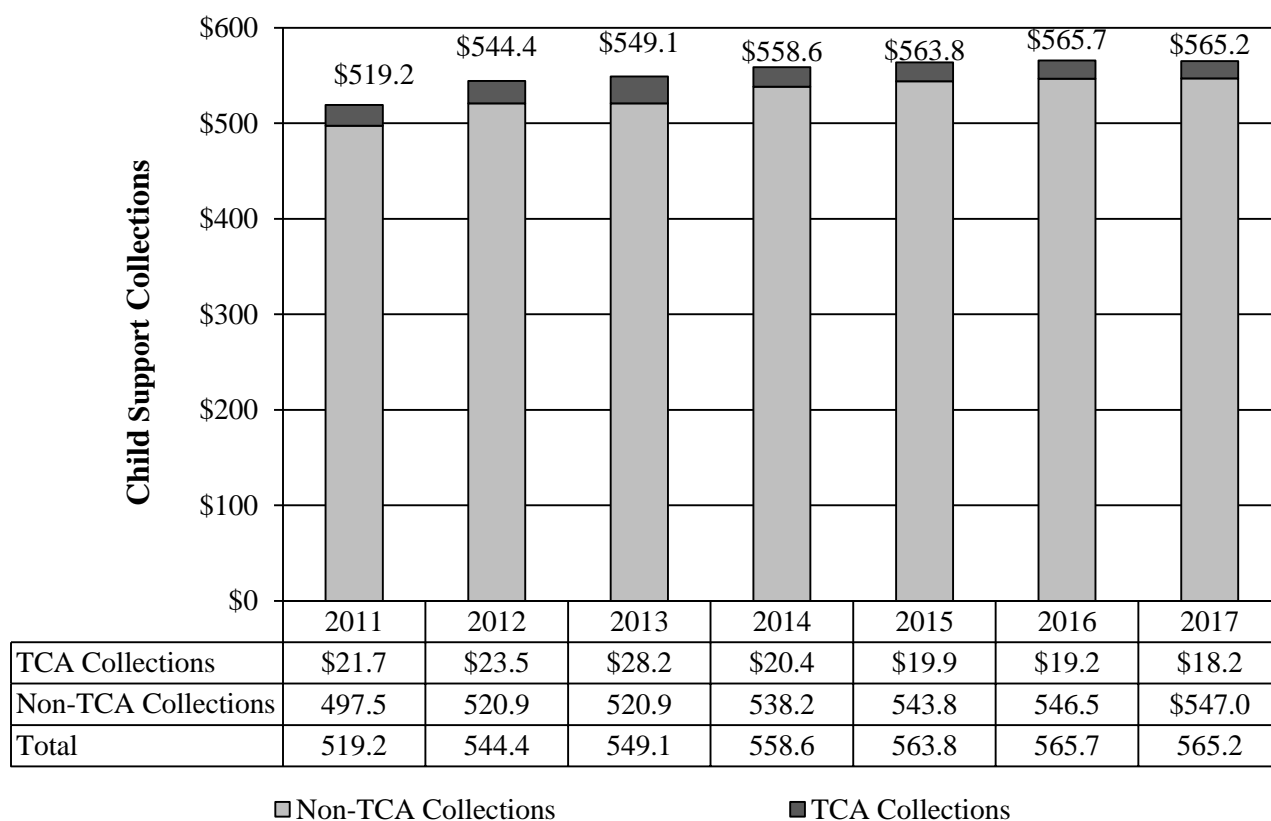
The key goal of CSA is to enable, encourage, and enforce parental responsibility.

Performance Analysis: Managing for Results

1. Total Child Support Collections Decrease Slightly

As shown in **Exhibit 1**, in federal fiscal 2017, total collections decreased, albeit very slightly, for the first time in recent years. Total collections had consistently increased each year since federal fiscal 2010, although the rate of growth had been slowing since fiscal 2015. Federal fiscal 2017 collections decreased by \$468,073, or 0.1%, compared to fiscal 2016. DHS attributes the decrease in total collections to a reduction in Federal Tax Refund Offset collections. The department reached a high of \$24 million in Federal Tax Refund Offset collections in federal fiscal 2016.

Exhibit 1
Total Collections
Federal Fiscal 2011-2017
(\$ in Millions)



TCA: Temporary Cash Assistance

Source: Department of Human Services

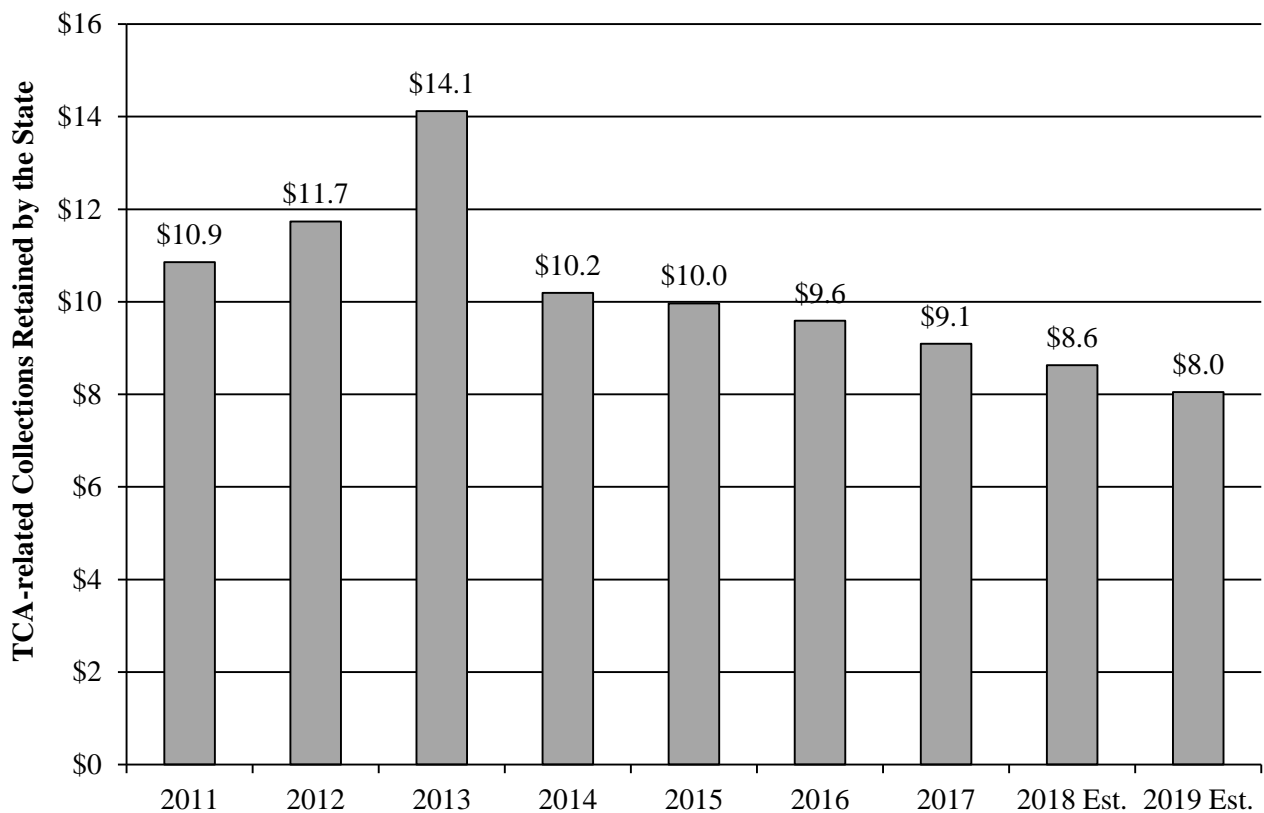
In federal fiscal 2017, collections decreased in 12 of 24 jurisdictions. The largest decreases in collections occurred in Baltimore City (\$2.24 million) and Calvert County (\$372,062). The largest percent decrease in collections occurred in Calvert County (3.3%) and Worcester County (3.1%). Collections increased by 1% or more in 9 counties. The largest dollar and percent increases in collections occurred in Anne Arundel County (\$600,157) and St. Mary's County (2.8%), respectively.

