

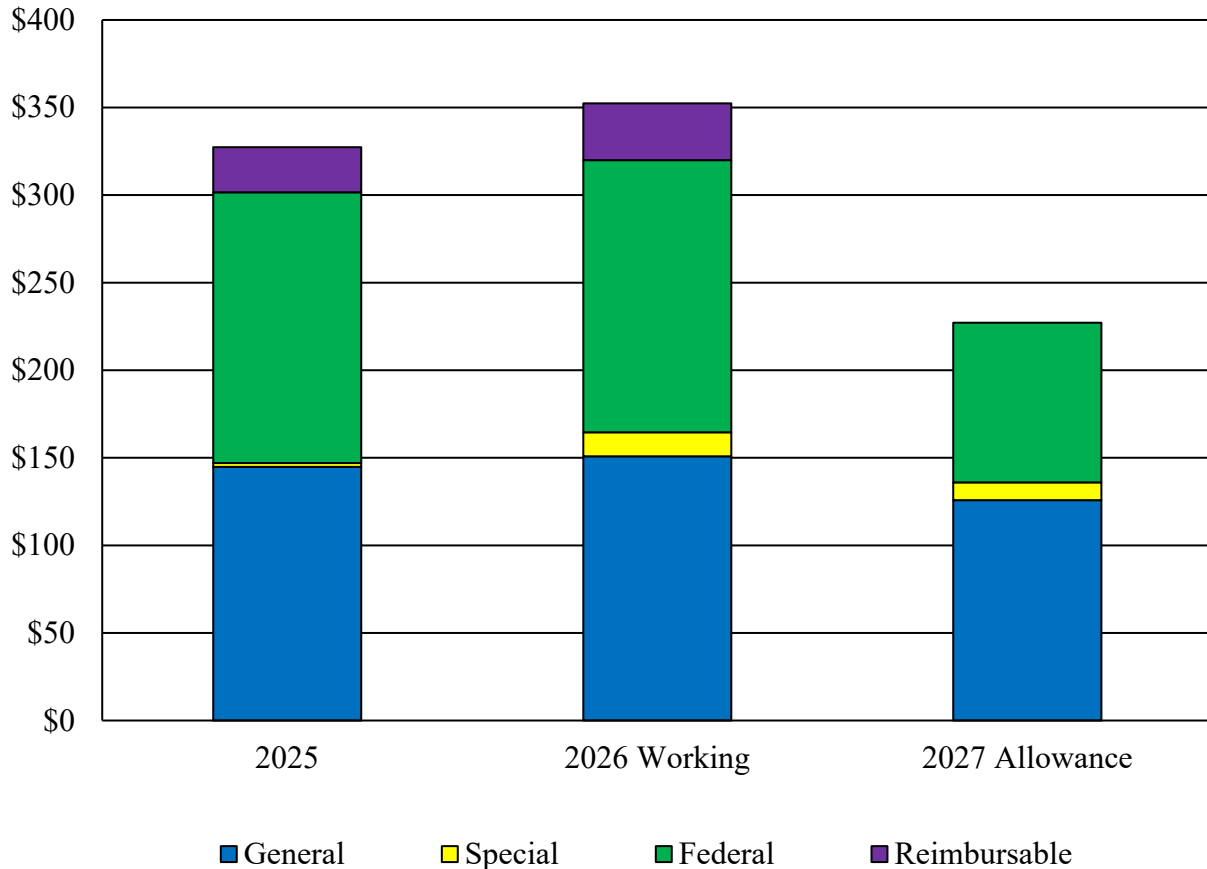
N00A01
Administration
Department of Human Services

Executive Summary

The Department of Human Services (DHS) Administration provides direction, coordination, financial services, information technology management, and overall operational support for all DHS programs and activities.

Operating Budget Summary

**Fiscal 2027 Budget Decreases \$125.3 Million, or 35.6%, to \$227.1 Million
(\$ in Millions)**



Note: The fiscal 2026 working appropriation accounts for deficiencies. The fiscal 2027 statewide salary adjustments are centrally budgeted in the Department of Budget and Management and are not included in this agency's budget.

For further information contact: Connor Brown

connor.brown@mga.maryland.gov

N00A01 – DHS – Administration

- The fiscal 2027 allowance decreases across all fund types compared to the fiscal 2026 working appropriation after accounting for proposed deficiency appropriations. General funds decrease by \$25.1 million (16.6%), special funds decrease by \$3.4 million (25.2%), federal funds decrease by \$64.3 million (41.4%), and reimbursable funds decrease by \$32.5 million (100%).
- The decrease in the fiscal 2027 allowance is primarily driven by the transfer of the Maryland Benefits (formerly Maryland Total Human-services Integrated Network (MD THINK)) shared platform and the Eligibility & Enrollment (E&E) application to the Department of Information Technology (DoIT). Because this transfer was done via a reimbursable fund amendment, funds for the shared platform and E&E still appear in DHS’s fiscal 2026 working appropriation. Excluding Maryland Benefits, DHS’s fiscal 2027 allowance increases by \$1.6 million compared to the fiscal 2026 working appropriation after accounting for proposed deficiency appropriations.
- Proposed deficiency appropriations in DHS Administration for fiscal 2026 total \$10.2 million (\$1.3 million in general funds, \$7.5 million in special funds, and \$1.4 million in federal funds). The largest of these proposed deficiency appropriations provides an additional \$6.8 million for the constituent services call center. This proposed deficiency realigns funding for the contract, and other program areas in DHS have deficiency appropriations withdrawing fiscal 2026 funding for a net decrease in total contract costs.

