

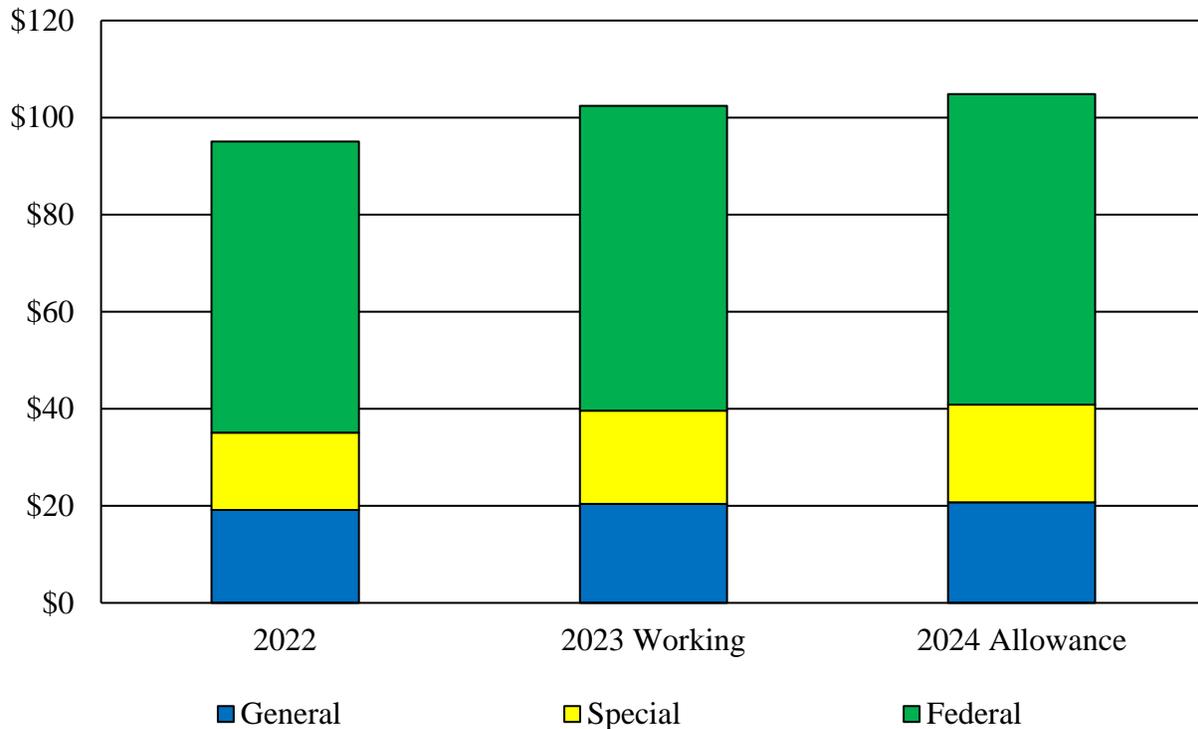
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Child Support Administration
Department of Human Services

Program Description

The Department of Human Services (DHS) Child Support Administration (CSA) administers child support services through the local departments of social services (LDSS) and other offices, provides technical assistance, formulates policy, develops and implements new programs, and ensures compliance with federal and State regulations and policy. CSA also operates several centralized programs related to locating noncustodial parents, collecting and disbursing child support payments, processing interstate cases, and enforcing support orders. The key goal of CSA is to enable, encourage, and enforce parental responsibility.

Operating Budget Summary

Fiscal 2024 Budget Increases \$2.5 Million, or 2.4%, to \$104.9 Million
(\$ in Millions)



Note: The fiscal 2023 working appropriation includes deficiency appropriations including this agency’s share of a deficiency appropriation budgeted in the Statewide Account within the Department of Budget and Management (DBM). Fiscal 2024 salary enhancements are budgeted in the Statewide Account within DBM.

