

SENATE BILL 720

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01

1999 Regular Session
(9lr2410)

ENROLLED BILL
-- Finance/Appropriations --

Introduced by **Senator Madden**

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this
____ day of _____ at _____ o'clock, ____ M.

President.

CHAPTER _____

1 AN ACT concerning

2 **Department of Human Resources - Welfare and Child Support Enforcement**
3 **Innovation Act of 1999**

4 FOR the purpose of requiring the Executive Director of the Family Investment
5 Administration of the Department of Human Resources to develop a certain
6 process addressing cash assistance payment errors; requiring the Executive
7 Director to require all local departments of social services to submit certain
8 plans and to monitor the local departments' success in achieving the objectives
9 of the plans; requiring the Department of Human Resources to conduct or
10 contract for a certain audit of each local department and to prepare a certain
11 report; requiring the audit to comply with certain auditing standards; altering
12 the reimbursement of private contractors for child support enforcement services
13 under the Child Support Enforcement Privatization Pilot Program; requiring a
14 private contractor to offer employment upon certain terms to certain former
15 State employees working for an existing contractor and to retain certain
16 employees for a certain duration and at a certain salary; ~~altering the~~
17 ~~responsibility of the Secretary of Human Resources to provide certain job~~

1 ~~assistance to certain employees; repealing certain provisions~~ repealing a certain
 2 provision pertaining to a certain consultant for the Pilot Program ~~and to an~~
 3 ~~employee who declines an offer of employment with a private contractor;~~
 4 authorizing the Secretary, in consultation with the director of a certain local
 5 department of social services, to expand child support enforcement
 6 demonstration sites to additional jurisdictions; clarifying certain retirement
 7 rights of certain former State employees hired by a private contractor under the
 8 Child Support Enforcement Privatization Pilot Program; extending the
 9 termination date for the Child Support Enforcement Privatization Pilot
 10 Program; making certain technical corrections; stating the intent of the General
 11 Assembly with regard to certain demonstration sites and with regard to
 12 continuation of Medicaid benefits under certain circumstances; requiring the
 13 Department of Human Resources to submit a certain report; requiring that the
 14 funding for a certain pilot program be provided at a certain level; requiring that
 15 the Secretary of Budget and Management establish a hiring program for welfare
 16 recipients; requiring certain reports on the hiring of welfare recipients; and
 17 generally relating to the Department of Human Resources, the Family
 18 Investment Program, and the Child Support Enforcement Privatization Pilot
 19 Program.

20 BY repealing and reenacting, with amendments,
 21 Article 88A - Department of Human Resources
 22 Section 1A and 3(a)
 23 Annotated Code of Maryland
 24 (1998 Replacement Volume)

25 BY repealing and reenacting, with amendments,
 26 Article - Family Law
 27 Section 10-119.1 and 10-119.2
 28 Annotated Code of Maryland
 29 (1999 Replacement Volume)

30 BY repealing and reenacting, with amendments,
 31 Chapter 491 of the Acts of the General Assembly of 1995
 32 ~~Section 14~~ Sections 13 and 14

33 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
 34 MARYLAND, That the Laws of Maryland read as follows:

35 **Article 88A - Department of Human Resources**

36 1A.

37 (a) The Family Investment Administration is established within the
 38 Department of Human Resources. All of the powers, duties, and responsibilities
 39 provided for the Social Services Administration in the following programs are
 40 transferred to the Family Investment Administration: the Family Investment

1 Program and related cash benefit programs; public assistance to adults; emergency
2 assistance; food stamps; and medical assistance eligibility determinations. References
3 to the "Social Services Administration", "State Department", or "State
4 Administration" in the laws of this State that concern these programs are deemed to
5 mean the Family Investment Administration.

6 (b) The Secretary of Human Resources shall appoint an Executive Director of
7 Family Investment with the approval of the Governor. The Executive Director shall
8 be the head of the Family Investment Administration and shall hold office at the
9 pleasure of the Secretary of Human Resources. All powers, duties, and responsibilities
10 that pertain to programs transferred to the Family Investment Administration and
11 the personnel who administer them which are provided in the laws of this State for
12 the State Director of Social Services are transferred to the Executive Director of
13 Family Investment.

14 (c) The exercise of all authority, duties, and functions vested in the Family
15 Investment Administration or the Executive Director of Family Investment under
16 this article or any other law of this State shall be subject to the authority of the
17 Secretary of Human Resources as set forth in Article 41 of this Code or elsewhere in
18 the laws of this State.