Key Observations

- ***Maryland Benefits Transferred to DoIT:*** Over the last several years, the Maryland Benefits project has experienced escalating costs, changes in scope, and project delays. In a change designed to improve efficiency and focus on the platform’s core technology in July 2025, Maryland Benefits was transferred to DoIT. All personnel and operating costs associated with Maryland Benefits were transferred to DoIT, which is now responsible for both the Maryland Benefits platform as well as the E&E application, which is used by both DHS and the Maryland Department of Health (MDH).
- ***New Electronic Benefit Transfer (EBT) Card Contract with Fidelity:*** Over the last several years, theft of EBT payments has received increased attention at the state and national levels. For the first time, Chapters 171 and 172 of 2023 required DHS to automatically restore lost benefits if a DHS investigation shows that a household’s benefits were lost due to theft. The fiscal 2026 budget, including a proposed deficiency appropriation, provides \$12.3 million in the Family Investment Administration (FIA) for replacement costs. In October of 2025, the Board of Public Works (BPW) approved a new EBT card contract with Fidelity that includes a switch of all EBT cards in Maryland to chip-enabled cards, which offer advanced security to combat theft of card information and reduce stolen benefits.

Operating Budget Recommended Actions

	<u>Amount Change</u>
1. Reduce general and federal funds in fiscal 2027 associated with contractual expenses for the Child, Juvenile, and Adult Management System and Child Support Management System applications to more closely align with the agency’s projected need.	-\$5,542,089
2. Add language to restrict funds in the Office of the Secretary pending submission of certain fiscal 2026 closing documentation.	
3. Reduce general, special, and federal funds in fiscal 2027 associated with the Constituent Services Call Center to more closely align with the agency’s projected need.	

Total Net Change to Fiscal 2027 Allowance **-\$12,369,511**

	<u>Amount Change</u>
4. Reduce special funds provided in a deficiency appropriation in fiscal 2026 associated with the Constituent Services Call Center that are unavailable and to more closely align with the agency’s projected need.	-\$7,468,454

Total Net Change to Fiscal 2026 Deficiency **-\$7,468,454**

N00A01
Administration
Department of Human Services

Operating Budget Analysis

Program Description

DHS manages human services programs through a State-supervised and locally administered system. DHS Administration provides direction through five major units:

- Office of the Secretary;
- Operations Office;
- Office of Technology for Human Services (OTHS);
- Maryland Benefits; and
- Local General Administration (LGA).

Office of the Secretary

The Office of the Secretary provides overall direction and coordination for all DHS programs and activities. The Office of the Secretary includes the offices of the attorney general; the chief of staff and the assistant and deputy secretaries; communications; constituent services; data; the inspector general; and policy, including government affairs and the Maryland State Council on Child Abuse and Neglect. Other programs contained within the Office of the Secretary are:

- the Citizens Review Board for Children (CRBC);
- the Maryland Commission for Women; and
- the Maryland Legal Services Program (MLSP).

Operations Office

DHS Operations consists of five units: Administrative Operations; Human Resources, Development, and Training; Learning; Procurement and Minority Business Engagement; and the Division of Budget, Finance, and Personnel, which supports the programs of other units in the department through the management and control of fiscal and personnel systems. The Division of Administrative Services provides key administrative services, including fleet management,

records management, and risk management to DHS as well as disaster relief and emergency response throughout the State.

Office of Technology for Human Services

OTHS is responsible for the overall management and direction of DHS information systems. This includes responsibility for computer and communication equipment, computer peripheral equipment, ancillary facility and support equipment, and supplies.

Maryland Benefits

Following the transfer of MDTHINK to DoIT, which is discussed further in Issue 1, the shared technology platform was renamed Maryland Benefits. Though the platform is now operated by DoIT, the Maryland Benefits program within DHS continues to provide project management and development for aspects impacting DHS. In fiscal 2027, the Maryland Benefits program in DHS resumes full operation of the Child, Juvenile, and Adult Management System (CJAMS) and the Child Support Management System (CSMS).

Local General Administration

Local departments of social services (LDSS) are the arms of DHS in each jurisdiction. The administrative budget of each LDSS is combined into the LGA unit for the purposes of the State budget. The LGA unit provides essential support services and staff to operate the 24 LDSS, including the management of staff, finance, statistical reporting, general services, central records, fleet operations, buildings and grounds, equipment, supplies, procurement, and inventory.