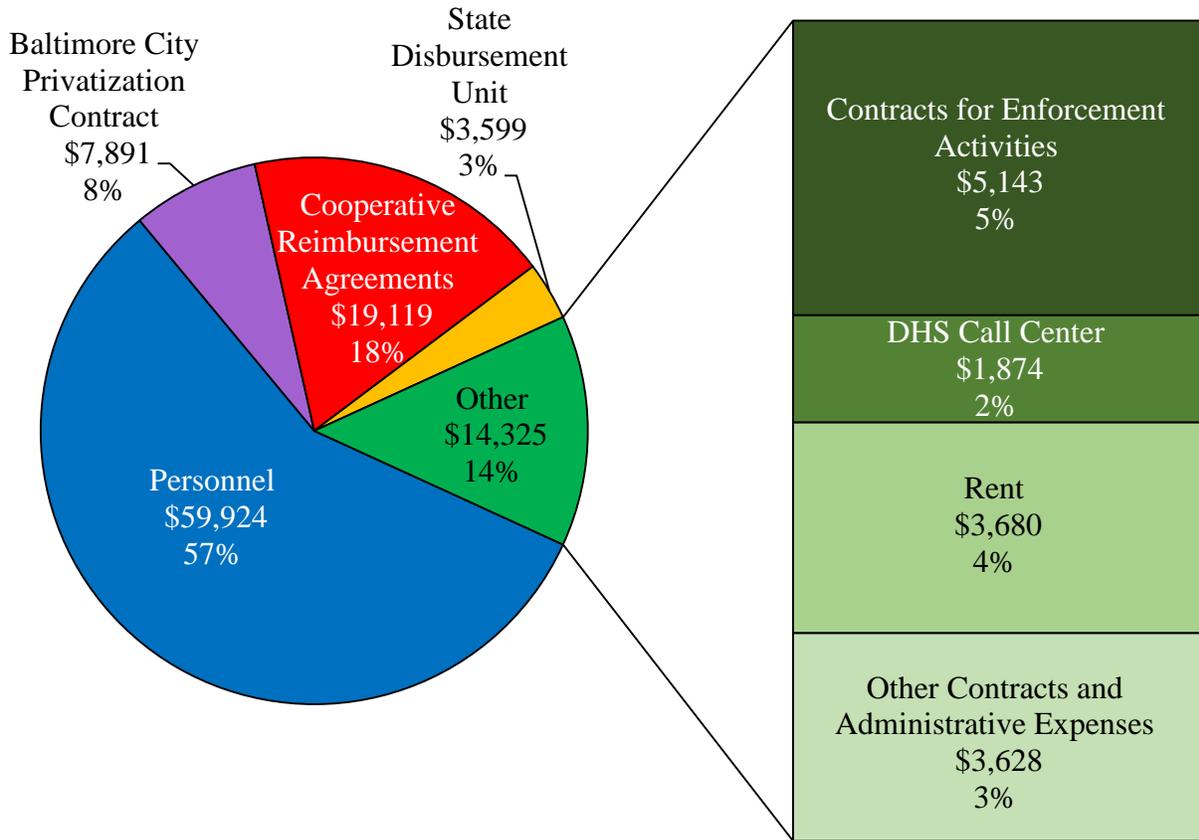
For further information contact: Naomi Komuro

Naomi.Komuro@mlis.state.md.us

Fiscal 2024 Overview of Agency Spending

As shown in **Exhibit 1**, the total fiscal 2024 allowance for CSA is \$104.9 million. The largest share of the budget (57%) is comprised of personnel, most of whom staff the local offices administering child support services. Cooperative reimbursement agreements between local jurisdictions and the State Attorney’s Office, Magistrate Office, and Sheriff’s Office, make up 18% (\$19 million) of the allowance. These agreements provide federal funding for functions related to establishing, reviewing, and enforcing child support orders. Baltimore City administers child support services through a private organization, and the fiscal 2024 allowance includes \$7.9 million for that contract.

Exhibit 1
Overview of Agency Spending
Fiscal 2024 Allowance
(\$ in Thousands)



Source: Governor’s Fiscal 2024 Budget Books

Note: The fiscal 2024 allowance does not reflect salary enhancements that are budgeted in the Statewide Account within the Department of Budget and Management.

Proposed Budget Change

As shown in **Exhibit 2**, the primary drivers of the budget increase are personnel expenditures, including adjustments for the 4.5% cost-of-living adjustment implemented in November 2022. The fiscal 2024 allowance also includes \$1.1 million for a contract for supplemental information technology (IT) staff to support infrastructure updates to child support services data systems, which was not funded in the fiscal 2023 working appropriation. This increase aligns the fiscal 2024 allowance with recent experience to support enterprise technology systems for CSA. Other changes include decreases for the State Disbursement Unit (\$512,320) and the DHS Call Center (\$557,096), due to lower service levels. Local office closures during the COVID-19 pandemic increased the workload at both the State Disbursement Unit, which began receiving mail previously received by local offices, and the central DHS Call Center, which began fielding calls previously received by local offices. During the pandemic, the call center also experienced a higher number of calls related to the interception of income from stimulus payments and unemployment insurance (UI) benefits. Returning to more typical operations will result in a decrease in fiscal 2024 expenditures.

Exhibit 2
Proposed Budget
Department of Human Services – Child Support Administration
(\$ in Thousands)

How Much It Grows:	General Fund	Special Fund	Federal Fund	Total
Fiscal 2022 Actual	\$19,122	\$15,946	\$60,018	\$95,087
Fiscal 2023 Working Appropriation	20,418	19,162	62,827	102,407
Fiscal 2024 Allowance	<u>20,739</u>	<u>20,111</u>	<u>64,007</u>	<u>104,858</u>
Fiscal 2023-2024 Amount Change	\$321	\$949	\$1,181	\$2,451
Fiscal 2023-2024 Percent Change	1.6%	5.0%	1.9%	2.4%

Where It Goes:	<u>Change</u>
Personnel Expenses	
Employee and retiree health insurance	\$1,392
Annualization of 4.5% cost-of-living-adjustment provided in November 2022	630
Minimum step increase for certain classifications effective November 2022	478
Other fringe benefits	170
Overtime wages	12
Turnover expectancy increases from 6.97% to 7.12%	-78
Salaries and wages	-143

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Where It Goes:	<u>Change</u>
Child Support Services	
Increased federal fees for federal parental location service and federal tax refund intercept services for overdue child support payments.....	189
Decreased federal fees for Interstate Child Support Network system.....	-72
No-cost continuation of intercept services of State tax refunds and unemployment insurance benefits for overdue child support payments due to delay in completion of new sharing agreements with the Comptroller’s Office.....	-180
Information and referral services through the State call center.....	-512
State Disbursement Unit expenses returning to prepandemic contract level due to resumed operation of local offices.....	-557
Other Changes	
Supplemental information technology contract to support child support services data systems.....	1,085
Cellphone usage for remote employees.....	92
Other changes.....	5
Office supplies.....	-62
Total	\$2,451

Note: Numbers may not sum to total due to rounding. The fiscal 2023 working appropriation includes deficiency appropriations including this agency’s share of a deficiency appropriation budgeted in the Statewide Account within the Department of Budget and Management (DBM). Fiscal 2024 salary enhancements are budgeted in the Statewide Account within DBM.