19 (D) THE EXECUTIVE DIRECTOR OF FAMILY INVESTMENT SHALL:

20 (1) DEVELOP A COMPREHENSIVE PROCESS TO:

21 (I) SYSTEMATICALLY ANALYZE CASH ASSISTANCE PAYMENT
22 ERRORS;

23 (II) FORMULATE STRATEGIES, INCLUDING IMPROVEMENTS IN THE
24 ELIGIBILITY DETERMINATION PROCESS, TO REDUCE THE ERRORS; AND

25 (III) MONITOR IMPLEMENTATION OF THE STRATEGIES;

26 (2) REQUIRE EACH LOCAL DEPARTMENT OF SOCIAL SERVICES TO
27 SUBMIT ANNUAL PLANS THAT CONTAIN MEASURABLE OBJECTIVES, INCLUDING
28 OBJECTIVES FOR PARTICIPATION IN WORK ACTIVITIES, TO MEET THE GOALS OF THE
29 FAMILY INVESTMENT PROGRAM; AND

30 (3) MONITOR THE SUCCESS OF THE LOCAL DEPARTMENTS OF SOCIAL
31 SERVICES IN ACHIEVING THE OBJECTIVES OF THE PLANS.

32 3.

33 (a) (1) The State Department shall be the central coordinating and directing
34 agency of all social service and public assistance activities in this State, including the
35 Family Investment Program, public assistance to adults, child welfare services, food
36 stamps, and any other social service and public assistance activities financed in whole
37 or in part by the State Department. For the purposes of these powers, child welfare
38 services being provided to persons under the age of 18 may continue after their
39 eighteenth birthday but not beyond their twenty-first birthday.

1 (2) All of the activities of the local departments in the counties and in
 2 Baltimore City, which the State Department finances, in whole or in part, shall be
 3 subject to the supervision, direction and control of the State Department.

4 (3) (I) ~~AT LEAST ONCE EVERY 2 YEARS,~~ THE STATE DEPARTMENT
 5 SHALL CONDUCT OR SHALL CONTRACT FOR ~~AN ANNUAL~~ A FINANCIAL AND
 6 COMPLIANCE AUDIT OF EACH LOCAL DEPARTMENT OF SOCIAL SERVICES AND SHALL
 7 PREPARE A WRITTEN REPORT OF THE AUDIT FINDINGS.

8 (II) THE AUDIT SHALL COMPLY WITH THE AUDITING STANDARDS
 9 ISSUED BY THE INSTITUTE OF INTERNAL AUDITORS.

10 **Article - Family Law**

11 10-119.1.

12 (a) (1) Notwithstanding § 13-405 of the State Personnel and Pensions
 13 Article, there is a Child Support Enforcement Privatization Pilot Program within the
 14 Department.

15 (2) The Pilot Program shall operate in Baltimore City and Queen Anne's
 16 County.

17 (b) The purpose of the Pilot Program is to authorize the Secretary of the
 18 Department to enter into contracts with private companies to privatize all aspects of
 19 child support enforcement functions of the Department, including:

20 (1) locating absent parents;

21 (2) establishing paternities;

22 (3) establishing support orders;

23 (4) collecting and disbursing support payments;

24 (5) reviewing and modifying child support orders; and

25 (6) except for legal representation in accordance with § 10-115 of the
 26 Family Law Article and as otherwise provided by law, enforcing support obligations.

27 (c) Subject to subsection (g) of this section, the Secretary shall:

28 (1)} adopt regulations that:

29 {(i)} ~~(1)~~ require the transfer of all aspects of child support
 30 enforcement to one or more private contractors by November 1, 1996;

31 {(ii)} ~~(2)~~ provide for the reimbursement of any private contractor
 32 [for all aspects of child support enforcement to be a percentage of the total amount of
 33 child support collected by the private contractor];

1 ~~{(iii)}~~ ~~(3)~~ prohibit the cost of transferring child support enforcement
 2 to private contractors as defined in item ~~{(ii)}~~ ~~(2)~~ of this ~~{paragraph}~~ ~~SUBSECTION~~
 3 from exceeding the Fiscal Year 1995 administrative cost per child support dollar
 4 collected by the Child Support Enforcement Administration in the Pilot Program
 5 areas;

6 ~~{(iv)}~~ ~~(4)~~ require any private contractor to offer employment upon
 7 terms deemed by the Secretary to be fair and equitable to any FORMER STATE
 8 employees WORKING FOR AN EXISTING CONTRACTOR who are affected by the transfer
 9 of child support enforcement responsibilities under this section and to retain any
 10 employees who accept the offer:

