

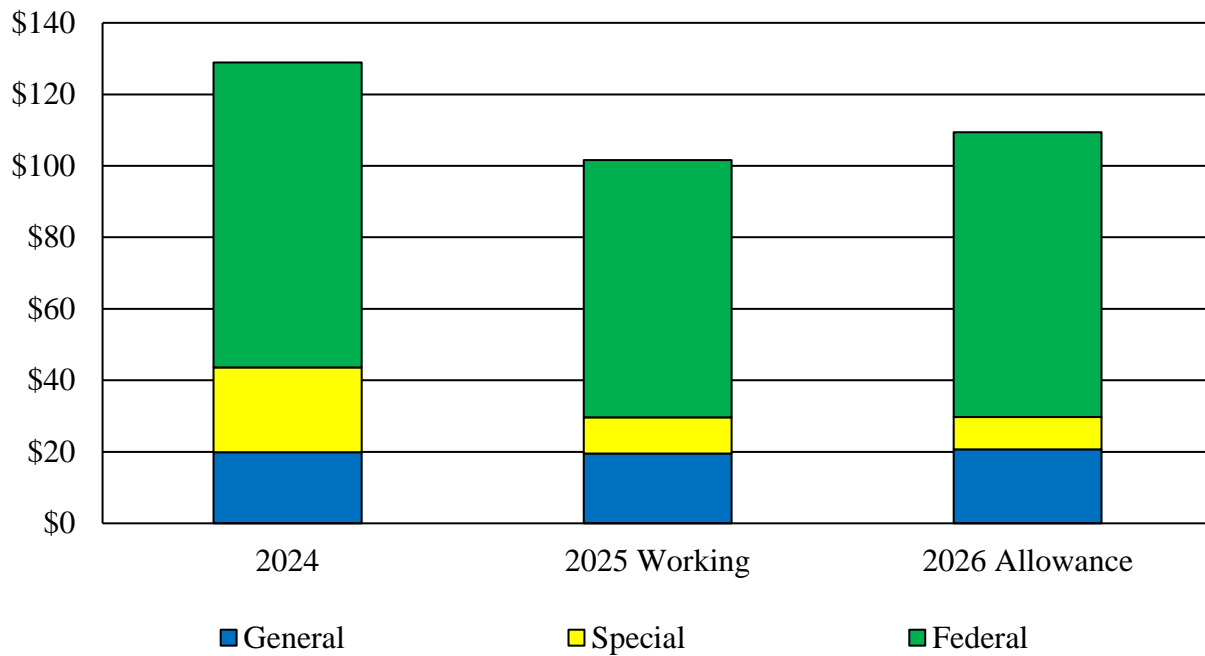
N00H00
Child Support Administration
Department of Human Resources

Program Description

The Department of Human Services (DHS) Child Support Administration (CSA) administers child support services through the local departments of social services 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 2026 Budget Increases \$7.7 Million, or 7.6%, to \$109.4 Million
(\$ In Millions)



Note: The fiscal 2025 impacts of statewide salary adjustments are centrally budgeted in the Department of Budget and Management (DBM), and adjustments are not reflected in this agency’s budget. The fiscal 2026 impacts of the fiscal 2025 statewide salary adjustments appear in this agency’s budget. The fiscal 2026 statewide salary adjustments are centrally budgeted in DBM and are not included in this agency’s budget.