Personnel Data

	<u>FY 22</u>	<u>FY 23</u>	<u>FY 24</u>	<u>FY 23-24</u>
	<u>Actual</u>	<u>Working</u>	<u>Allowance</u>	<u>Change</u>
Regular Positions	652.20	652.20	652.20	0.00
Contractual FTEs	<u>19.93</u>	<u>1.00</u>	<u>1.00</u>	<u>0.00</u>
Total Personnel	672.13	653.20	653.20	0.00

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	46.44	7.12%
Positions and Percentage Vacant as of 12/31/22	85.50	13.11%
Vacancies Above Turnover	39.06	

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- As of December 31, 2022, CSA had 39.06 more vacant positions than needed to meet the fiscal 2024 budget turnover rate. Of the 85.5 vacant positions, 53 became vacant in the prior six months, and 8 have been vacant for more than one year. DHS has been experiencing high vacancy rates departmentwide in recent years. Further discussion of the department’s high vacancies and recruitment efforts can be found in the analysis for DHS – Administration – N00A.
- Of the total 85.5 vacancies under CSA, 61 are child support specialist positions. Each of the positions in the child support specialist classification received salary adjustments per the DHS-wide compensation plan implemented November 15, 2022. This action applied to both existing positions and newly filled positions and is intended to increase recruitment and retention. In fiscal 2023, this cost is budgeted with savings from higher than budgeted vacancies. In fiscal 2024, additional funds of approximately \$478,000 support the compensation for the higher minimum step.

Key Observations

1. Child Support Performance

The Child Support Reinvestment Fund is a special fund comprised of federal incentive payments allocated to states based on performance against five measures set by the U.S. Department of Health and Human Services (HHS) Office of Child Support Enforcement. This revenue can be used to replace general and federal funds allocated to child support service activities. The five areas in which HHS sets goals for are:

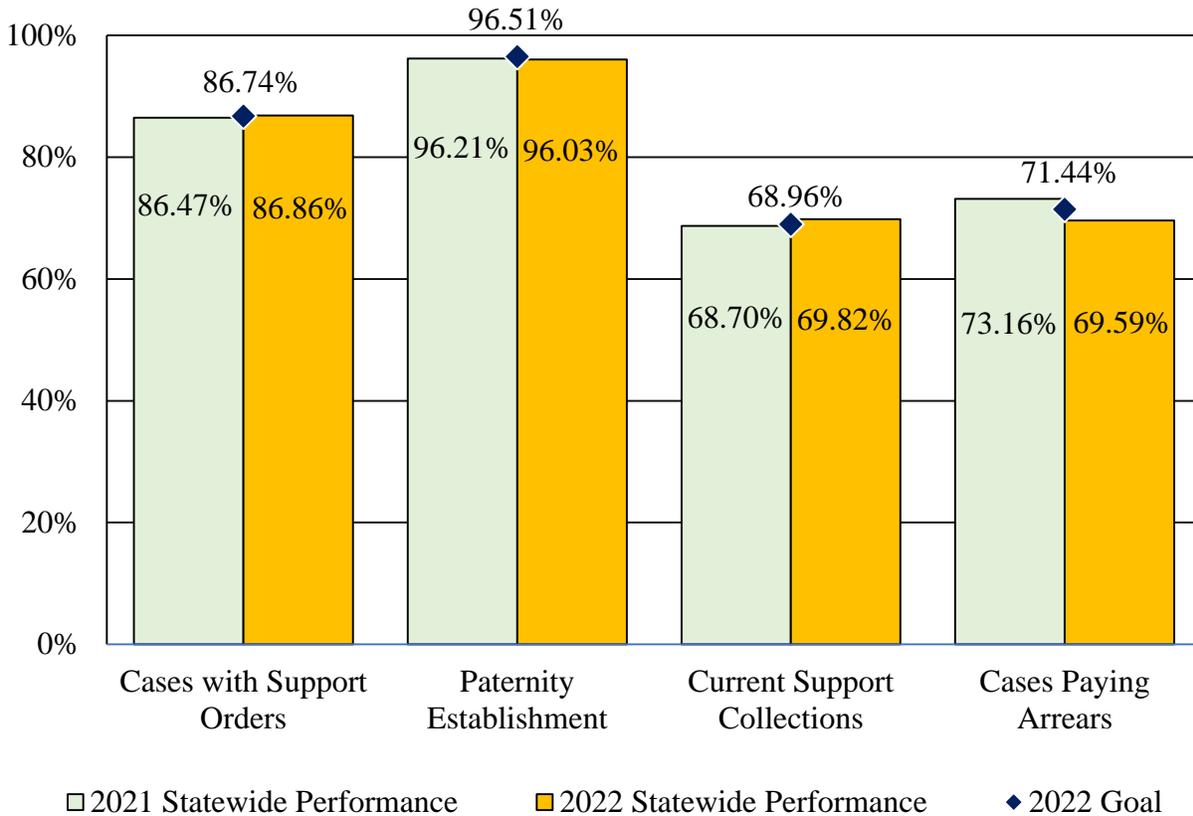
- establishment of child support orders are active and valid;
- establishment of paternity;
- collections on current support due;
- collections on arrears; and
- cost effectiveness of State services.