11 ~~{1.}~~ ~~(1)~~ for the duration of the Pilot Program unless there is
 12 cause for dismissal; and

13 ~~{2.}~~ ~~(2)~~ at a salary and benefit level comparable to the salary
 14 and benefits to which they were entitled at the time of the transfer;

15 ~~{(v)}~~ ~~(5)~~ require any private contractor to adopt a grievance
 16 procedure for employees who are retained by the private contractor under ~~{subitem}~~
 17 ~~(iv) of this item}~~ ~~ITEM (4) OF THIS SUBSECTION~~; and

18 ~~{(vi)}~~ ~~(6)~~ prohibit the reimbursement of any private contractor from
 19 child support collections; and

20 (2) assist an employee who declines an offer of employment with a
 21 private contractor to identify a comparable position in the State Personnel
 22 Management System to which the employee may transfer}.

23 (d) A request for proposal to transfer child support collection activities issued
 24 under this section shall:

25 (1) comply with the provisions of Division II of the State Finance and
 26 Procurement Article;

27 (2) set forth the goals of the privatization; and

28 (3) specify the incentives which will be available to the contractor.

29 (e) (1) On or before October 1, 1996, and annually thereafter, the Secretary
 30 shall report to the Governor and, subject to § 2-1246 of the State Government Article,
 31 the General Assembly on the operation and performance of the Pilot Program.

32 (2) The report shall assess the Pilot Program for its effectiveness and
 33 success in enhancing child support collection through the privatization of child
 34 support enforcement in Baltimore City and Queen Anne's County in the State.

35 (3) The Secretary shall include in the report the plans for improving the
 36 effectiveness and success of the Pilot Program in achieving the objective.

1 (f) The Secretary shall adopt any other regulations necessary to carry out the
2 provisions of this section.

3 [(g) Before implementing the Pilot Program, the Secretary shall hire a
4 consultant to help design the Pilot Program and to help develop a request for proposal
5 to transfer all aspects of child support enforcement.]

6 ~~(h)~~ (G) ~~An~~ A FORMER STATE employee who declines an offer of employment
7 with a private contractor under this section shall be considered laid off and shall be
8 entitled to all rights specified under Title 11, Subtitle 2 of the State Personnel and
9 Pensions Article. }

10 10-119.2.

11 (a) In this section, "demonstration site" means [the] A jurisdiction selected by
12 the Secretary of Human Resources, IN CONSULTATION WITH THE DIRECTOR OF THE
13 LOCAL DEPARTMENT OF SOCIAL SERVICES IN THE JURISDICTION, to compete against
14 privatized jurisdictions in providing child support enforcement services.

15 (b) The Secretary shall establish a child support enforcement demonstration
16 site in AT LEAST one BUT NOT MORE THAN SIX [jurisdiction] JURISDICTIONS for the
17 purpose of competing against a privatized jurisdiction as established in § 10-119.1 of
18 this subtitle.

19 (c) Notwithstanding any other provision of law, the Secretary shall appoint a
20 director of child support services in [the] A demonstration site who shall report
21 directly to the Executive Director of the Child Support Enforcement Administration of
22 the Department.

23 (d) Notwithstanding any other provision of law, the Secretary shall have sole
24 authority over the child support enforcement functions in [the] A demonstration site,
25 including but not limited to:

26 (1) location of parents;

27 (2) establishing paternities;

28 (3) establishing child support orders;

29 (4) collecting and disbursing support payments;

30 (5) reviewing and modifying child support orders;

31 (6) enforcing support obligations;

32 (7) providing legal representation to clients; and

33 (8) establishing contractual agreements with private or public entities to
34 provide child support services.

1 (e) Notwithstanding any other provision of law and for the purpose of carrying
 2 out the provisions of this section, the Secretary shall have the authority to sever
 3 contractual agreements with a State's Attorney and hire private counsel to provide
 4 legal representation for the Child Support Enforcement Administration.

5 (f) (1) Notwithstanding any other provision of law, all employees hired in
 6 [the] A demonstration site after [October 1, 1995] ~~A DATE DETERMINED BY THE~~
 7 ~~SECRETARY~~ ITS DESIGNATION AS A DEMONSTRATION SITE shall be in the
 8 management service or special appointments in the State Personnel Management
 9 System.