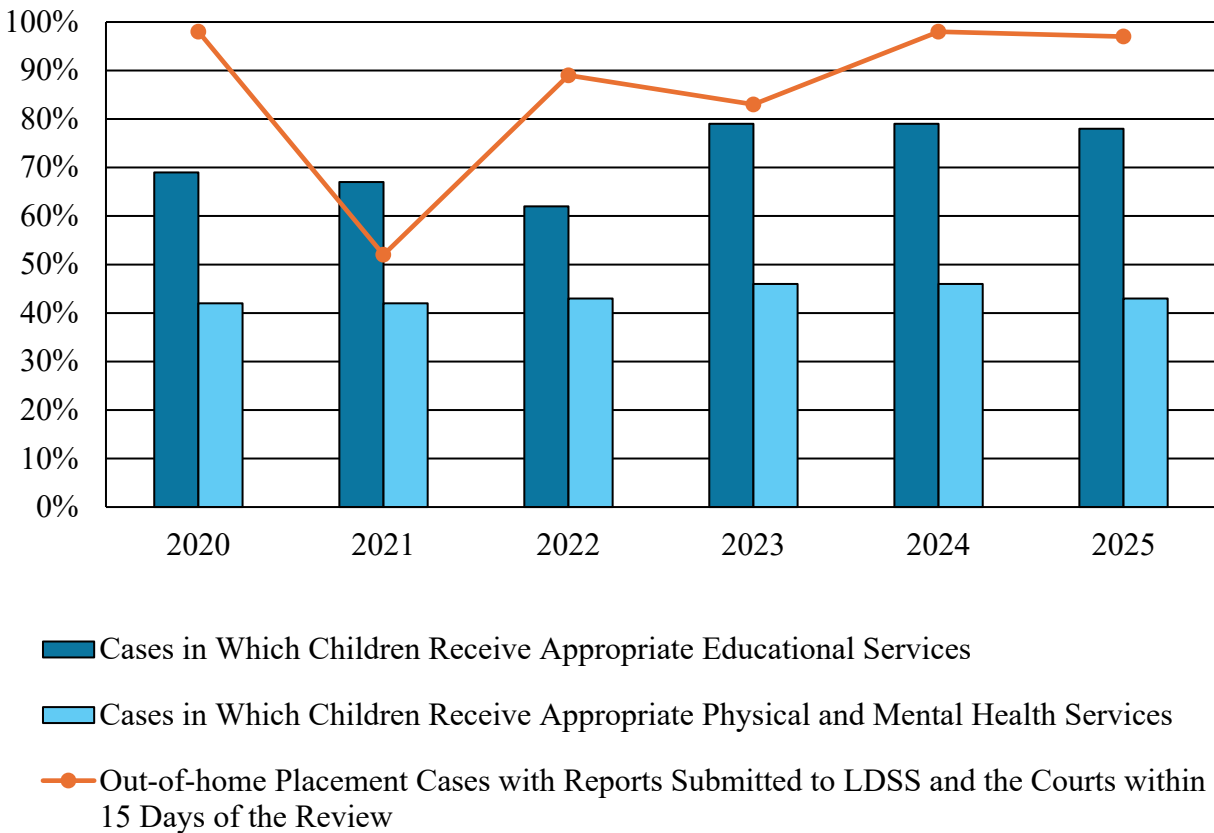
Performance Analysis: Managing for Results

1. Children Receiving Appropriate Care

CRBC conducts assessments of cases involving children in out-of-home placement and offers recommendations to LDSS to ensure the provision of appropriate educational and health services. As shown in **Exhibit 1**, there has been little change in the percentage of cases reviewed by CRBC where children receive appropriate educational as well as physical and mental health services between fiscal 2023 and 2025. After falling to a recent low of 62% in fiscal 2022, the percentage of cases where children receive appropriate educational services increased to 79% in fiscal 2023 where it remained in fiscal 2024 before decreasing by 1 percentage point to 78% in fiscal 2025. DHS attributes the increase from fiscal 2022 to 2023 to the expansion of the Audit Compliance and Quality Improvement unit, which is responsible for monitoring educational services entries by LDSS. While the percentage of cases in which children receive appropriate physical and mental health services increased from 42% to 46% between fiscal 2021 and 2023, it remained at 46% in fiscal 2024 before declining to 43% in fiscal 2025. DHS attributes some of this stagnation to waitlists for medical and behavioral health providers but notes that DHS's Social

Services Administration (SSA) expects to launch a new electronic health passport and data integration project in calendar 2026, which will allow the agency to better monitor and improve outcomes.