Collections by Source

While total collections decreased between federal fiscal 2016 and 2017, the decrease only occurred in Temporary Cash Assistance (TCA)-related cases (a decrease of \$995,468, or 5.2%).

Collections in non-TCA-related cases increased by \$527,395, or 0.1%. Federal fiscal 2017 collections of \$18.2 million for TCA-related cases were the lowest level since federal fiscal 2007. Half of TCA collections are provided to the federal government, and half are provided to the State government. The State share is used in DHS’s budget in the Assistance Payments Program and in CSA as a special fund (via the Child Support Offset Fund). As such, lower collections in TCA-related cases have a budgetary impact. As shown in **Exhibit 2**, the State share of collections has decreased slightly in federal fiscal 2017. DHS anticipates the downward trend in TCA collections and the upward trend in non-TCA collections to continue in federal fiscal 2018 and 2019, consistent with trends in the TCA caseload.

Exhibit 2
State’s Share of TCA-related Collections
Federal Fiscal 2011-2019 Est.
(\$ in Millions)



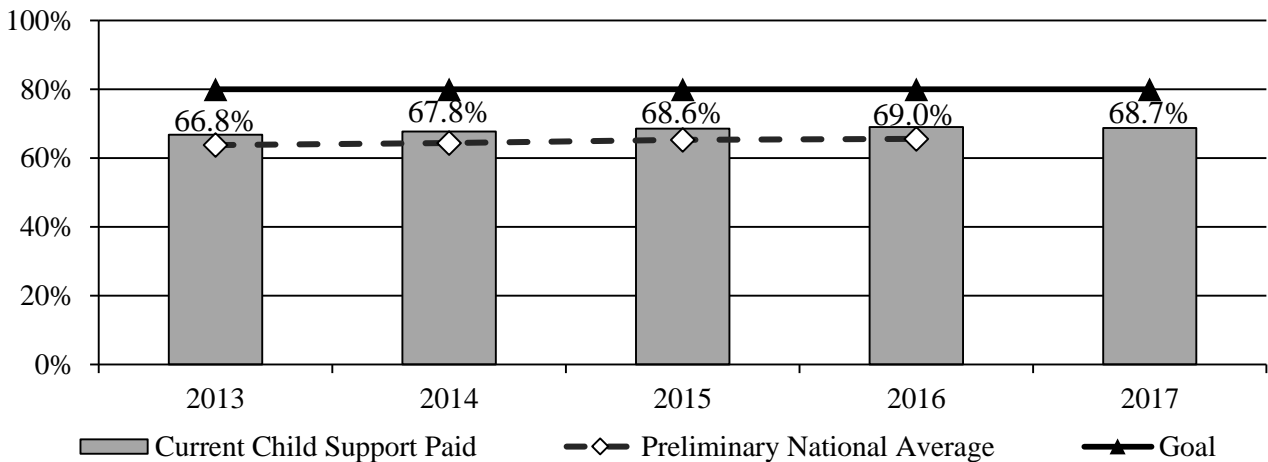
TCA: Temporary Cash Assistance

Source: Department of Human Services

2. CSA Performance Worsens in Two of Four Federal Performance Measures

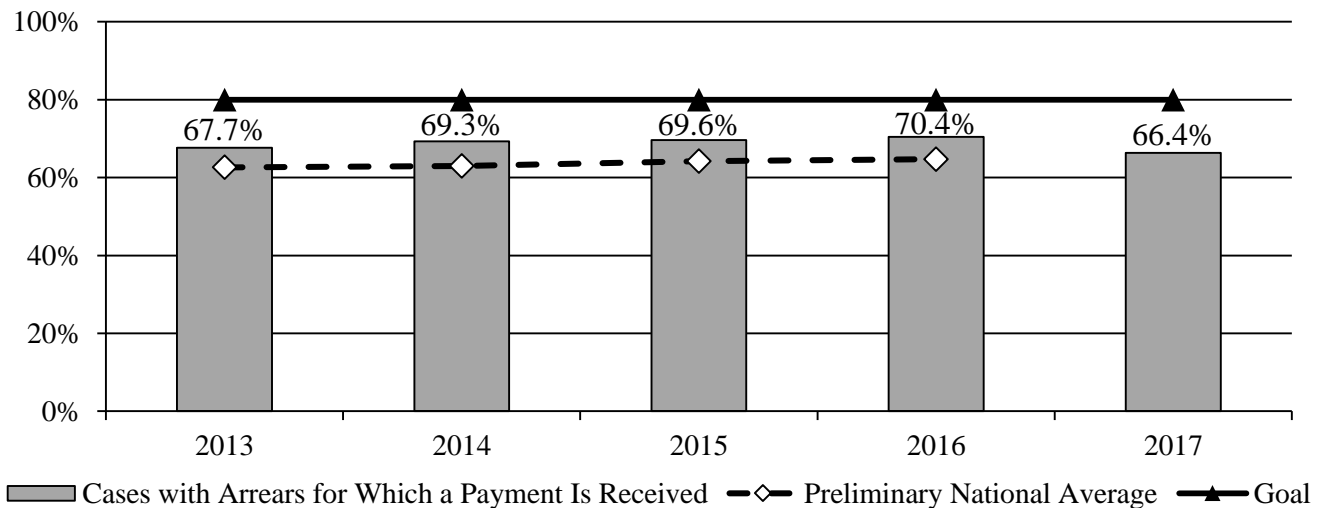
Exhibits 3, 4, and 5 show State performance in three measures used by the federal Office of Child Support Enforcement to determine federal incentive payments.