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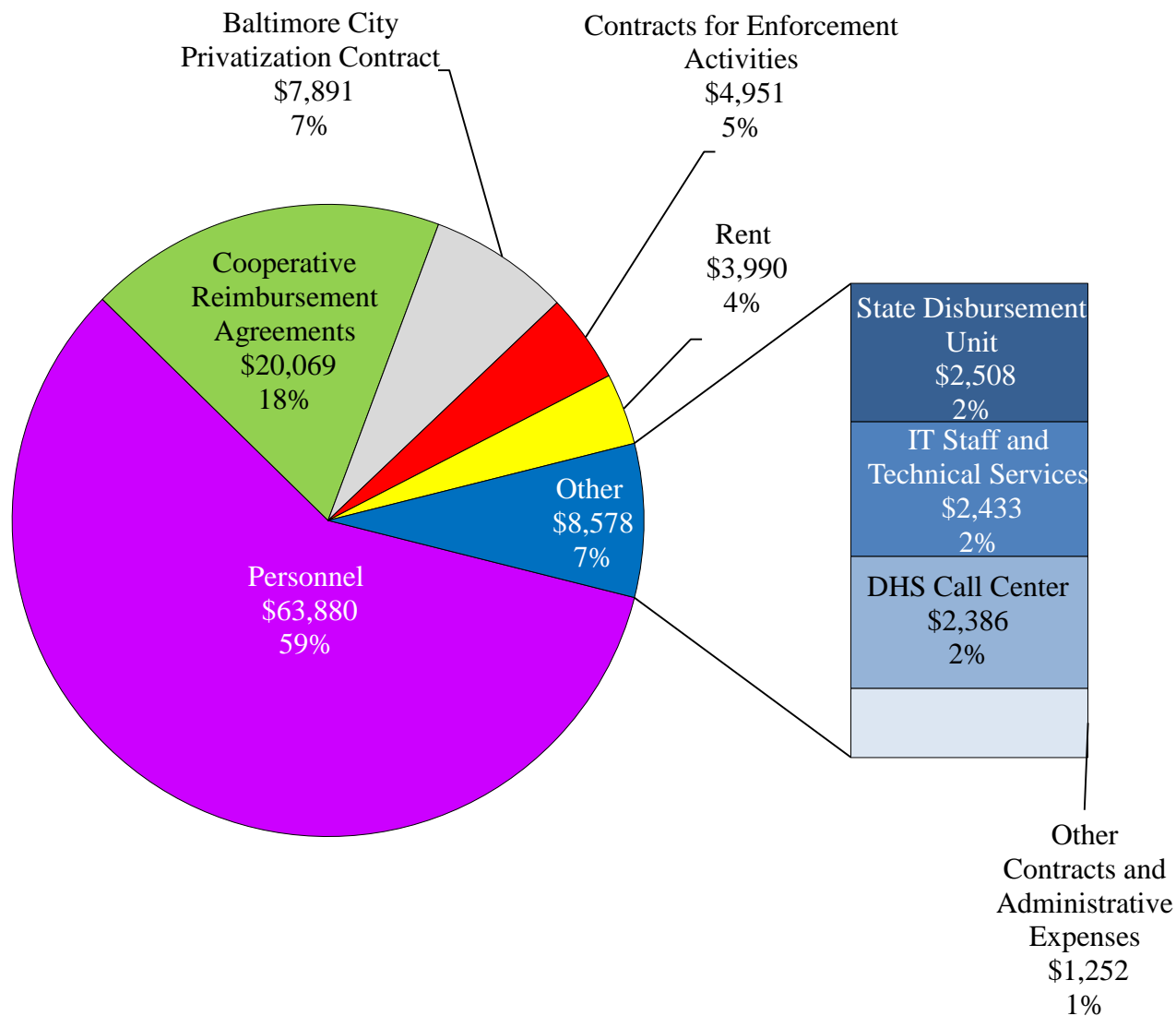
N00H00 – DHS – Child Support Administration

- The fiscal 2026 allowance increases by \$7.7 million compared to the fiscal 2025 working appropriation. This increase is primarily driven by a \$5.5 million increase in cooperative reimbursement agreements, aligning the appropriation with expected expenditures, and \$2.8 million in salary increases also contribute to the overall growth in the allowance.
- In addition to the overall increase, for the second consecutive year, the fiscal 2026 allowance reflects a significant shift in fund sources. Federal funds increase by \$7.7 million primarily due to the cooperative reimbursement agreement funding that receives only federal funds, which is coupled with an increase of \$1.2 million in general funds for personnel expenses and a decrease of \$1.2 million in special funds from to Child Support Offset funds.