Exhibit 1
Receipt of Appropriate Care for Children in Out-of-home Placements and
Timeliness of Report Submission
Fiscal 2020-2025



LDSS: local departments of social services

Source: Department of Budget and Management; Department of Human Services

The percentage of out-of-home placement reports submitted within 15 days of CRBC’s review shows the most substantial variation of these measures but has improved significantly since fiscal 2021, when performance decreased to 52%. After improving to 89% in fiscal 2022, performance decreased to 83% in fiscal 2023 before increasing to 98% in fiscal 2024. Performance declined slightly in fiscal 2025 to 97%. DHS indicates that an enhanced tracking system and greater attention and accountability has contributed to the overall improvement since fiscal 2021.

Fiscal 2026

Proposed Deficiency

The fiscal 2027 allowance for DHS Administration includes two proposed fiscal 2026 deficiency appropriations totaling \$10.2 million (\$1.3 million in general funds, \$7.5 million in special funds, and \$1.4 million in federal funds). The largest of these deficiencies, totaling \$6.8 million, will support the constituent call services contract. This deficiency includes \$7.5 million in special funds from the Universal Services Benefit Program as well as a decrease of \$711,193 in federal funds. However, this contract is also funded in other areas of DHS, and on net, proposed fiscal 2026 deficiencies would reduce the appropriation for the call center by \$16.8 million. This is partially due to overfunding call center expenses in the fiscal 2026 allowance but also due to lower than anticipated call center usage in the first part of fiscal 2026. Additional information on call center expenditures and cost estimates can be found in the Proposed Budget Change section of this analysis.

Another proposed deficiency appropriation would provide \$3.4 million in OTHS to fund the new EBT vendor and system modernization contract with Fidelity that was approved by BPW in October 2025. DHS reports that the total contract costs across fiscal years are as follows:

- ***Fiscal 2026:*** \$7.73 million
- ***Fiscal 2027:*** \$3.35 million
- ***Fiscal 2028:*** \$3.35 million

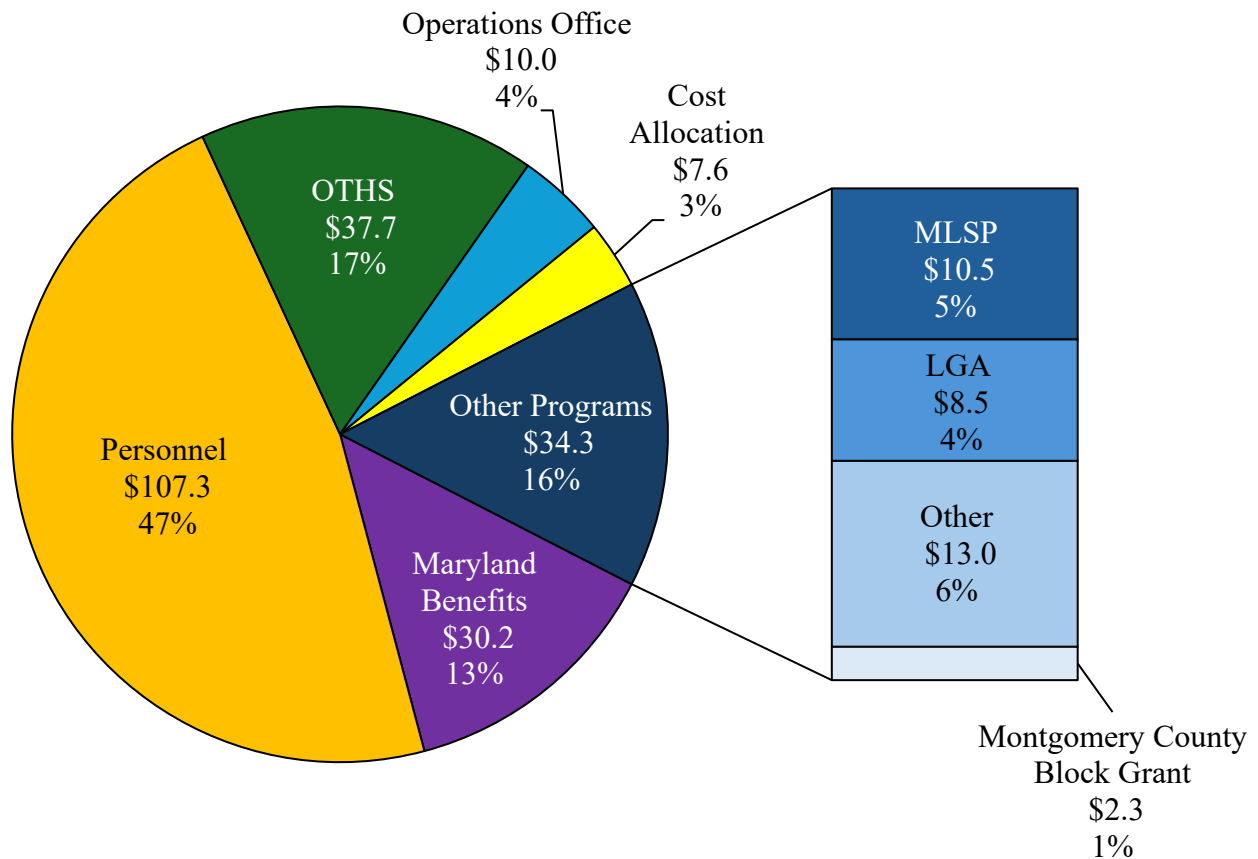
Due to the timing of the contract award, DHS indicates that it was unable to fully account for its cost during the fiscal 2026 budget formulation process. Fiscal 2026 costs are estimated to be \$4.38 million higher than fiscal 2027 due to transition in costs. Additional information about this new contract can be found in Issue 2 of this analysis.