Exhibit 3
Percent of Current Child Support Paid
Federal Fiscal 2013-2017



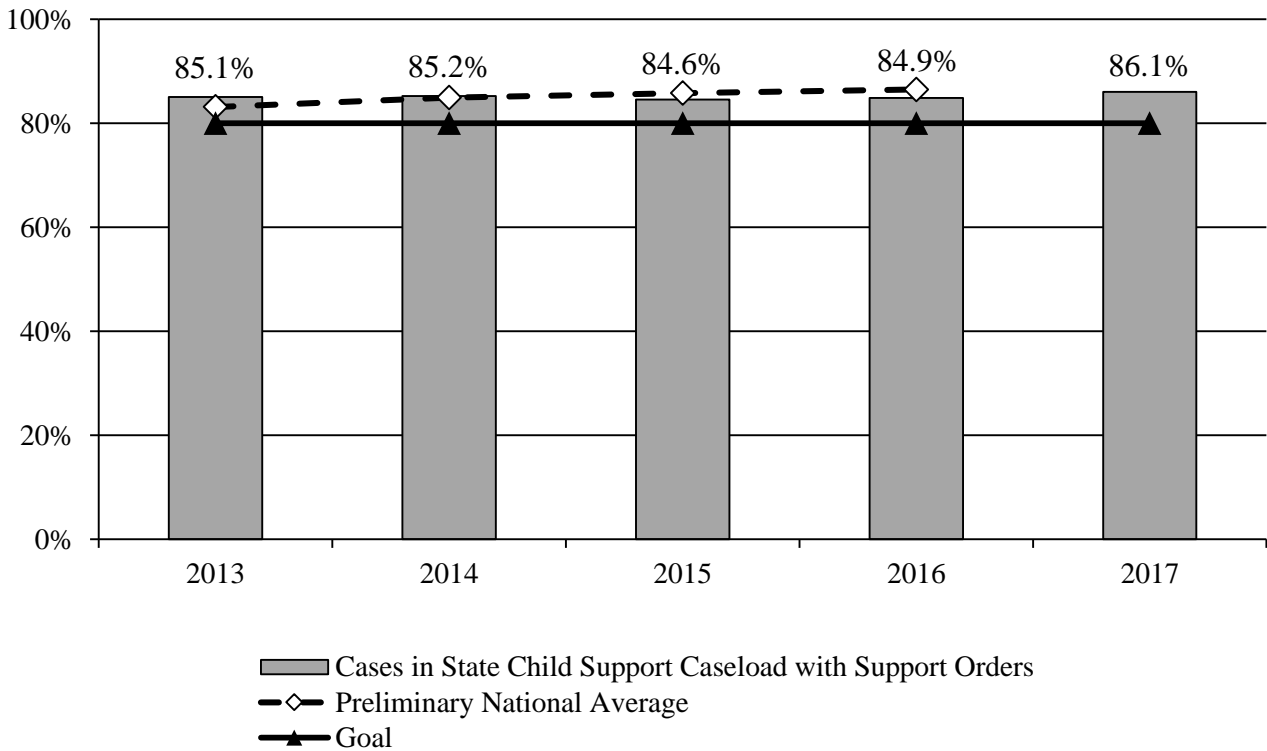
Source: Department of Human Services

Exhibit 4
Percent of Cases with Arrears for Which a Payment Is Received
Federal Fiscal 2013-2017



Source: Department of Human Services

Exhibit 5
Percent of State Child Support Caseload with Support Orders
Federal Fiscal 2013-2017

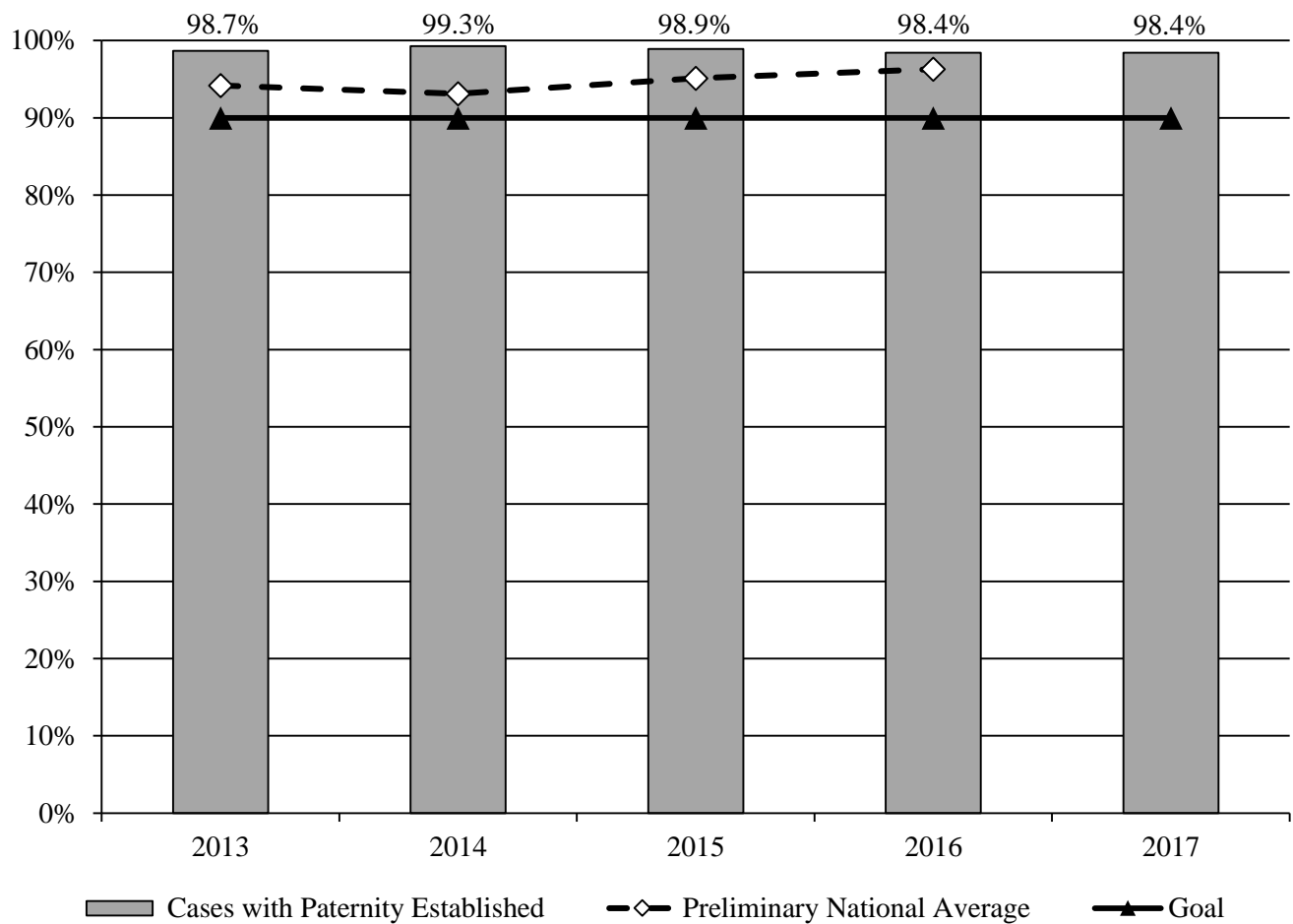


Source: Department of Human Services

Performance in two measures (percent of current child support paid and percent of cases with arrears for which a payment is received) worsened in federal fiscal 2017. The third measure (percent of cases with support orders established) continued to improve. The percent of current support paid and percent of cases with arrears for which a payment is received remained below the federal goal of 80%, although Maryland did perform better in these measures than the national average. Conversely, the percent of cases with support orders established meets the federal goal but falls below the preliminary national average in federal fiscal 2015 and 2016.

For purposes of the Managing for Results (MFR) submission, DHS reports on the paternity establishment for the children in the State child support caseload. This is different from the measure that DHS reports for purposes of its federal performance measure (paternity establishment statewide). **Exhibit 6** presents the data using the MFR measure for the State caseload rather than the federal performance measure (the statewide performance). Performance in this measure remained the same in federal fiscal 2017 as 2016, and CSA continues to meet the federal goal of 90%.

Exhibit 6
Percent of Children in State Child Support Caseload with Paternity Established
Federal Fiscal 2013-2017