10 (2) If a position in [the] A demonstration site is held by a classified
 11 service employee on [September 30, 1995] ~~A DATE DETERMINED BY THE SECRETARY~~
 12 ~~UNDER PARAGRAPH (1) OF THIS SUBSECTION~~ PRIOR TO ITS DESIGNATION AS A
 13 DEMONSTRATION SITE, the position remains a classified service position or its
 14 equivalent in the State Personnel Management System until the position becomes
 15 vacant, at which time the position shall become a management service or special
 16 appointment position.

17 (g) The Secretary shall establish a performance incentive program to provide
 18 pay incentives for employees in [the] A demonstration site.

19 (h) The powers of the Secretary to carry out the provisions of this section shall
 20 be construed liberally.

21

Chapter 491 of the Acts of 1995

22 SECTION 13. AND BE IT FURTHER ENACTED, That an individual who is a
 23 State employee as of November 1, 1996, who is hired by a private contractor under
 24 Section 3 of this Act, and who remains employed by the contractor as of the
 25 termination of the Privatization Program established under Section 3 of this Act:

26 (1) may return to State service at any time while the Pilot Program is in
 27 existence and on the termination of the Pilot Program at a grade and step comparable
 28 to the grade and step that the employee would have attained but for the
 29 implementation of the Pilot Program and full restoration of benefits and seniority
 30 rights; and

31 (2) notwithstanding limits under §§ 22-216 and 23-214 of the State
 32 Personnel and Pensions Article, may be reinstated as a member of the Employees'
 33 Pension System, PART II, CONTRIBUTORY PENSION BENEFIT, or the Employees'
 34 Retirement System in accordance with their membership as a State employee and be
 35 entitled to the restoration of any service credit to which the individual was entitled
 36 before employment with the private contractor whether or not the individual was
 37 vested under those systems.

38 SECTION 14. AND BE IT FURTHER ENACTED, That Section 3 of this Act
 39 shall remain effective for the period of [4] 8 7 years AND 4 MONTHS and, at the end of
 40 [June 30, 1999] OCTOBER 31, ~~2003~~, 2002, and with no further action required by the

1 General Assembly, Section 3 of this Act shall be abrogated and of no further force and
2 effect.

3 SECTION 2. AND IT BE FURTHER ENACTED, That it is the intent of the
4 General Assembly that the demonstration sites authorized by § 10-119.2 of the
5 Family Law Article represent a mix of urban, suburban, and rural areas of the State.

6 SECTION 3. AND IT BE FURTHER ENACTED, That ~~it is the intent of the~~
7 ~~General Assembly that local departments of social services notify families losing~~
8 ~~Temporary Cash Assistance benefits that they may continue to qualify for Medicaid.~~
9 ~~The Department of Human Resources shall report to the Governor and, subject to §~~
10 ~~2-1246 of the State Government Article, to the General Assembly on or before~~
11 ~~September 1, 1999 on:~~

12 (a) ~~the number of individuals who continue to qualify for Medicaid after losing~~
13 ~~their Temporary Cash Assistance, in relation to the total number of individuals losing~~
14 ~~Temporary Cash Assistance; and~~

15 (b) ~~the specific actions taken to ensure families losing Temporary Cash~~
16 ~~Assistance are aware that they may continue to qualify for Medicaid~~ *the funding for*
17 *the pilot program established under Article 88A, § 53A of the Code shall be sufficient*
18 *to provide upgrade training, as required by the pilot program, to 400 newly employed*
19 *current and former FIP recipients at a cost not to exceed \$2,500 per recipient.*

20 SECTION 4. AND BE IT FURTHER ENACTED, That the Secretary of Budget
21 and Management, with assistance provided by the Secretary of Human Resources,
22 develop and implement a plan for hiring welfare recipients by the principal
23 departments within the Executive Branch of State government. Components of the
24 plan shall include, for each agency: the units that could most easily hire welfare
25 clients; the positions most suitable for the welfare population; a proposal for recruiting
26 welfare clients; job retention strategies; and a target number of clients to be recruited.
27 The Secretary of Budget and Management shall report to the Senate Finance
28 Committee and the House Appropriations Committee, subject to § 2-1246 of the State
29 Government Article, no later than November 1, 1999, on the development of the plan
30 for recruiting and hiring welfare recipients, and annually thereafter on the number of
31 welfare recipients hired and retained by the principal departments within the
32 Executive Branch of State government.

33 SECTION ~~2.~~ 4.5. AND BE IT FURTHER ENACTED, That this Act shall take
34 effect July 1, 1999.