Federal incentive revenue is received two years following the year of performance on which payments are based. Therefore, \$10.9 million in anticipated State fiscal 2024 special fund incentive revenue represents payments awarded based on the agency's federal fiscal 2022 performance. DHS is authorized to carry a balance of incentive payments across fiscal years to cover any gaps between revenue and expenditures. The closing federal fiscal 2022 balance was \$13.1 million. Committee narrative in the 2022 *Joint Chairmen's Report (JCR)* requested that DHS submit three periodic reports on statewide and local performance toward achieving four of the federal incentive goals (support order establishment, paternity establishment, collections on current support due, and collections on arrears).

Statewide Performance

As shown in **Exhibit 3**, statewide federal fiscal 2022 service performance stayed fairly level with federal fiscal 2021 levels. Performance was higher for cases with support orders (0.39 percentage points higher) and the percentage of current support paid (1.12 percentage points higher), while the percentage of cases with paternity established were slightly lower (0.18 percentage points). The percentage of cases collecting on arrears decreased between federal fiscal 2021 and 2022, by 3.57 percentage points. Federal fiscal 2022 performance met two of the four federal incentive goals: cases with support orders; and cases collecting on current support.

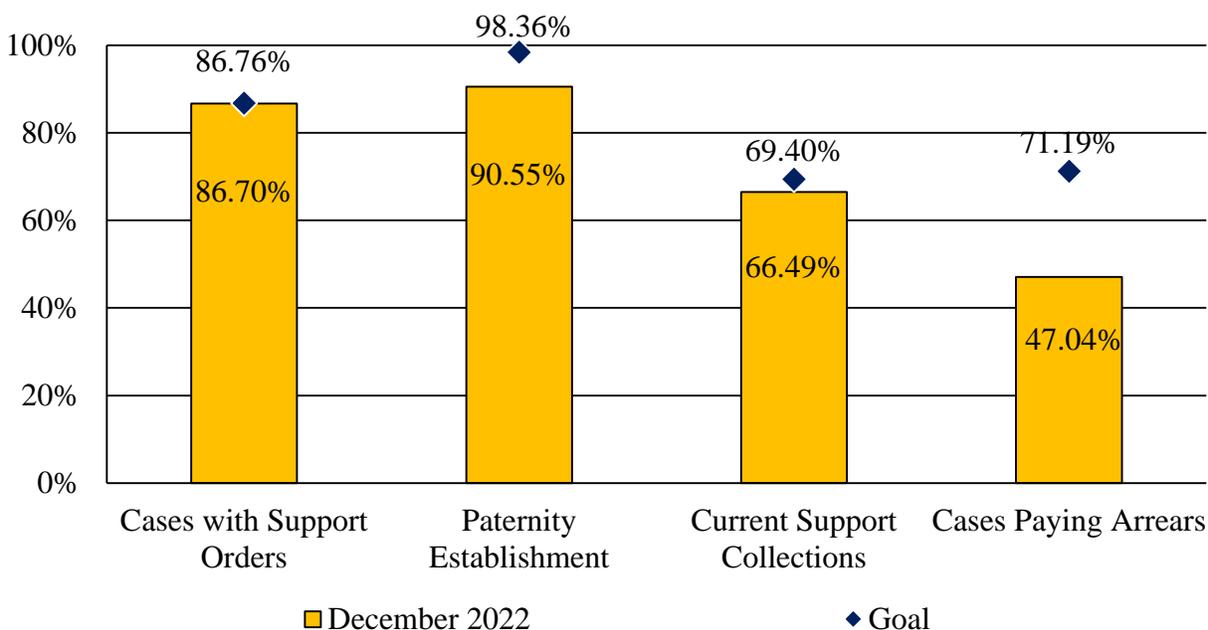
**Exhibit 3
Statewide Performance and Goals
Federal Fiscal 2021-2022**



Source: Department of Human Services; Governor’s Fiscal 2024 Budget Books

DHS provided performance data for quarter one of federal fiscal 2023 in its most recent JCR response submitted February 2023. As of December 2022, CSA service performance fell below federal fiscal 2023 goals. As shown in **Exhibit 4**, the percentage of cases in which CSA established child support orders (86.70%) nearly equaled the goal of 86.76%. The current support paid, paternity establishment, and cases with arrears for which a payment is received are each below the federal fiscal 2022 goal. The largest gap is in the percentage of cases paying on arrears (47.04%) and the corresponding goal (71.19%). However, this data point is a cumulative measure that increases throughout the year, and thus quarter one data is expected to be low.