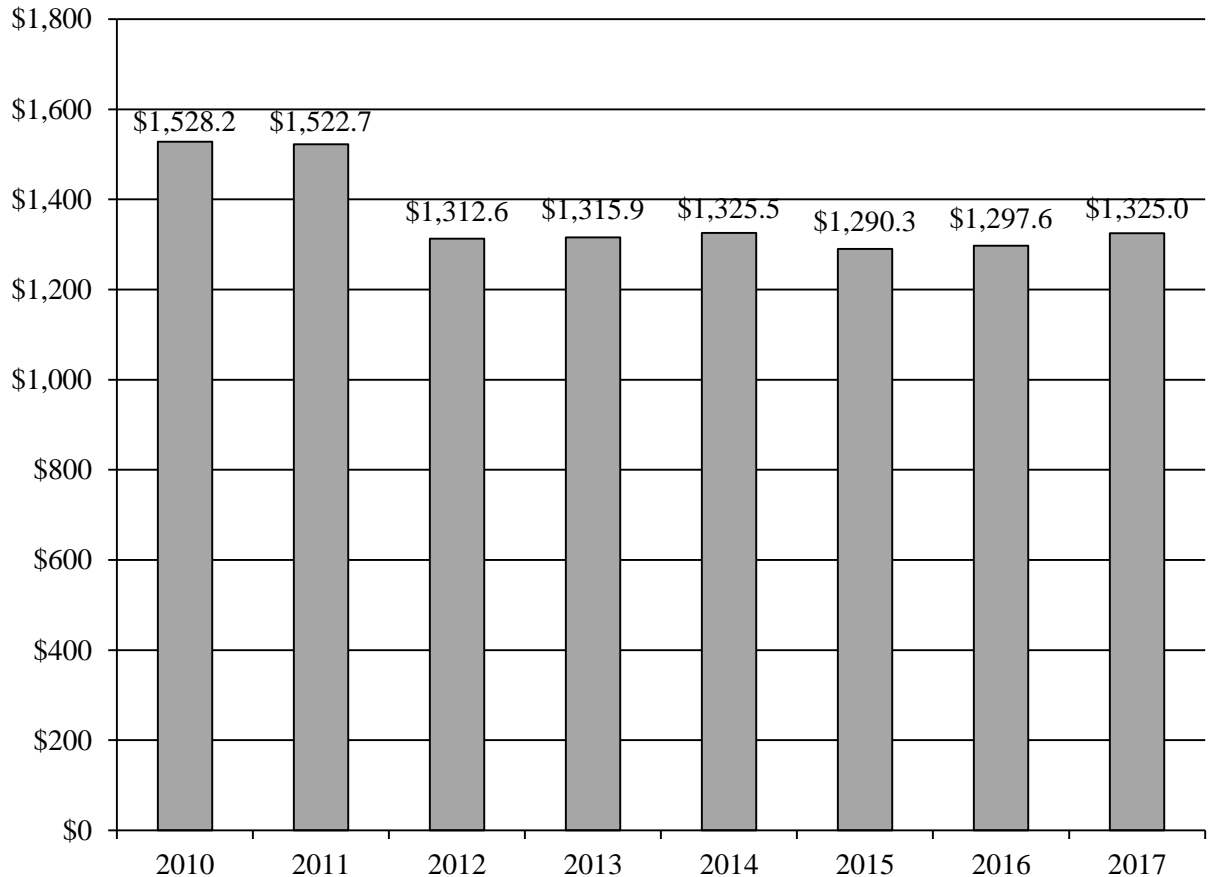


Source: Department of Human Services

3. Cumulative Arrearages Increase

In recent years, CSA had enhanced its case closure process while staying in compliance with federal case closure rules. As a result, cumulative arrearages fell significantly between federal fiscal 2011 and 2012 (\$210.1 million, or 13.8%), as shown in **Exhibit 7**. Since then, cumulative arrearages have fluctuated between approximately \$1.29 billion and \$1.33 billion. Between federal fiscal 2016 and 2017, cumulative arrearages as of the end of the federal fiscal year increased by \$27.4 million, or 2.1%. **The Secretary should explain why cumulative arrearages increased in federal fiscal 2017.**

Exhibit 7
Cumulative Arrearages
Federal Fiscal 2010-2017
(\$ in Millions)

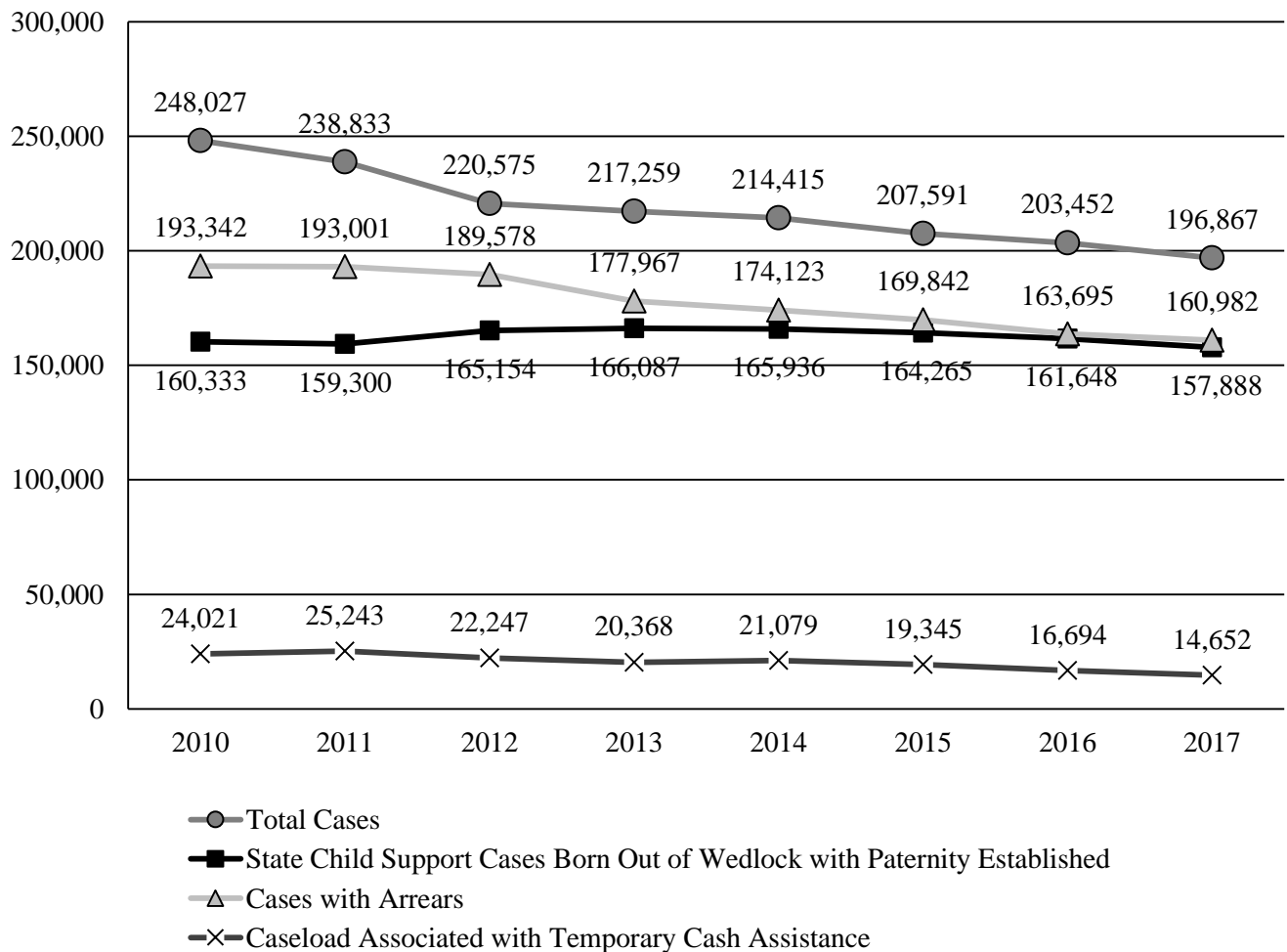


Source: Department of Human Services

4. Caseload Declines Slowly

As shown in **Exhibit 8**, the number of child support cases has continued to decline since the substantial decrease in the number of child support cases in federal fiscal 2012 (7.6%) but at a much lower rate. In federal fiscal 2017, the number of child support cases decreased by 3.24%, which is the largest percent decrease since federal fiscal 2012. Caseloads have declined in most years since the Department of Legislative Services (DLS) began tracking annual caseload totals. Between federal fiscal 2006 and 2017, caseloads have decreased by 25.8%.

Exhibit 8
Child Support Caseload
Federal Fiscal 2010-2017



Source: Department of Human Services

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As with the total number of child support cases, the number of cases with arrears has also decreased in recent years. In federal fiscal 2017, the number of cases with arrears decreased by 1.7%. The share of cases with arrears was higher in federal fiscal 2017 (81.8%) than in federal fiscal 2016 (80.5%).

The number of cases associated with TCA decreased by 12.23% between federal fiscal 2016 and 2017. In federal fiscal 2017, the share of cases associated with TCA was 7.4%. Historically, this is the lowest share of cases associated with TCA.

Fiscal 2018 Actions

Cost Containment

The DHS – CSA budget was reduced by \$166,780 in general funds to reflect higher than anticipated vacancy rates in the cost containment actions approved at the September 6, 2017 Board of Public Works meeting.