Fiscal 2026 Overview of Agency Spending

The total fiscal 2026 allowance for CSA is \$109.4 million. As shown in **Exhibit 1**, the largest portion of spending in the fiscal 2026 allowance (59%) is designated for personnel expenses, primarily to support the operation of local child support offices. Approximately 18% (\$20.1 million) of the fiscal 2026 allowance supports cooperative reimbursement agreements established with the State Attorney’s Office, the Magistrate Office, and the Sheriff’s Office. The funding for these agreements represents the federal share for activities carried out by these entities associated with establishing, reviewing, and enforcing child support orders. The State share of these costs is provided by these entities and is not budgeted within CSA. Child support services in Baltimore City are provided through a private entity under contract with CSA. The fiscal 2026 allowance for this purpose totals \$7.9 million.

Exhibit 1
Overview of Agency Spending
Fiscal 2026 Allowance
(\$ in Thousands)



DHS: Department of Human Services
 IT: information technology

Source: The fiscal 2026 statewide salary adjustments are centrally budgeted in the Department of Budget and Management and are not included in this agency’s budget.

Proposed Budget Change

As shown in **Exhibit 2**, the principal factor influencing the \$7.7 million increase between the fiscal 2025 working appropriation and the fiscal 2026 allowance is a \$5.5 million increase in cooperative reimbursement agreements, which aligns the appropriation with expected expenditures. The fiscal 2025 working appropriation for these agreements appears lower because some contract expenditures were paid in advance during fiscal 2024. As a result, costs that would typically have been incurred in fiscal 2025 were instead covered earlier, making fiscal 2024 spending appear higher than usual, while the fiscal 2025 appropriation seems lower than what is actually needed. A small portion (\$196,597) of the increase is also due to the addition of the Allegany County magistrates’ contract to these agreements. Salary increases also contribute to the overall growth in the allowance.

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 2024 Actual	\$19,848	\$23,725	\$85,318	\$128,891
Fiscal 2025 Working Appropriation	19,486	10,174	71,995	101,655
Fiscal 2026 Allowance	<u>20,707</u>	<u>8,983</u>	<u>79,668</u>	<u>109,359</u>
Fiscal 2025-2026 Amount Change	\$1,221	-\$1,190	\$7,673	\$7,704
Fiscal 2025-2026 Percent Change	6.3%	-11.7%	10.7%	7.6%
Where It Goes:				<u>Change</u>
Personnel Expenses				
Salary increases and associated fringe benefits including fiscal 2025 cost-of-living adjustment and increments.....				\$2,792
Turnover decrease from 11.03% to 9.08%.....				1,132
Workers’ compensation				-11
Employee and retiree health insurance				-1,685
Child Support Services				
Cooperative reimbursement agreements – increase aligns the appropriation with expected expenditures for these agreements and due to adding the Allegany County magistrates’ contract.....				5,477
Other expenses				-1
Total				\$7,704

Note: Numbers may not sum to total due to rounding. The fiscal 2025 impacts of statewide salary adjustments are centrally budgeted in the Department of Budget and Management (DBM), and adjustments are not reflected in this agency’s budget. The fiscal 2026 impacts of the fiscal 2025 statewide salary adjustments appear in this agency’s budget. The fiscal 2026 statewide salary adjustments are centrally budgeted in DBM and are not included in this agency’s budget.