Fiscal 2027 Overview of Agency Spending

The fiscal 2027 allowance for DHS Administration totals \$227.1 million. As shown in **Exhibit 2**, personnel accounts for the largest portion of the fiscal 2027 allowance at 47%, or \$107.3 million, supporting 806.5 regular positions as well as 3.3 contractual full-time equivalents (FTE). Maryland Benefits comprises 13% of the fiscal 2027 allowance, or \$30.2 million, not including personnel. This is a significant decrease from the \$157.6 million included in the fiscal 2026 working appropriation and is primarily due to the transfer of the shared platform and E&E applications to DoIT. Other programs include MLSP (5% of the fiscal 2027 allowance), which is responsible for providing legal representation in court proceedings for children involved in Children in Need of Assistance and Termination of Parental Rights cases. Additionally, MLSP provides legal representation to indigent adults in Adult Protective Services

and adult public guardianship cases. The Montgomery County Block Grant, which provides funding for Montgomery County to provide their own social services under the terms of Chapter 476 of 1996, comprises 1% of the DHS Administration budget and is level funded from fiscal 2026.

**Exhibit 2
Overview of Agency Spending
Fiscal 2027 Allowance
(\$ in Millions)**



LGA: Local General Administration
 MLSP: Maryland Legal Services Program
 OTHS: Office of Technology for Human Services

Note: The fiscal 2027 statewide salary adjustments are centrally budgeted in the Department of Budget and Management and are not included in this agency’s budget.

Source: Governor’s Fiscal 2027 Budget Books

Proposed Budget Change

As shown in **Exhibit 3**, the total fiscal 2027 allowance for DHS Administration decreases by \$125.3 million, or 35.6%, compared to the fiscal 2026 working appropriation after accounting for proposed deficiency appropriations. The primary contributors to this decrease are within the Maryland Benefits program due to the transfer of the shared platform and E&E systems to DoIT. Additionally, expenses for CJAMS and CSMS decrease by \$6.9 million and \$8.7 million, respectively, due to the completion of application development work in fiscal 2026. These decreases are partially offset by personnel expenses, which increase by \$14.1 million, primarily due to increases in salary and fringe benefit costs (an \$11.9 million increase after accounting for employees working on Maryland Benefits who were transferred to DoIT in fiscal 2026).

Exhibit 3
Proposed Budget
Department of Human Services – Administration
(\$ in Thousands)

How Much It Grows:	General Fund	Special Fund	Federal Fund	Reimb. Fund	Total
Fiscal 2025 Actual	\$144,875	\$2,174	\$154,519	\$25,830	\$327,398
Fiscal 2026 Working	150,882	13,658	155,418	32,454	352,412
Fiscal 2027 Allowance	125,798	10,215	91,103	0	227,117
Fiscal 2026-2027 \$ Change	-\$25,084	-\$3,442	-\$64,315	-\$32,454	-\$125,296
Fiscal 2026-2027 % Change	-16.62%	-25.21%	-41.38%	-100.00%	-35.55%

Where It Goes:

Personnel Expenses

	Change
Salary increases and associated fringe benefits, including the realignment of positions from other areas of the department	\$11,863
Employee and retiree health insurance.....	4,786
Deferred compensation match due to statewide change in budgeting	228
Workers' compensation.....	153
Turnover rate increase from 6.78% to 7.20%	-381
Salary and associated fringe benefit costs for DHS employees associated with Maryland Benefits who were transferred to DoIT	-2,555
Other fringe benefit adjustments	-26

Maryland Benefits

Child, Juvenile, and Adult Management System contracts due to completion of application development work	-6,911
Child Support Management System contracts due to completion of application development work.....	-8,679