Across-the-board Employee and Retiree Health Insurance Reduction

The budget bill includes an across-the-board reduction for employee and retiree health insurance in fiscal 2018 to reflect a surplus balance in the fund. This agency's share of this reduction is \$281,166 in general funds, \$12,154 in special funds, and \$554,825 in federal funds.

Proposed Budget

As shown in **Exhibit 9**, the fiscal 2019 adjusted allowance of CSA increases by \$752,855, or 0.8% compared to the fiscal 2018 working appropriation. The most significant changes are net increases of \$562,353 in personnel expenses and \$329,902 in fringe benefits for cooperative reimbursement agreements.

Exhibit 9
Proposed Budget
DHS – Child Support Administration
(\$ in Thousands)

How Much It Grows:	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Total</u>
Fiscal 2017 Actual	\$18,896	\$9,688	\$63,976	\$92,560
Fiscal 2018 Working Appropriation	18,773	10,515	61,699	90,987
Fiscal 2019 Allowance	<u>19,372</u>	<u>11,831</u>	<u>60,537</u>	<u>91,740</u>
Fiscal 2018-2019 Amount Change	\$599	\$1,316	-\$1,163	\$753
Fiscal 2018-2019 Percent Change	3.2%	12.5%	-1.9%	0.8%

Where It Goes:

Personnel Expenses

Employee and retiree health insurance, primarily the impact of the fiscal 2018 health insurance deduction holidays	\$921
General salary increase	368
Turnover adjustments and funds to offset fiscal 2018 salary savings	260
Other fringe benefit adjustments	14
Employee retirement contributions	-91
Abolished positions, 5.0 full-time equivalents	-331
Salaries, including savings from budgeting vacant positions at base salaries	-579

Other Changes

Cooperative reimbursement agreements, mainly due to higher fringe benefit expenses (federal funds)	330
Rent for Baltimore City Office of Special Counsel	160
Parent locator services for Baltimore County local office	21
Research and technical assistance contract	18
Telephone	-38
University of Maryland asset collection contract	-84
Rent for local offices in Allegany, Carroll, and Prince George's counties due to staff relocation	-212
Other	-4

Total	\$753
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DHS: Department of Human Services

Note: Numbers may not sum to total due to rounding.

Personnel

Personnel expenditures in CSA increase \$562,353 above the fiscal 2018 working appropriation. The most significant changes are to employee and retiree health insurance costs, which increase by \$920,695, primarily due to the impact of the fiscal 2018 health insurance deduction payroll holidays. There is also a \$330,514 reduction related to abolishing 5.0 vacant positions. All of the abolished positions have been vacant for a minimum of six months.

The fiscal 2019 allowance includes funds for a 2% general salary increase for all State employees, effective January 1, 2019. These funds are budgeted in the Department of Budget and Management's statewide program and will be distributed to agencies during the fiscal year. This agency's share of the general salary increase is \$368,398.

Other Changes

Cooperative reimbursement agreements (CRA) increase by \$329,902. Under CRAs, the agency undertaking the child support function (including State's Attorney's offices, sheriffs, and the clerk of the court) receives the federal match for expenses that it incurs for completing this function. The federal funds are budgeted within CSA as the State child support agency. Increased costs reflect higher fringe benefit expenses in those local offices.

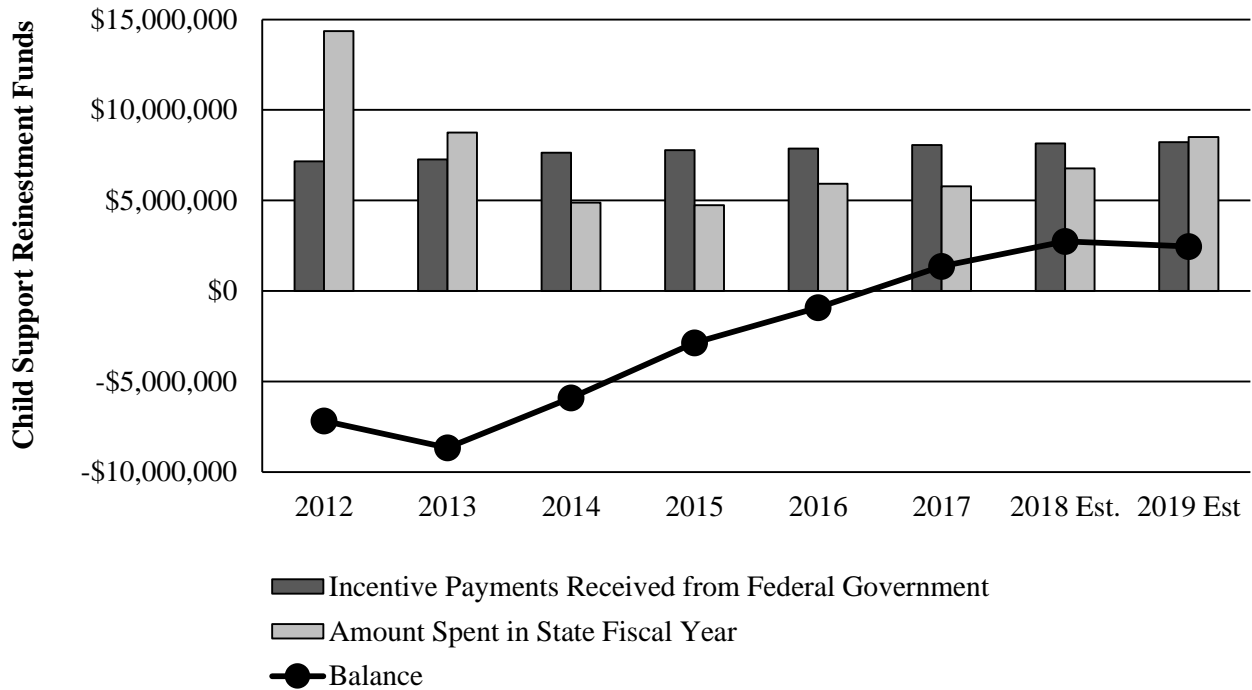
Additional changes include an increase of \$159,569 in rent for the local Baltimore City Office of Special Counsel and a decrease of \$212,290 for rent for local offices in Allegany, Carroll, and Prince George's counties due to staff relocations.

Child Support Reinvestment Fund

The Child Support Reinvestment Fund holds the federal incentive payments received by CSA for performance. These payments are received based on performance in the second preceding year. For example, incentive payments received in federal fiscal 2018 would reflect the federal fiscal 2016 performance. DHS anticipates receiving money into this fund each year, but until fiscal 2017, had no fund balance. As a result, it would be expected that only the funds received by the department each year could be used to support expenditures. Unlike most fund sources used for child support expenses, DHS cannot use the Child Support Reinvestment funds to draw down the typical 66% federal participation.

As shown in **Exhibit 10**, in fiscal 2012, DHS spent \$7.2 million more of Child Support Reinvestment funds than it received, essentially borrowing this amount from the amount it expected to receive in federal fiscal 2013. In fiscal 2013, DHS again borrowed from its anticipated receipts in federal fiscal 2014 and spent more Child Support Reinvestment funds than it received. After these two years, DHS had overspent its Child Support Reinvestment Fund receipts by \$8.7 million.

Exhibit 10
Over/Under Spending in the Child Support Reinvestment Fund
Federal Fiscal 2012-2019 Est.



Source: Department of Human Services; Governor's Budget Books

Since fiscal 2014, DHS has underspent the amount of Child Support Reinvestment funds it received to allow the agency to reduce the amount it was borrowing from the next year. Due to an initiative to fully eliminate the need to borrow anticipated Child Support Reinvestment funds, DHS reports having sufficient funds to cover planned expenditures and has a balance of approximately \$1.36 million at the end of fiscal 2017. DHS indicates that the fiscal 2019 allowance does not include any items specifically funded with the fiscal 2017 closing balance.