Child Support Reinvestment Fund

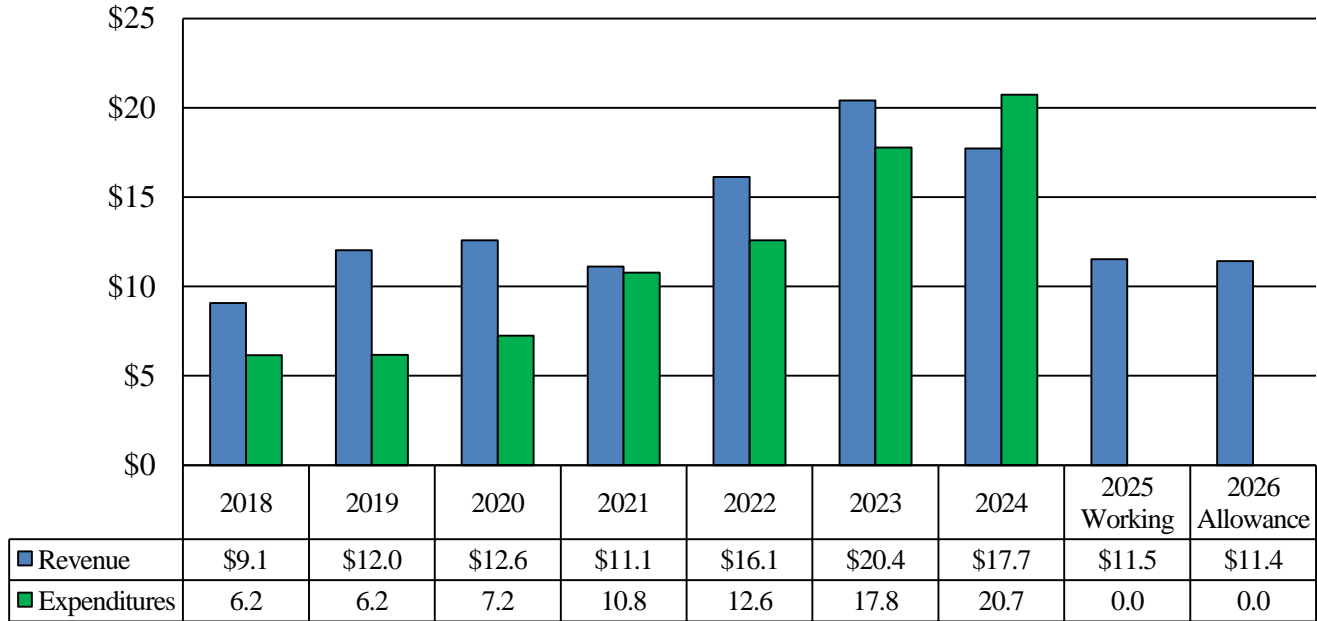
The Child Support Reinvestment Fund is a special fund comprised of federal incentive payments allocated to states based on performance against five measures set by the U.S. Department of Health and Human Services (HHS) Office of Child Support Enforcement. This revenue can be used to support child support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

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

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 2025 would reflect the federal fiscal 2023 performance. DHS anticipates receiving money into this fund each year. Unlike most fund sources used for child support expenses, DHS cannot use the Child Support Reinvestment funds to draw down the typical 66% federal fund participation when using special funds from the Child Support Reinvestment Fund.

As shown in **Exhibit 3**, the Child Support Reinvestment Fund experienced steady growth in revenues and expenditures through fiscal 2024. In fiscal 2018, revenues totaled \$9.1 million, with expenditures totaling \$6.2 million. Revenues have continued to increase each year, reaching a peak of \$20.4 million in fiscal 2023. However, expenditures have also risen, particularly in fiscal 2022, 2023 and 2024, reaching their highest point at \$20.7 million in fiscal 2024. DHS anticipates revenues of \$11.5 million and \$11.4 million in fiscal 2025 and 2026, respectively, in those years according to the Governor’s Fiscal 2026 Budget Books. **DHS should comment on the projected decline in revenues for fiscal 2025 and 2026 compared to the peak in fiscal 2023. Specifically, DHS should explain whether this decrease is due to changes in federal reimbursements, lower collections, policy shifts, or other factors impacting the fund’s revenue streams.**

Exhibit 3
Child Support Reinvestment Fund Expenditures
Fiscal 2018-2026 Allowance
(\$ in Millions)