N00A01 – DHS – Administration

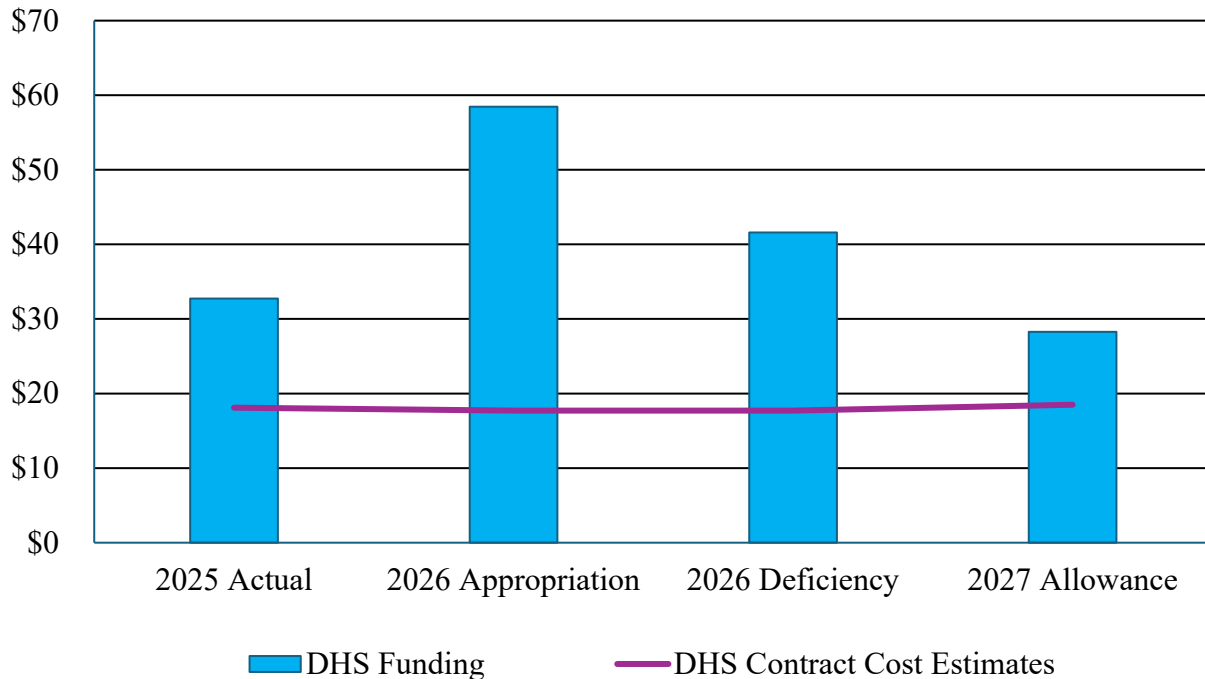
Where It Goes:	<u>Change</u>
Nonpersonnel expenses from transfer of E&E application to DoIT	-24,699
Nonpersonnel expenses from transfer of Maryland Benefits (formerly MD THINK) shared platform to DoIT	-86,957
Office of the Secretary	
Realignment of funding for Constituent Services Call Center after accounting for proposed fiscal 2026 deficiency	-5,638
One-time transition in costs for new EBT contract with Fidelity	-4,302
Other Changes	
Rent	-531
Cost allocations	-1,543
Other changes	-104
Total	-\$125,296

DHS: Department of Human Services
 DoIT: Department of Information Technology
 E&E: Eligibility and Enrollment
 EBT: Electronic Benefit Transfer
 MD THINK: Maryland Total Human-services Integrated Network

Note: Numbers may not sum to total due to rounding. The fiscal 2026 working appropriation accounts for deficiencies. The fiscal 2027 statewide salary adjustments are centrally budgeted in the Department of Budget and Management and are not included in this agency’s budget.

Exhibit 4 shows budgeted amounts for the Constituent Services Call Center contract compared to fiscal 2025 actual expenditures as well as fiscal 2026 and 2027 estimates for the contract provided by DHS in January 2026. Overall, fiscal 2026 expenditures for the call center are projected to be \$17.7 million based on call center expenditures in the first five months of fiscal 2026, significantly less than DHS cost estimates provided during the 2025 session of \$33.7 million. Despite the overall decrease in the call center appropriation through proposed deficiencies, the fiscal 2026 appropriation would still total \$41.6 million across DHS programs after accounting for the proposed deficiencies. That is \$23.9 million higher than DHS’s estimated contract costs for fiscal 2026. **The Department of Legislative Services (DLS) recommends deleting the \$7.5 million deficiency for call center services that utilizes special funds from the Electric Universal Services Program ratepayer surcharge at a level that exceeds the statutory maximum level of collections. Additionally, DLS will recommend deleting the \$1.9 million special fund deficiency in the Child Support Administration in the analysis for N00H00 – Child Support Administration to more closely align with DHS’s projected expenditures.**

**Exhibit 4
Constituent Services Call Center Costs
Fiscal 2025-2027 Allowance
(\$ in Millions)**



DHS: Department of Human Services

Notes: DHS Contract Cost Estimates for fiscal 2025 are actual fiscal 2025 contract costs as reported by DHS.

Source: Department of Human Services; Department of Legislative Services

Discrepancies between call center contract funding across programs and anticipated overall contract costs are not new and were reported in the 2025 session. In its budget hearing testimony for the DHS Administration analysis, DHS discussed a plan to consolidate costs into one location, beginning in the fiscal 2027 allowance to provide more transparency for overall funding and costs. However, DHS has stated that it was unable to consolidate expenses for the fiscal 2027 budget submission. Instead, DHS has indicated that it has undertaken a broader realignment of how call center contract funding is split between programs.