According to the estimated Child Support Reinvestment Fund expenditures and collections in the fiscal 2019 budget books, the closing balance is estimated to be approximately \$2.74 million in fiscal 2018 and \$2.46 million in fiscal 2019. **The Secretary should comment on the intended use of any balance from the Child Support Reinvestment Fund in fiscal 2017 through 2019.**

Issues

1. Baltimore City Office of Child Support Services Privatization Contract and Enhancements

The Baltimore City Office of Child Support Services has been operated by a private contractor since a privatization pilot was first authorized in Chapter 491 of 1995. In November 2017, CSA awarded a new contract to Veritas HHS, LLC (Veritas), rather than the incumbent (Maximus Federal Services, Inc.). Executive staff at Veritas previously worked on the privatization of the Baltimore City Office of Child Support Services contract when Policy Studies Inc. (PSI) operated the office from 2010 until 2012, when Maximus purchased PSI.

Veritas received the second highest technical and financial rankings out of three proposals. The incumbent's bid received the lowest technical ranking and highest financial ranking. The bid was valued at \$25.5 million, \$13.7 million less than the winning proposal. CSA reports that Veritas was a best value contract and offered innovations described in the Request for Proposal (RFP). The committee narrative in the 2017 *Joint Chairmen's Report* (JCR) requested a report on the enhancements included in the RFP, which is discussed under Enhancements, Performance Goals, and Incentives in this analysis.

The new contract began a 90-day transition period on December 1, 2017, and will take full effect on March 1, 2018. The base term for the new contract is three years and ends on February 28, 2021, with two one-year renewal options.

Funding

The fiscal 2019 allowance for the privatization contract is essentially equal to the fiscal 2018 working appropriation. Despite being level funded, the new contract is valued at approximately \$39 million, a \$4 million decrease from the \$43 million spent on the former contract. The fiscal 2017 actual expenditures for the former contract were \$8.25 million, or \$182,487 more than the allowance. DHS indicates that the compensation method changes to a flat monthly rate under the new contract. The former contract based compensation on a percentage of the child support collected and disbursed to customers. **DHS should comment on the merits of using a flat monthly rate.**

Enhancements, Performance Goals, and Incentives

Committee narrative in the 2017 JCR required DHS to detail all modifications and enhancements to the office and performance goals and incentives required of the contractor. The enhancements are based in part on the results of a cost-benefit analysis procured by DHS in response to a report request in the 2015 JCR. The new contract requires the following enhancements and modifications:

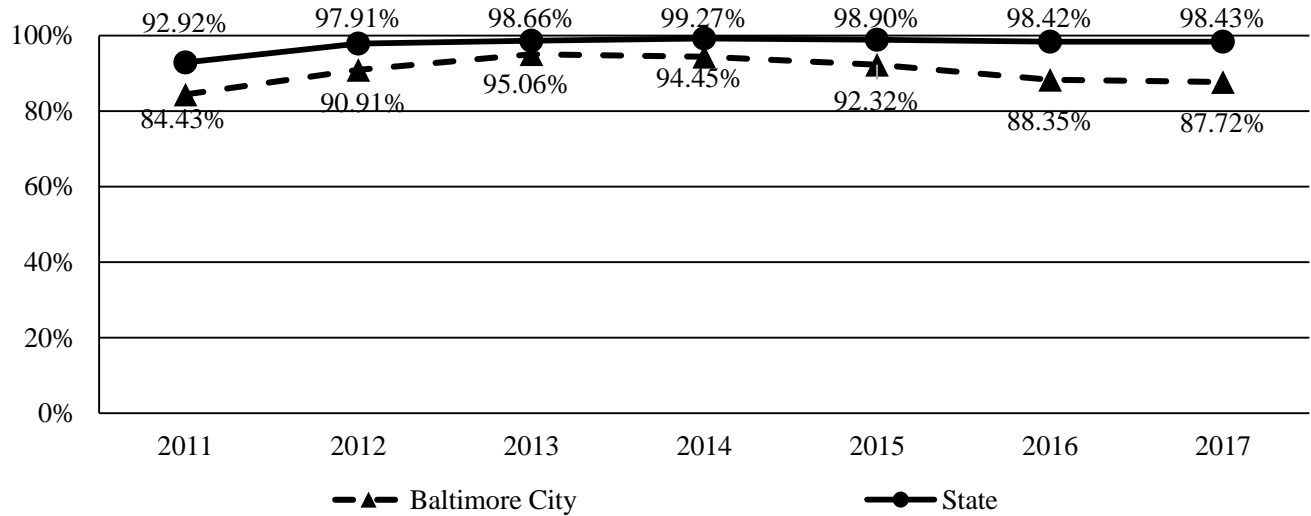
- decentralized operations in two office locations, East Baltimore and West Baltimore;

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- an ongoing training component that minimizes the use of temporary staff and emphasizes a low rate of staff turnover;
- referrals for unemployed and underemployed noncustodial parents to employment services in Baltimore City;
- removal of the requirement to operate a call center for customer inquiries due to DHS transitioning this service to the statewide call center;
- customer service surveys allowing customers to rate quality, timeliness, and other service delivery estimates;
- automated surveys conducted with the contractor’s employees, State employees, and the Office of Special Counsel at least quarterly; and
- an increase of \$50,000 in incentive payments.

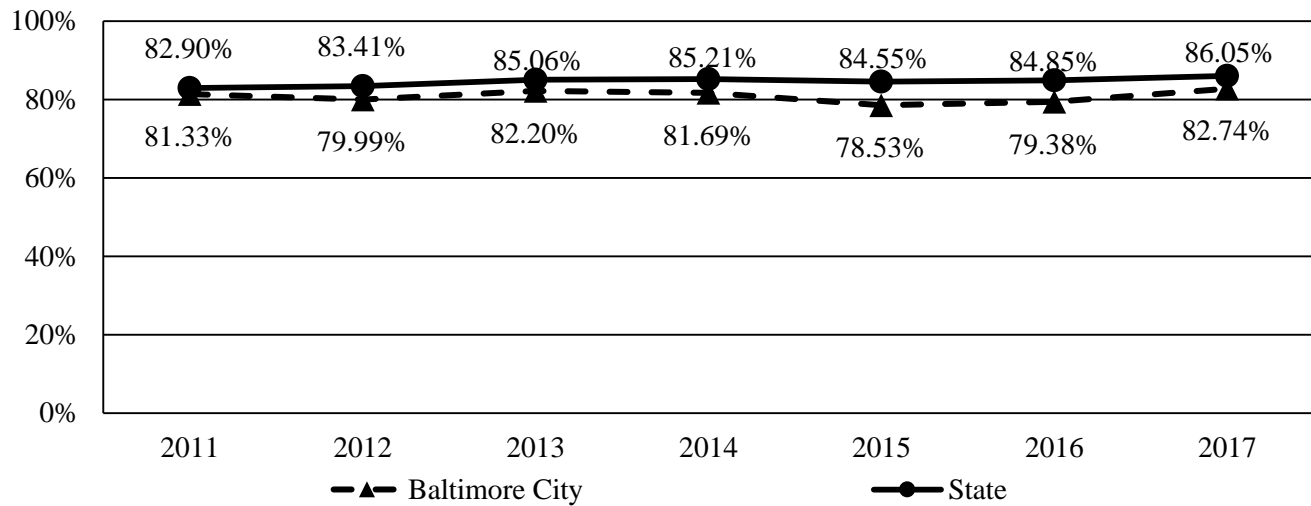
In addition to enhancements and modifications, the new contractor has performance goals that align with four of five federal performance measures. These measures include: the percentage of children in the State caseload who have paternity established, the percentage of cases with support orders established, the percentage of current child support paid, and the percentage of cases with at least one arrears payment. **Exhibits 11, 12, 13, and 14** show the Baltimore City Office of Child Support Services’ most recent performance in the four performance measures. In federal fiscal 2017, the Baltimore City office performed worse than the State in every performance measure. However, the office has narrowed the gap with the statewide performance in the percentage of cases with support orders established and the percentage of cases with at least one arrears payment.