Exhibit 4
Statewide Performance and Goals
Federal Fiscal 2023 (September to December 2022)



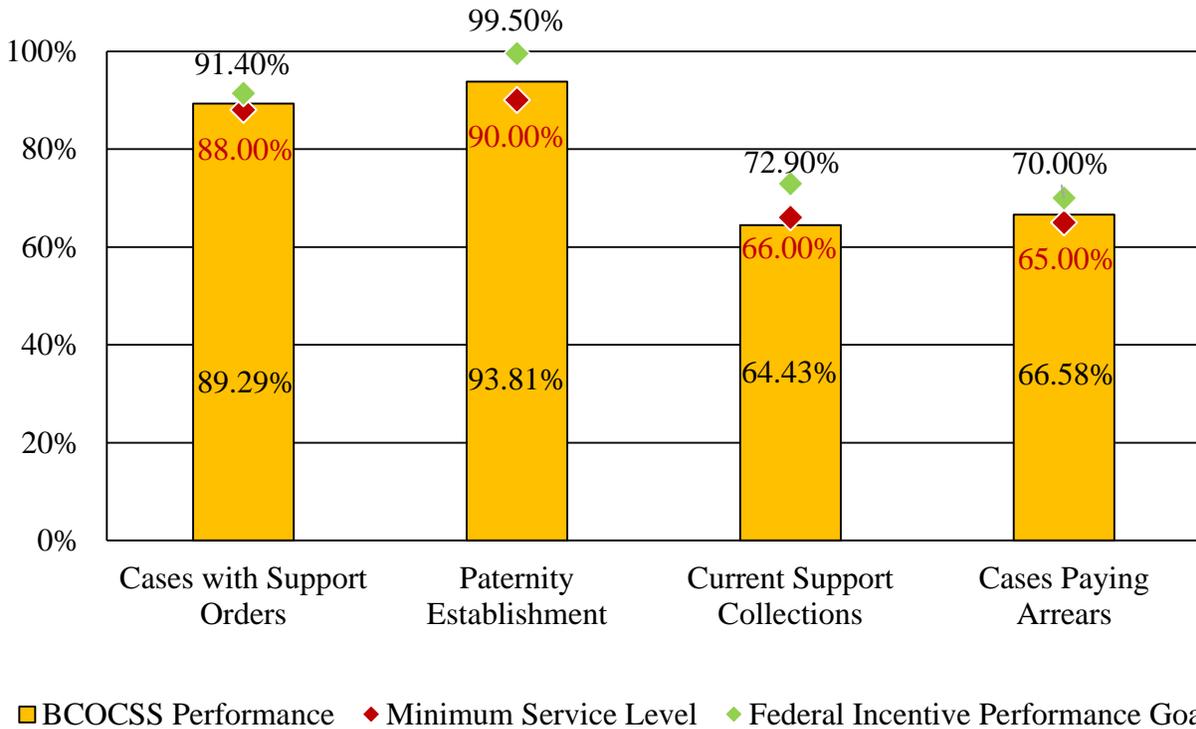
Source: Department of Human Services

Baltimore City Performance

DHS contracts with a private vendor to operate the Baltimore City Office of Child Support Services (BCOCSS). The current contract with Veritas, LLC would have expired February 28, 2023, under the second of two authorized renewals of the contract. DHS has experienced delays completing a new procurement process and plans to release the request for proposals by the end of March 2023. To ensure no gaps in service delivery, DHS proposed extending the existing contract with Veritas through February 29, 2024, and the contract was approved at the February 15, 2023 Board of Public Works meeting.

BCOCSS carries the highest caseload of child support cases of all Maryland jurisdictions. Under the terms of the contract, the BCOCSS vendor is eligible to receive a \$100,000 incentive payment for each incentive performance goal achieved, if all minimum service levels are met. If the minimum service level is not met, a \$100,000 penalty is assessed to the vendor. As shown in **Exhibit 5**, BCOCSS performance levels in federal fiscal 2022 surpassed the minimum required levels of service in three out of four categories, but the office did not reach federal incentive levels in any of the four performance measures. **DHS should discuss whether a penalty was assessed for the missed minimum required service level.**