Despite an overall decrease from the fiscal 2026 working appropriation, the fiscal 2027 allowance for the Constituent Services Call Center, which totals \$28.3 million across all programs (\$13 million in FIA, \$11.5 million in the Office of the Secretary, \$2.6 million the Child Support Administration, \$1 million in the Office of Home Energy Programs, and \$63,763 in SSA), is again

N00A01 – DHS – Administration

higher than DHS’s projected costs, which are \$18.5 million in fiscal 2027. DHS has indicated that the estimated cost for the call center does not include planned enhancements, which include implementation of artificial intelligence (AI) chatbots, virtual agents, and enhanced AI call and knowledge base management. However, DHS has not explained how it estimated costs for these enhancements, nor have they explained why these enhancements cannot be accommodated in fiscal 2026, where budgeted funds for the call center exceed DHS estimates of contract costs by \$23.9 million after accounting for proposed deficiency appropriations. **DLS recommends reducing DHS’s fiscal 2027 appropriation by \$6.8 million to bring the allowance for the Constituent Services Call Center more in line with DHS’s projected need. This reduction includes the deletion of \$3.4 million in special funds from the Universal Services Benefit Program.**

These recommended fund reductions for fiscal 2026 and 2027 would still leave budgeted amounts for call center expenses at \$14.5 million and \$3.2 million above DHS’s estimated contract costs, respectively, for those years.

Personnel Data

	FY 25	FY 26	FY 27	FY 26-27
	<u>Actual</u>	<u>Working</u>	<u>Allowance</u>	<u>Change</u>
Regular Positions	760.00	733.00	806.53	73.53
Contractual FTEs	<u>79.54</u>	<u>3.33</u>	<u>3.33</u>	<u>0.00</u>
Total Personnel	839.54	736.33	809.86	73.53

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	58.06	7.20%
Positions and Percentage Vacant as of 12/31/2025	60.00	8.19%
 Vacancies Above Turnover	 1.94	

- On October 22, 2025, BPW approved the abolition of 502.7 positions statewide, including 170.7 vacant positions and 332.0 positions associated with the Voluntary Separation Program (VSP). In DHS Administration, 19 positions were abolished, of which 6 were vacant, and 13 were due to the VSP. Of these positions, 10 were in LGA, 8 were in the DHS Operations Office, and the remaining 2 were in the Office of the Secretary.
- The fiscal 2027 allowance shows a net increase of 73.53 positions within DHS Administration. However, DHS indicates that the positions have been realigned to properly reflect the programs in which the positions are located.

N00A01 – DHS – Administration

- As of December 31, 2025, DHS Administration had 60 vacant positions. Of those 60 positions, 48 had been vacant less than one year, including 31 that had been vacant less than six months. The remaining 12 vacant positions had been vacant more than one year, including 7 positions within the Division of Budget, Finance, and Personnel. **DHS should comment on plans to fill vacant positions, including the 7 positions within the Division of Budget, Finance, and Personnel that have been vacant more than one year.**

Issues

1. Maryland Benefits Transfer to DoIT

Background

Maryland Benefits (formerly named MD THINK) is a cloud-based platform that integrates Maryland’s health and human services systems. It is designed to serve residents who rely on State benefits and agency resources by hosting a shared platform of business products, applications, data, and services. The platform supports several applications, including CJAMS, CSMS, and E&E. CJAMS is the State’s system for child welfare and adult services, supporting the monitoring and coordination of child welfare, juvenile justice, and adult protective services. CSMS is the State’s system for the child support program and supports various statewide child support functions, including collecting child support payments as well as establishing, tracking, and enforcing court orders for child support. E&E is the State’s system for eligibility and enrollment for multiple benefit programs, including Temporary Cash Assistance (TCA) and the Supplemental Nutrition Assistance Program (SNAP). Together, these applications serve as tools for delivering public benefits and services across DHS functions as well as functions in other agencies.

Over the last several years, Maryland Benefits has experienced numerous issues, including project delays, cost overruns, and the withdrawal of the Department of Juvenile Services from participation in CJAMS, some of which have been discussed in audits performed by the Office of Legislative Audits (OLA). Maryland Benefits costs have grown from \$166.4 million, approved by BPW in May 2018, to \$588.8 million by October 2022. In fiscal 2026, DHS’s working appropriation for the shared platform is \$92.3 million, not including personnel expenses. Some overall growth may be expected; as systems were rolled out, the budget sometimes supported both development and maintenance costs. However, it was not always clear what was development and what was ongoing maintenance support costs in the budget.