Exhibit 11
Percent of Children in State Child Support Caseload with Paternity Established
Baltimore City vs. Statewide
Federal Fiscal 2011-2017



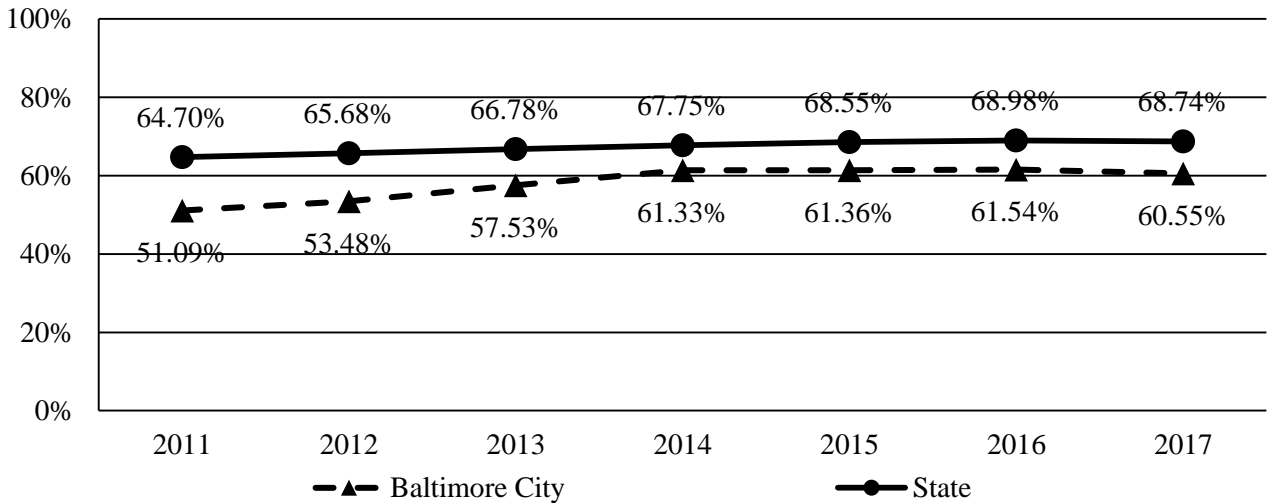
Source: Department of Human Services

Exhibit 12
Percent of State Child Support Caseload with Support Orders
Baltimore City vs. Statewide
Federal Fiscal 2011-2017



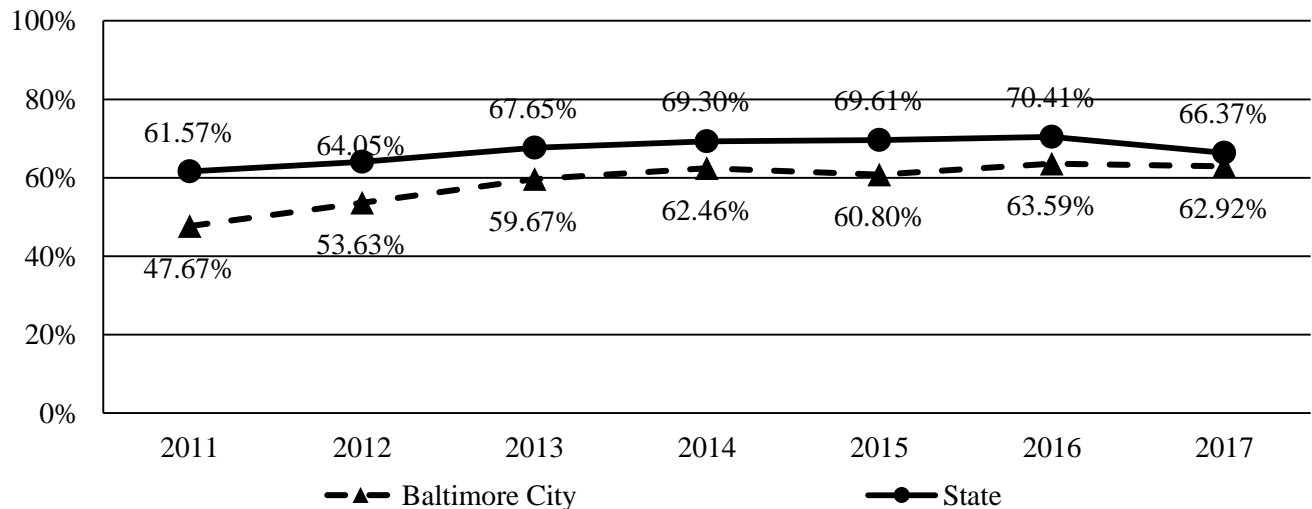
Source: Department of Human Services

Exhibit 13
Percent of Current Child Support Paid
Baltimore City vs. Statewide
Fiscal 2011-2017



Source: Department of Human Services

Exhibit 14
Percent of Cases with Arrears for Which a Payment Is Received
Baltimore City vs. Statewide
Federal Fiscal 2011-2017



Source: Department of Human Services

DHS reports that the new contractor has minimum and enhanced goals in each performance measure and receives incentive payments based on attainment of enhanced goals and liquidated damage charges based on failure to attain minimum goals. Specifically, the contractor will receive \$100,000, a \$50,000 increase from incentive payments under the former contract, for every enhanced goal that it meets, up to a maximum of \$400,000 annually. If the contractor fails to meet the minimum goal for any federal measure, the contractor will not receive any incentive payments and will be charged \$100,000 in liquidated damages for every minimum goal it fails to meet, again up to a maximum of \$400,000 annually.

DLS recommends committee narrative requesting a report on the performance of the Baltimore City Office of Child Support Services during the first six months and first full year of the new contract.

2. Enforcement Tools Not Applicable to Child Support Obligors Working for Transportation Network Companies

Certain enforcement remedies for collecting and distributing overdue child support payments, including earnings withholding orders and professional license suspension, are not fully applicable to child support obligors working for transportation network companies (such as Uber Technologies, Inc.). Transportation network services have become more prevalent in recent years and the market is still projected to grow. The Public Service Commission (PSC) reports that the number of passenger-for-hire drivers licensed (the category under which the new transportation network operators' (TNO) licenses are counted) increased from 23,500 in fiscal 2016 to 38,172 in fiscal 2017, a 63% increase.

DHS indicates that some available enforcement remedies for TNOs include: financial institution garnishment, unemployment compensation intercept, federal/State tax refund offset, passport denial, and other tools. However, due to TNOs' classification as independent contractors and current statute related to disclosure of records, DHS does not implement all available enforcement tools.

Earnings Withholding Orders

DHS uses earnings withholding orders upon request of the obligor, or if either the recipient or support enforcement agency has filed a petition with a request to attach the earnings of obligors in arrears in child support payments of more than 30 days.

The amount of child support to be paid by the noncustodial parent is calculated using State guidelines. However, the concern is how to collect the wage information needed to establish an order for independent contractors unless voluntarily provided by the obligor. For example, DHS indicates that employers are not required to report the hiring of new independent contractors in the same way that they report newly hired employees. As TNOs are considered independent contractors, they are not reported under the new hire reporting process. As a result, earnings from transportation network

companies are difficult to collect, and DHS will not have all of the wage information to establish a withholding order unless provided on a voluntary basis.

Professional License Suspension Program

DHS also enforces arrears payments through a professional license suspension program. Through the program, DHS can suspend an obligor's professional license, deny an obligor's application for a professional license, or request an obligor's information from a licensing authority if the obligor is 120 days or more out of compliance with the most recent order. PSC and DHS engage in a data exchange to implement this enforcement remedy. Passenger-for-hire drivers, including TNOs, must obtain a transportation network operator's license issued by PSC before an individual may provide transportation network services. However, PSC reports that it is prohibited from honoring CSA requests for suspending TNOs' licenses because it would require disclosure of records restricted by statute.