Source: Governor’s Fiscal 2026 Budget Books

Despite anticipating revenue from this source, the fiscal 2025 budget did not include funds from this source. Although the use of these funds precludes the federal reimbursement for those expenses, not using these funds increases State spending overall. Language in the fiscal 2025 Budget Bill reduced a total of \$10.75 million, including \$3.66 million in general funds and \$7.10 million in federal funds, in the Child Support – State program within CSA due to the recognition of the availability of these funds. The language also authorized a budget amendment to replace these funds with special funds from the Child Support Reinvestment Fund. However, DHS has not processed the amendment to replace the fiscal 2025 reduction. For the second consecutive year, despite anticipating revenue from this source, the fiscal 2026 allowance does not include funds for the Child Support Reinvestment Fund, and the budget remains at a reduced level, with neither reinvestment funds nor any backfill using general funds. DHS has indicated that the appropriation for this purpose was inadvertently omitted from the fiscal 2025 and 2026 budgets. Additionally, the agency is working with the Department of Budget and Management to address the omission. **DHS should provide an explanation for not processing the amendment and clarify the impact of this omission on the program’s operations and funding levels.**

Personnel Data

	<u>FY 24 Actual</u>	<u>FY 25 Working</u>	<u>FY 26 Allowance</u>	<u>FY 25-26 Change</u>
Regular Positions	660.20	660.20	654.20	-6.00
Contractual FTEs	<u>2.00</u>	<u>1.00</u>	<u>1.00</u>	<u>0.00</u>
Total Personnel	662.20	661.20	655.20	-6.00

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding

New Positions	59.40	9.08%
Positions and Percentage Vacant as of 12/31/24	54.60	8.27%

Vacancies Below Turnover 4.8

- The turnover expectancy for CSA has been reduced from 11.03% in fiscal 2025 to 9.08% in fiscal 2026. As of December 31, 2024, CSA has 4.8 fewer vacant positions than needed to meet its budgeted turnover expectancy in fiscal 2026. If the number of vacant positions were to stay at this level, CSA may have insufficient funds for personnel; however, the Department of Legislative Services (DLS) notes that vacancies exceed budgeted turnover throughout most of the department, so funds could be realigned to cover any shortfall.
- The fiscal 2026 budget reflects a reduction of 6 positions in CSA due to DHS realigning those positions. Of the 6 positions, 3 are being transferred to Administration, 2 to the Social Services Administration, and 1 to the Family Investment Administration.
- As of December 31, 2024, DHS CSA had 54.6 vacant positions. Out of the total vacant positions, 48.6 have been vacant for less than a year.
- Committee narrative in the 2024 *Joint Chairmen’s Report* (JCR) requested that DHS submit a report by August 1, 2024, detailing positions that had been vacant for over a year as of December 2023 and recruitment efforts for those positions. In the report submitted on December 9, 2024, DHS identified 5 positions that had been vacant for more than a year, of which 1 has since been filled. DLS notes that vacancy data as of December 31, 2024, indicates that DHS still has 6 positions that have been vacant for longer than one year.

