
By: **Senator Madden**
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Senate action: Adopted
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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~~
18 ~~assistance to certain employees; repealing certain provisions~~ repealing a certain
19 provision pertaining to a certain consultant for the Pilot Program ~~and to an~~
20 ~~employee who declines an offer of employment with a private contractor;~~
21 authorizing the Secretary, in consultation with the director of a certain local
22 department of social services, to expand child support enforcement
23 demonstration sites to additional jurisdictions; extending the termination date
24 for the Child Support Enforcement Privatization Pilot Program; making certain
25 technical corrections; stating the intent of the General Assembly with regard to
26 certain demonstration sites and with regard to continuation of Medicaid
27 benefits under certain circumstances; requiring the Department of Human

1 Resources to submit a certain report; and generally relating to the Department
2 of Human Resources, the Family Investment Program, and the Child Support
3 Enforcement Privatization Pilot Program.

4 BY repealing and reenacting, with amendments,
5 Article 88A - Department of Human Resources
6 Section 1A and 3(a)
7 Annotated Code of Maryland
8 (1998 Replacement Volume)

9 BY repealing and reenacting, with amendments,
10 Article - Family Law
11 Section 10-119.1 and 10-119.2
12 Annotated Code of Maryland
13 (1999 Replacement Volume)

14 BY repealing and reenacting, with amendments,
15 Chapter 491 of the Acts of the General Assembly of 1995
16 Section 14

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

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

20 1A.

21 (a) The Family Investment Administration is established within the
22 Department of Human Resources. All of the powers, duties, and responsibilities
23 provided for the Social Services Administration in the following programs are
24 transferred to the Family Investment Administration: the Family Investment
25 Program and related cash benefit programs; public assistance to adults; emergency
26 assistance; food stamps; and medical assistance eligibility determinations. References
27 to the "Social Services Administration", "State Department", or "State
28 Administration" in the laws of this State that concern these programs are deemed to
29 mean the Family Investment Administration.

30 (b) The Secretary of Human Resources shall appoint an Executive Director of
31 Family Investment with the approval of the Governor. The Executive Director shall
32 be the head of the Family Investment Administration and shall hold office at the
33 pleasure of the Secretary of Human Resources. All powers, duties, and responsibilities
34 that pertain to programs transferred to the Family Investment Administration and
35 the personnel who administer them which are provided in the laws of this State for
36 the State Director of Social Services are transferred to the Executive Director of
37 Family Investment.

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

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

7 (1) DEVELOP A COMPREHENSIVE PROCESS TO:

8 (I) SYSTEMATICALLY ANALYZE CASH ASSISTANCE PAYMENT
9 ERRORS;

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

12 (III) MONITOR IMPLEMENTATION OF THE STRATEGIES;

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

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

19 3.

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

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

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

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

Article - Family Law

10-119.1.

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

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

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

(1) locating absent parents;

(2) establishing paternities;

(3) establishing support orders;

(4) collecting and disbursing support payments;

(5) reviewing and modifying child support orders; and

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

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

(1) adopt regulations that:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

32 ~~(H)~~ (G) An employee who declines an offer of employment with a private
33 contractor under this section shall be considered laid off and shall be entitled to all
34 rights specified under Title 11, Subtitle 2 of the State Personnel and Pensions
35 Article. }

1 10-119.2.

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

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

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

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

- 17 (1) location of parents;
- 18 (2) establishing paternities;
- 19 (3) establishing child support orders;
- 20 (4) collecting and disbursing support payments;
- 21 (5) reviewing and modifying child support orders;
- 22 (6) enforcing support obligations;
- 23 (7) providing legal representation to clients; and
- 24 (8) establishing contractual agreements with private or public entities to
25 provide child support services.

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

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

34 (2) If a position in [the] A demonstration site is held by a classified
35 service employee on [September 30, 1995] A DATE DETERMINED BY THE SECRETARY
36 UNDER PARAGRAPH (1) OF THIS SUBSECTION, the position remains a classified

1 service position or its equivalent in the State Personnel Management System until
2 the position becomes vacant, at which time the position shall become a management
3 service or special appointment position.

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

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

8 **Chapter 491 of the Acts of 1995**

9 SECTION 14. AND BE IT FURTHER ENACTED, That Section 3 of this Act
10 shall remain effective for the period of [4] 8 years AND 4 MONTHS and, at the end of
11 [June 30, 1999] OCTOBER 31, ~~2003~~, 2002, and with no further action required by the
12 General Assembly, Section 3 of this Act shall be abrogated and of no further force and
13 effect.

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

17 SECTION 3. AND IT BE FURTHER ENACTED, That it is the intent of the
18 General Assembly that local departments of social services notify families losing
19 Temporary Cash Assistance benefits that they may continue to qualify for Medicaid.
20 The Department of Human Resources shall report to the Governor and, subject to §
21 2-1246 of the State Government Article, to the General Assembly on or before
22 September 1, 1999 on:

23 (a) the number of individuals who continue to qualify for Medicaid after losing
24 their Temporary Cash Assistance, in relation to the total number of individuals losing
25 Temporary Cash Assistance; and

26 (b) the specific actions taken to ensure families losing Temporary Cash
27 Assistance are aware that they may continue to qualify for Medicaid.

28 SECTION ~~2. 4.~~ AND BE IT FURTHER ENACTED, That this Act shall take
29 effect July 1, 1999.