

SENATE BILL 720

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01

1999 Regular Session
9lr2410

By: **Senator Madden**

Introduced and read first time: February 22, 1999

Assigned to: Rules

A BILL ENTITLED

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
18 assistance to certain employees; repealing certain provisions pertaining to a
19 certain consultant for the Pilot Program and to an employee who declines an
20 offer of employment with a private contractor; authorizing the Secretary to
21 expand child support enforcement demonstration sites to additional
22 jurisdictions; extending the termination date for the Child Support Enforcement
23 Privatization Pilot Program; making certain technical corrections; and generally
24 relating to the Department of Human Resources, the Family Investment
25 Program, and the Child Support Enforcement Privatization Pilot Program.

26 BY repealing and reenacting, with amendments,
27 Article 88A - Department of Human Resources
28 Section 1A and 3(a)
29 Annotated Code of Maryland
30 (1998 Replacement Volume)

31 BY repealing and reenacting, with amendments,
32 Article - Family Law

1 Section 10-119.1 and 10-119.2
2 Annotated Code of Maryland
3 (1999 Replacement Volume)

4 BY repealing and reenacting, with amendments,
5 Chapter 491 of the Acts of the General Assembly of 1995
6 Section 14

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

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

10 1A.

11 (a) The Family Investment Administration is established within the
12 Department of Human Resources. All of the powers, duties, and responsibilities
13 provided for the Social Services Administration in the following programs are
14 transferred to the Family Investment Administration: the Family Investment
15 Program and related cash benefit programs; public assistance to adults; emergency
16 assistance; food stamps; and medical assistance eligibility determinations. References
17 to the "Social Services Administration", "State Department", or "State
18 Administration" in the laws of this State that concern these programs are deemed to
19 mean the Family Investment Administration.

20 (b) The Secretary of Human Resources shall appoint an Executive Director of
21 Family Investment with the approval of the Governor. The Executive Director shall
22 be the head of the Family Investment Administration and shall hold office at the
23 pleasure of the Secretary of Human Resources. All powers, duties, and responsibilities
24 that pertain to programs transferred to the Family Investment Administration and
25 the personnel who administer them which are provided in the laws of this State for
26 the State Director of Social Services are transferred to the Executive Director of
27 Family Investment.

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

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

34 (1) DEVELOP A COMPREHENSIVE PROCESS TO:

35 (I) SYSTEMATICALLY ANALYZE CASH ASSISTANCE PAYMENT
36 ERRORS;

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

1 (III) MONITOR IMPLEMENTATION OF THE STRATEGIES;

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

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

8 3.

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

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

19 (3) (I) THE STATE DEPARTMENT SHALL CONDUCT OR SHALL
20 CONTRACT FOR AN ANNUAL FINANCIAL AND COMPLIANCE AUDIT OF EACH LOCAL
21 DEPARTMENT OF SOCIAL SERVICES AND SHALL PREPARE A WRITTEN REPORT OF
22 THE AUDIT FINDINGS.

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

25 **Article - Family Law**

26 10-119.1.

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

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

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

35 (1) locating absent parents;

36 (2) establishing paternities;

- 1 (3) establishing support orders;
- 2 (4) collecting and disbursing support payments;
- 3 (5) reviewing and modifying child support orders; and
- 4 (6) except for legal representation in accordance with § 10-115 of the
5 Family Law Article and as otherwise provided by law, enforcing support obligations.

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

7 (1)] adopt regulations that:

8 [(i)] (1) require the transfer of all aspects of child support
9 enforcement to one or more private contractors by November 1, 1996;

10 [(ii)] (2) provide for the reimbursement of any private contractor
11 [for all aspects of child support enforcement to be a percentage of the total amount of
12 child support collected by the private contractor];

13 [(iii)] (3) prohibit the cost of transferring child support enforcement
14 to private contractors as defined in item [(ii)] (2) of this [paragraph] SUBSECTION
15 from exceeding the Fiscal Year 1995 administrative cost per child support dollar
16 collected by the Child Support Enforcement Administration in the Pilot Program
17 areas;

18 [(iv)] (4) require any private contractor to offer employment upon
19 terms deemed by the Secretary to be fair and equitable to any FORMER STATE
20 employees WORKING FOR AN EXISTING CONTRACTOR who are affected by the transfer
21 of child support enforcement responsibilities under this section and to retain any
22 employees who accept the offer:

23 [1.] (I) for the duration of the Pilot Program unless there is
24 cause for dismissal; and

25 [2.] (II) at a salary and benefit level comparable to the salary
26 and benefits to which they were entitled at the time of the transfer;

27 [(v)] (5) require any private contractor to adopt a grievance
28 procedure for employees who are retained by the private contractor under [subitem
29 (iv) of this item] ITEM (4) OF THIS SUBSECTION; and

30 [(vi)] (6) prohibit the reimbursement of any private contractor from
31 child support collections; and

32 (2) assist an employee who declines an offer of employment with a
33 private contractor to identify a comparable position in the State Personnel
34 Management System to which the employee may transfer].

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

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

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

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

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

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

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

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

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

18 (h) An employee who declines an offer of employment with a private contractor
19 under this section shall be considered laid off and shall be entitled to all rights
20 specified under Title 11, Subtitle 2 of the State Personnel and Pensions Article.]

21 10-119.2.

22 (a) In this section, "demonstration site" means [the] A jurisdiction selected by
23 the Secretary of Human Resources to compete against privatized jurisdictions in
24 providing child support enforcement services.

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

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

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

36 (1) location of parents;

- 1 (2) establishing paternities;
- 2 (3) establishing child support orders;
- 3 (4) collecting and disbursing support payments;
- 4 (5) reviewing and modifying child support orders;
- 5 (6) enforcing support obligations;
- 6 (7) providing legal representation to clients; and
- 7 (8) establishing contractual agreements with private or public entities to
- 8 provide child support services.

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

13 (f) (1) Notwithstanding any other provision of law, all employees hired in
14 [the] A demonstration site after [October 1, 1995] A DATE DETERMINED BY THE
15 SECRETARY shall be in the management service or special appointments in the State
16 Personnel Management System.

17 (2) If a position in [the] A demonstration site is held by a classified
18 service employee on [September 30, 1995] A DATE DETERMINED BY THE SECRETARY
19 UNDER PARAGRAPH (1) OF THIS SUBSECTION, the position remains a classified
20 service position or its equivalent in the State Personnel Management System until
21 the position becomes vacant, at which time the position shall become a management
22 service or special appointment position.

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

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

27 **Chapter 491 of the Acts of 1995**

28 SECTION 14. AND BE IT FURTHER ENACTED, That Section 3 of this Act
29 shall remain effective for the period of [4] 8 years AND 4 MONTHS and, at the end of
30 [June 30, 1999] OCTOBER 31, 2003, and with no further action required by the
31 General Assembly, Section 3 of this Act shall be abrogated and of no further force and
32 effect.

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