Key Observations

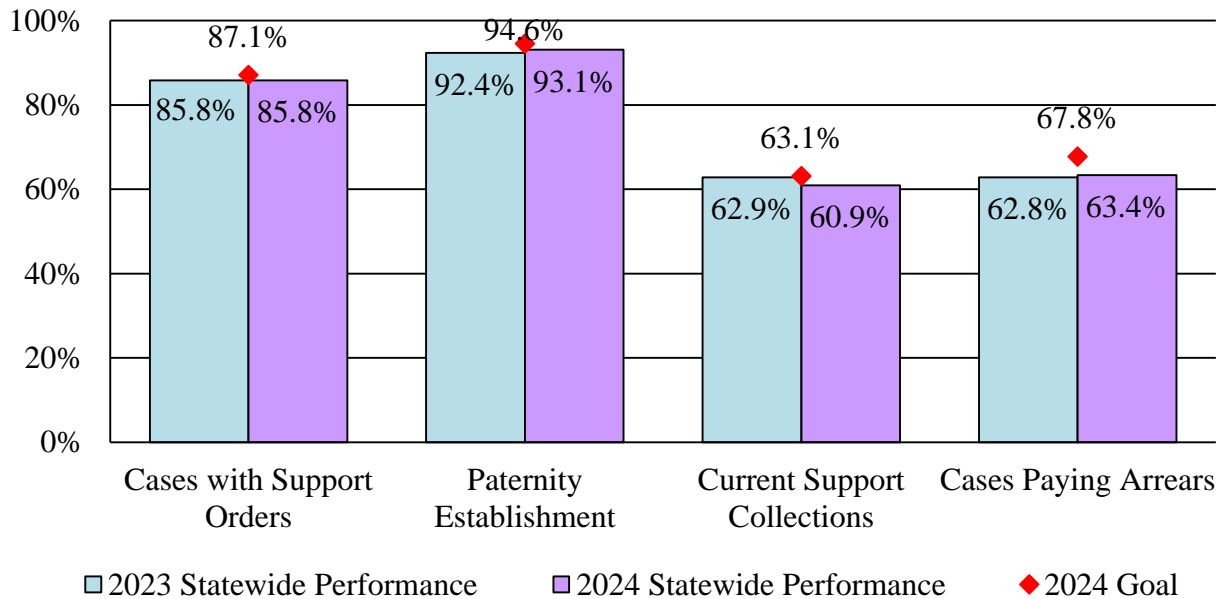
1. Child Support Performance

Committee narrative in the 2024 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). However, DHS has submitted only one of the three requested reports, limiting the analysis presented in this section. In addition, DHS did not provide actual data for federal fiscal 2024 in its annual Managing for Results (MFR) submission further limiting the ability to present performance data.

Statewide Performance

Exhibit 4 shows that as of June in federal fiscal 2024, statewide service performance remained relatively stable in one of the four key measures – cases with support orders – compared to the same period in federal fiscal 2023. Performance declined in current support collections, which fell by 1.97 percentage points, while paternity establishment cases and cases paying arrears saw modest increases of 0.74 and 0.57 percentage points, respectively. However, none of these performance metrics met the State’s goals for fiscal 2024.

Exhibit 4
Statewide Performance and Goals
June Federal Fiscal 2023-2024



Source: Department of Human Services

DHS should provide updated and accurate performance measures as of December 2024 to ensure a comprehensive understanding of statewide and local progress toward federal incentive goals. Given that only one of the three requested reports has been submitted, and the MFR measures, which are all federally required performance metrics, were not reported with actual figures, DHS should also clarify its plans to meet reporting requirements and address any barriers to timely data submission.

2. Driver’s License Suspension Amnesty Program 2024

In August 2024, CSA launched the Driver’s License Suspension Amnesty Program, offering noncustodial parents (NCP) struggling with child support payments an opportunity to resolve their driver’s license suspension issues. The program allowed NCPs to address their child support obligations and potentially reinstate their driver’s licenses. To participate, NCPs could visit or schedule an appointment with their local CSA office. During the visit, NCP would meet with a caseworker to discuss their financial situation and any challenges in making child support payments. Depending on the circumstances of the individual, NCPs could make a payment, arrange an alternative payment plan, enroll in the Noncustodial Parent Employment Program if unemployed, or request a modification of their child support order due to a significant change in circumstances. They could also update their address and employment information as needed. If the local CSA office approved the NCP’s participation, NCP would receive a compliance letter to present to the Motor Vehicle Administration (MVA). CSA would also update its Child Support Management System, automatically transmitting the information to MVA. There was no additional cost for reinstating the driver’s license if done immediately. However, reinstatement was not possible if the suspension was due to non-child support-related reasons.