**Exhibit 5
BCOCCS Performance and Goals
Federal Fiscal 2022**

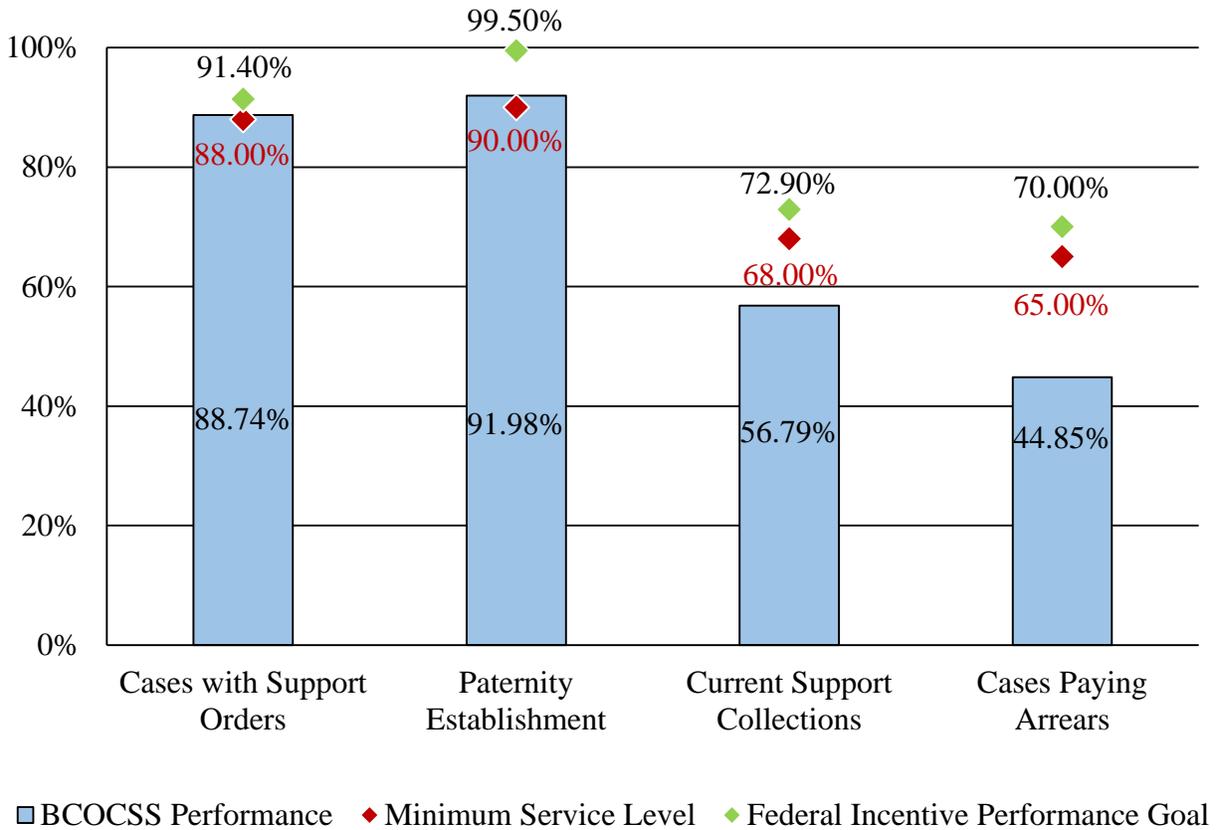


BCOCCS: Baltimore City Office of Child Support Services

Source: Department of Human Services

In a report on child support performance submitted in February 2023, DHS included performance data specific to Baltimore City as of December 2022. As shown in **Exhibit 6**, BCOCCS has met two out four performance requirements in the first quarter of federal fiscal 2023. Cases collecting on current support and cases collected on arrears fall below the minimum service requirements; however, as noted previously, because the measure is cumulative, efforts for the remainder of federal fiscal 2023 will likely improve performance compared to the first quarter alone. Similarly, BCOCCS performance for federal fiscal 2023 falls below the federal incentive goal levels but could improve as the year progresses.