Therefore, under current law, TNOs' licenses are not subject to the professional license suspension program. SB 97, a departmental bill, would authorize PSC to disclose these restricted records for the purpose of implementing the CSA professional license suspension program.

DLS recommends committee narrative requesting a report on the current enforcement remedies applicable to child support obligors who work for transportation network companies.

Operating Budget Recommended Actions

1. Adopt the following narrative:

Performance of the Baltimore City Office of Child Support Services Report: The Department of Human Services (DHS) has chosen Veritas HHS, LLC as a new contractor for the operation of the Baltimore City Office of Child Support Services and has required certain modifications and enhancements to the office. DHS is requested to report on the contractor's performance in its first six months and first full year operating the office. The reports should detail all modifications and enhancements that have taken place, the contractor's performance set against federal goals for the Child Support Administration, and incentives or liquidated damage charges processed.

Information Request	Author	Due Date
Report on the performance of the Baltimore City Office of Child Support Services	DHS	October 1, 2018 April 1, 2019

2. Adopt the following narrative:

Enforcement Remedies for Child Support Obligor Working for Transportation Network Companies: The Department of Human Services (DHS) uses a variety of enforcement remedies for collecting and distributing child support payments in arrears. Currently, earnings withholding orders and the professional license suspension program do not apply to employees of transportation network companies. DHS, in consultation with the Public Service Commission (PSC), shall submit a report that discusses implementation of the professional license suspension program for transportation network operators' (TNO) licenses and the feasibility of collecting wage information from TNOs to allow the Child Support Administration (CSA) to establish earnings withholding orders and require new hire reporting. The report should also examine the feasibility of collecting wage information on independent contractors, beyond TNOs, to allow CSA to establish earnings withholding orders and require new hire reporting.

Information Request	Authors	Due Date
Report on enforcement remedies	DHS PSC	December 1, 2018

Appendix 1
Current and Prior Year Budgets
DHS – Child Support Administration
(\$ in Thousands)

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2017					
Legislative Appropriation	\$18,876	\$10,264	\$62,582	\$0	\$91,721
Deficiency Appropriation	0	0	0	0	0
Cost Containment	0	0	0	0	0
Budget Amendments	20	16	2,144	0	2,180
Reversions and Cancellations	0	-591	-750	0	-1,342
Actual Expenditures	\$18,896	\$9,688	\$63,976	\$0	\$92,560
Fiscal 2018					
Legislative Appropriation	\$19,220	\$10,527	\$62,254	\$0	\$92,002
Cost Containment	-167	0	0	0	-167
Budget Amendments	0	0	0	0	0
Working Appropriation	\$19,054	\$10,527	\$62,254	\$0	\$91,835

DHS: Department of Human Services

Note: The fiscal 2018 appropriation does not include deficiencies, targeted reversions, or across-the-board reductions. Numbers may not sum to total due to rounding.

Fiscal 2017

Actual expenditures for fiscal 2017 were \$92,559,784, a net increase of \$838,705 from the legislative appropriation.

Budget amendments led to a net increase of \$20,405 in general funds, \$15,790 in special funds, and \$2,144,122 in federal funds. An amendment added \$280,541 in general funds, \$8,739 in special funds, and \$495,157 in federal funds for centrally budgeted salary increments.

Two closeout amendments included a net increase of \$1,395,880 (\$7,051 in special funds and \$1,648,965 in federal funds partially offset by \$260,136 in general funds). The amendments included the following changes: increases of \$76,659 in general funds and \$7,051 in special funds for Local Child Support Enforcement salaries, wages, and fringe benefits; and \$1,648,965 in federal funds to cover the costs related to cooperative reimbursement agreements and central collections contracts. These additions were partially offset by a closeout amendment that reduced \$336,795 in general funds originally intended for State Child Support Enforcement salaries, wages, and fringe benefits.

Cancellations totaled \$1,341,591. The Child Support Administration canceled \$750,105 in federal funds due to less than anticipated Child Support Enforcement Program Title IV-D funds. Another \$591,480 in special funds that was originally intended for the State disbursement contract was canceled due to less than anticipated Child Support Reinvestment funds.

Fiscal 2018

To date, a cost containment action reduced the fiscal 2018 general fund appropriation by \$166,780.

Appendix 2
Object/Fund Difference Report
DHS – Child Support Administration

<u>Object/Fund</u>	<u>FY 17 Actual</u>	<u>FY 18 Working Appropriation</u>	<u>FY 19 Allowance</u>	<u>FY 18 - FY 19 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	658.40	658.20	653.20	-5.00	-0.8%
02 Contractual	15.20	1.00	1.00	0.00	0%
Total Positions	673.60	659.20	654.20	-5.00	-0.8%
Objects					
01 Salaries and Wages	\$ 48,124,892	\$ 48,951,914	\$ 48,297,725	-\$ 654,189	-1.3%
02 Technical and Spec. Fees	708,000	247,638	156,581	-91,057	-36.8%
03 Communication	445,184	453,639	430,640	-22,999	-5.1%
04 Travel	120,561	86,814	93,545	6,731	7.8%
06 Fuel and Utilities	123,170	142,256	110,603	-31,653	-22.3%
07 Motor Vehicles	41,246	93,431	77,135	-16,296	-17.4%
08 Contractual Services	38,288,506	36,991,174	37,436,009	444,835	1.2%
09 Supplies and Materials	392,879	521,366	478,873	-42,493	-8.2%
10 Equipment – Replacement	7,955	0	0	0	0.0%
11 Equipment – Additional	82,743	0	0	0	0.0%
12 Grants, Subsidies, and Contributions	9,349	308	2,164	1,856	602.6%
13 Fixed Charges	4,215,300	4,346,442	4,288,019	-58,423	-1.3%
Total Objects	\$ 92,559,785	\$ 91,834,982	\$ 91,371,294	-\$ 463,688	-0.5%
Funds					
01 General Fund	\$ 18,896,118	\$ 19,053,714	\$ 19,245,358	\$ 191,644	1.0%
03 Special Fund	9,687,857	10,527,071	11,825,299	1,298,228	12.3%
05 Federal Fund	63,975,810	62,254,197	60,300,637	-1,953,560	-3.1%
Total Funds	\$ 92,559,785	\$ 91,834,982	\$ 91,371,294	-\$ 463,688	-0.5%

DHS: Department of Human Services

Note: The fiscal 2018 appropriation does not include deficiencies, targeted reversions, or across-the-board reductions. The fiscal 2019 allowance does not include contingent reductions or cost-of-living adjustments.

Appendix 3
Fiscal Summary
DHS – Child Support Administration

<u>Program/Unit</u>	<u>FY 17 Actual</u>	<u>FY 18 Wrk Approp</u>	<u>FY 19 Allowance</u>	<u>Change</u>	<u>FY 18 - FY 19 % Change</u>
06 Local Child Support Enforcement Administration	\$ 48,760,816	\$ 49,797,667	\$ 49,115,097	-\$ 682,570	-1.4%
08 Support Enforcement – State	43,798,969	42,037,315	42,256,197	218,882	0.5%
Total Expenditures	\$ 92,559,785	\$ 91,834,982	\$ 91,371,294	-\$ 463,688	-0.5%
General Fund	\$ 18,896,118	\$ 19,053,714	\$ 19,245,358	\$ 191,644	1.0%
Special Fund	9,687,857	10,527,071	11,825,299	1,298,228	12.3%
Federal Fund	63,975,810	62,254,197	60,300,637	-1,953,560	-3.1%
Total Appropriations	\$ 92,559,785	\$ 91,834,982	\$ 91,371,294	-\$ 463,688	-0.5%

DHS: Department of Human Services

Note: The fiscal 2018 appropriation does not include deficiencies, targeted reversions, or across-the-board reductions. The fiscal 2019 allowance does not include contingent reductions or cost-of-living adjustments.