DHS reports that from January through August 2024, approximately 21,563 NCPs were eligible for the program, yet only 1,127 participated, representing just 5.2% of those eligible. The total child support owed by eligible participants was \$283.5 million, with an average arrears balance of \$13,147 per NCP. However, during the program period, only \$594,737 in child support payments were collected, meaning the payments made accounted for just 0.2% of the total arrears owed. Additionally, only 19% of participants were able to make full or partial payments, suggesting that while the program facilitated license reinstatement, its impact on actual child support collections was limited. The program also generated 106 requests for child support order modifications, indicating that some participants may be seeking long-term adjustments to their obligations. This suggests a potential need for further interventions beyond license reinstatement to help NCPs manage their child support responsibilities.

Despite the low participation rate and limited financial impact, the program was effective in its primary goal – restoring driving privileges. MVA issued 1,127 compliance letters, ensuring that all participating NCPs successfully resolved their suspension issues. **However, given the large number of eligible NCPs who did not participate, DHS should comment on any barriers to participation and explore strategies to enhance outreach and effectiveness in future amnesty programs.**

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 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, 2025; September 30, 2025; and December 31, 2025. 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, 2025 November 15, 2025 February 15, 2026

Appendix 1
2024 Joint Chairmen’s Report Responses from Agency

The 2024 JCR requested that DHS prepare four reports. Electronic copies of the full JCR responses can be found on the DLS Library website.

- ***Child Support Services Performance Reports:*** As of this writing, CSA had submitted only one of the three required reports. Performance data is discussed in Key Observation 1 of this analysis.
- ***CSA Efforts to Fill Vacant Positions:*** DHS provided a report with information on the department’s efforts to fill vacant positions and employee recruitment efforts to fill those vacant positions. Further discussion of DHS’ response is included in the Personnel section of this analysis.

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

<u>Object/Fund</u>	<u>FY 24</u> <u>Actual</u>	<u>FY 25</u> <u>Working</u> <u>Appropriation</u>	<u>FY 26</u> <u>Allowance</u>	<u>FY 25 - FY 26</u> <u>Amount Change</u>	<u>Percent</u> <u>Change</u>
Positions					
01 Regular	660.20	660.20	654.20	-6.00	-0.9%
02 Contractual	2.00	1.00	1.00	0.00	0%
Total Positions	662.20	661.20	655.20	-6.00	-0.9%
Objects					
01 Salaries and Wages	\$ 60,328,200	\$ 61,572,190	\$ 63,798,421	\$ 2,226,231	3.6%
02 Technical and Special Fees	104,211	81,106	81,106	0	0%
03 Communication	450,540	390,604	390,604	0	0%
04 Travel	50,495	159,743	159,743	0	0%
06 Fuel and Utilities	101,301	100,471	100,471	0	0%
07 Motor Vehicles	51,712	43,053	43,062	9	0%
08 Contractual Services	63,582,180	34,784,919	40,260,606	5,475,687	15.7%
09 Supplies and Materials	433,037	459,431	459,431	0	0%
11 Equipment – Additional	47,976	0	0	0	0.0%
12 Grants, Subsidies, and Contributions	1,765	7,674	7,674	0	0%
13 Fixed Charges	3,739,990	4,055,901	4,057,489	1,588	0%
Total Objects	\$ 128,891,407	\$ 101,655,092	\$ 109,358,607	\$ 7,703,515	7.6%
Funds					
01 General Fund	\$ 19,848,370	\$ 19,486,197	\$ 20,707,344	\$ 1,221,147	6.3%
03 Special Fund	23,725,311	10,173,789	8,983,489	-1,190,300	-11.7%
05 Federal Fund	85,317,726	71,995,106	79,667,774	7,672,668	10.7%
Total Funds	\$ 128,891,407	\$ 101,655,092	\$ 109,358,607	\$ 7,703,515	7.6%

Note: The fiscal 2026 allowance does not include statewide salary adjustments budgeted within the Department of Budget and Management.