**Exhibit 6
First Quarter BCOCSS Performance and Goals
Federal Fiscal 2023 (September to December 2022)**



BCOCSS: Baltimore City Office of Child Support Services

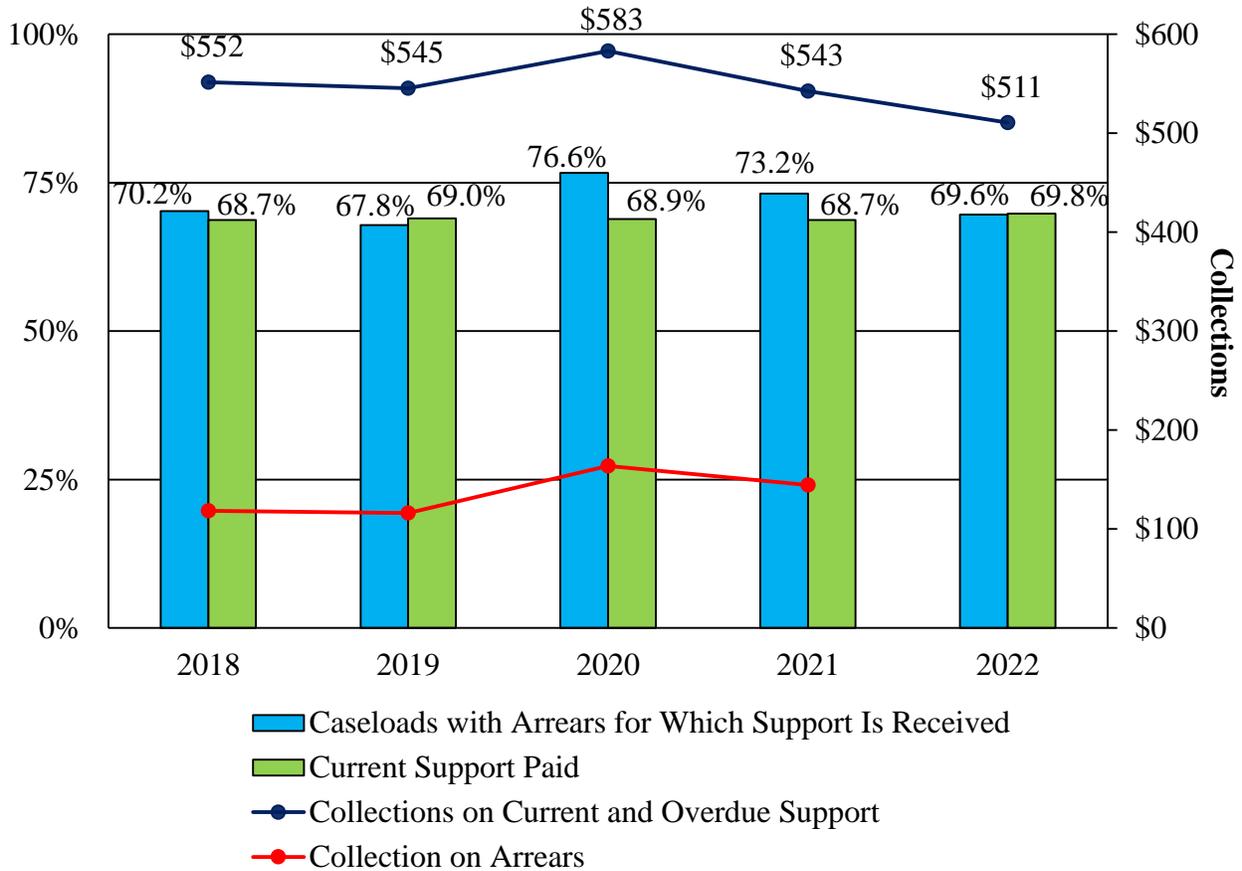
Source: Department of Human Services

Collections on Current and Overdue Support

Although not a part of the federal incentive payment structure, the amount of child support that the State is able to collect and distribute provides an additional indicator of the extent to which CSA is meeting its objectives. State collections on total current support due and arrears reached a high of \$583 million in federal fiscal 2020, in part due to the increased collection on arrears. During this time, States could intercept income from certain stimulus payments along with the expanded UI benefits, enabling more opportunities to collect payments on arrears. Stimulus measures authorizing expanded UI benefits expired September 2021. In addition, only one of the stimulus payments was authorized to be intercepted for child support collections.

As shown in **Exhibit 7**, between federal fiscal 2019 and 2020, the percentage of cases for which arrearage payments were received increased by 8.78 percentage points, and collections on arrears increased by \$48 million. Both measures declined in federal fiscal 2021 by 3.46 percentage points and \$19 million, respectively. While data is not yet available for federal fiscal 2022 collections on arrears, total collections and percentage of cases receiving payments on arrears both declined from federal fiscal 2021 levels. Federal fiscal 2022 collections on current support and arrears drops below pre-pandemic levels in federal fiscal 2018 and 2019.

Exhibit 7
Collections on Current Support and Arrears
Federal Fiscal 2018-2022
(\$ in Millions)



Note: Collections on arrears while shown in a separate line is also part of the cumulative collections total.

Source: Department of Budget and Management; U.S. Department of Health and Human Services Office of Child Support Enforcement

DHS has previously reported that the agency’s transition to a new child support data system would increase staff efficiency and effectiveness, presumably resulting in higher performance outputs. DHS replaced the legacy IT system, the Child Support Management System (CSMS), in September 2022, and are onboarding staff to the new system. Details about the transition are discussed in Key Observation 2. **The Department of Legislative Services (DLS) recommends adopting committee narrative requesting periodic reports on CSA’s performance against the federal incentive objectives and utilization of the new CSMS.**

2. Transition to New Child Services Data System

The legacy child support enforcement system was decommissioned in September 2022, and the new CSMS has been deployed as part of the Maryland Total Human-services Integrated Network (MD THINK) platform. To onboard staff with the new system, DHS created and shared videos about process changes prior to the system deployment. Individual jurisdictions transitioned onto the new system gradually, and staff received live instruction to support their learning. As of June 30, 2022, 271 LDSS staff had been trained on the new system, and 372 were awaiting training. **Exhibit 8** shows the number of staff trained and awaiting training as of June 30, 2022, by each jurisdiction. **DHS should comment on the number of staff that have been trained and are awaiting training as of January 1, 2023.**

Exhibit 8
CSMS Staff Training
As of June 30, 2022

<u>Jurisdiction</u>	<u>Trained</u>	<u>To Be Trained</u>
Allegany	15	
Anne Arundel	46	
Baltimore City		139
Baltimore Co.	54	
Calvert		9
Caroline	12	
Carroll	24	
Cecil	11	
Charles		18
Dorchester		13
Frederick	13	
Garrett	6	
Harford	34	
Howard	13	
Kent	5	
Montgomery		41
Prince George's		106
Queen Anne's	6	
Saint Mary's		13
Somerset		7
Talbot	9	
Washington	23	
Wicomico		17
Worcester		9
Total	271	372

CSMS: Child Support Management System

Note: Highlighted jurisdictions are awaiting CSMS training as of June 30, 2022.

Source: Department of Human Services

Committee narrative in the 2022 JCR requested that DHS discuss the major improvements and setbacks of the new CSMS. DHS reported that the greatest value of the new CSMS is the interoperability of the system with related data systems, streamlining users' experiences to complete tasks that previously required access into multiple systems. CSMS also now automates multiple routine processes, including account opening, case closure, and fiscal processing, which

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decreases staff workload and reduces the risk of errors. The new interface and automation also ease CSA's ability to share information and data across the agency and with relevant partners. As with the legacy system, the new CSMS can apply automation to enforcement actions, including reporting delinquency to the credit bureau or the Motor Vehicle Administration and payment interception of federal and state income tax refunds, UI, and workers' compensation.

For clients, CSA notes the following benefits achieved with the new system:

- faster and easier online child support applications;
- reduced case processing time and faster receipt of benefits;
- ability to apply for multiple benefits, including case and food assistance, due to the integration with MD THINK; and
- real-time information access.

Operating Budget Recommended Actions

1. 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 falling behind the federal performance goals in each of the five areas. Considering CSA's recent 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 to understand how this new system is helping CSA achieve its performance goals.

The committees request that DHS submit three reports on performance using data as of June 30, 2023; September 30, 2023; and December 31, 2023. Each report should include the following:

- 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;
- specific tasks related to each of the five performance measures that are streamlined, made more efficient, or made more complicated by the new CSMS; and
- the number of staff in each jurisdiction who have been trained and those who have yet to be trained in the new CSMS.

Information Request	Author	Due Date
Child support performance reports	DHS	August 15, 2023 November 15, 2023 February 15, 2024

Appendix 1 2022 Joint Chairmen’s Report Responses from Agency

The 2022 JCR requested that DHS prepare four reports. Electronic copies of the full JCR responses can be found on the DLS Library website.

- **Report on State Enforcement Measures:** CSA submitted a report December 1, 2022, with data on CSA’s automated and manual enforcement of child support payments. Further discussion of enforcement and utility of the new CSMS in this area is included in Key Observation 2 of this analysis.
- **Child Support Services Performance Reports:** As of this writing, CSA had submitted two out of three required reports and is expected to submit the final service performance report by May 1, 2023. Performance data is discussed in Key Observation 1 of this analysis.
- **Participation in the Child Support Lien Network (CSLN):** The national CSLN enables states to work with insurance companies to match personal injury and workers’ compensation insurance claimants against individuals who owe past-due child support. DHS indicated in its 2022 session testimony that it intends to pursue participation with CSLN and incorporate liens against 25% of the sum of awards received by claimants. DHS submitted a report on December 1, 2022, outlining CSA’s plan to transition to the CSLN, dependent on the passage of legislation authorizing DHS to intercept overdue child support payments from workers’ compensation claims. DHS reported that it plans to begin conversations with the Maryland Insurance Administration to discuss how the department can forge partnerships with insurance companies in the State and can conduct formal outreach to insurance companies once it has procured the CSLN service. DHS also reported that participation in CSLN or a similar service would cost the department between \$80,000 and \$150,000 in annual expenditures and result in approximately \$3 million annually in collections.
- **Implementation of CSMS:** CSA submitted a report on July 15, 2022, discussing the training process for CSMS, including data on trained staff. CSMS is discussed briefly in Key Observation 2 of this analysis.

Appendix 2
Object/Fund Difference Report
Department of Human Services – Child Support Administration

<u>Object/Fund</u>	<u>FY 22 Actual</u>	<u>FY 23 Working Appropriation</u>	<u>FY 24 Allowance</u>	<u>FY 23 - FY 24 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	652.20	652.20	652.20	0.00	0%
02 Contractual	19.93	1.00	1.00	0.00	0%
Total Positions	672.13	653.20	653.20	0.00	0%
Objects					
01 Salaries and Wages	\$ 52,310,870	\$ 56,140,102	\$ 59,862,589	\$ 3,722,487	6.6%
02 Technical and Special Fees	779,097	66,271	61,158	-5,113	-7.7%
03 Communication	572,483	370,912	470,816	99,904	26.9%
04 Travel	25,382	93,831	49,675	-44,156	-47.1%
06 Fuel and Utilities	110,757	77,859	101,301	23,442	30.1%
07 Motor Vehicles	48,516	33,616	43,041	9,425	28.0%
08 Contractual Services	36,161,486	40,193,518	40,152,613	-40,905	-0.1%
09 Supplies and Materials	310,046	456,266	394,723	-61,543	-13.5%
10 Equipment – Replacement	87,619	0	0	0	0.0%
11 Equipment – Additional	3,317	0	0	0	0.0%
12 Grants, Subsidies, and Contributions	7,810	1,140	1,765	625	54.8%
13 Fixed Charges	4,669,529	3,711,687	3,720,323	8,636	0.2%
Total Objects	\$ 95,086,912	\$ 101,145,202	\$ 104,858,004	\$ 3,712,802	3.7%
Funds					
01 General Fund	\$ 19,122,383	\$ 20,036,947	\$ 20,739,410	\$ 702,463	3.5%
03 Special Fund	15,946,071	18,998,982	20,111,345	1,112,363	5.9%
05 Federal Fund	60,018,458	62,109,273	64,007,249	1,897,976	3.1%
Total Funds	\$ 95,086,912	\$ 101,145,202	\$ 104,858,004	\$ 3,712,802	3.7%

Note: The fiscal 2023 appropriation does not include deficiencies. The fiscal 2024 allowance does not include salary adjustments budgeted within the Department of Budget and Management.