Committee narrative in the *2025 Joint Chairmen’s Report* (JCR) requested that DHS submit a report on the costs, implementation progress, and long-term sustainability of what was then MD THINK. This report was submitted on February 2, 2026. In this report, DHS outlines fiscal 2026 costs for Maryland Benefits, which include platform enhancements and upgrades for both the shared system and Enterprise Consumer Products (which are shared by multiple agencies) as well as the CJAMS, CSMS, and E&E applications. Notable fiscal 2026 enhancements outlined by DHS in this report include \$3.1 million to enhance the data reporting platforms across applications, \$1.6 million for root cause analysis and defect fixes for CJAMS and \$1.4 million to integrate additional programs into the Maryland Benefits Eligibility Screener and One Application. Other initiatives being undertaken by DHS include the use of Program Data Stewards to reduce data errors, data reconciliation, data cleansing, expansion of mobile accessibility of the platform, and process automation, including leveraging AI. DHS also includes a tentative schedule for federal certification of CSMS, which the agency anticipates will be completed in July 2026.

In the report, DHS also discussed the name change from MD THINK to Maryland Benefits, which was described as serving three purposes. These purposes include more clearly communicating the platform’s purpose, aligning with the platform’s multi-agency usage, and aligning with the platform’s long-term usage and transfer to DoIT, which is discussed in the following section.

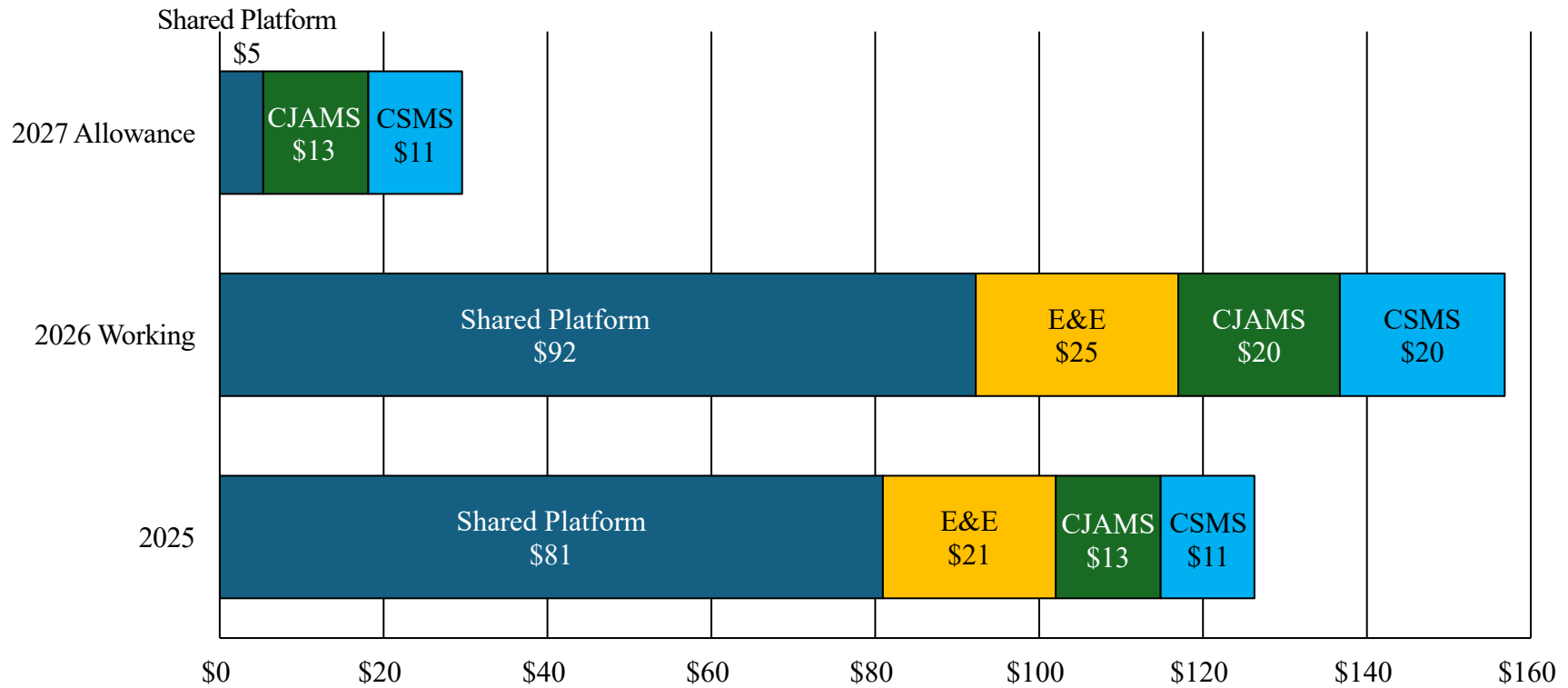
Transfer to DoIT

In an effort to focus on the core technology and identify efficiencies for the platform, on June 11, 2025, BPW approved a reimbursable fund amendment to support the transfer of Maryland Benefits to DoIT, which became effective July 1, 2025. This transfer was unanimously recommended by the Maryland Benefits subcabinet chairs, which include the Secretary of Information Technology, the Secretary of Human Services, and the Secretary of Health, as well as the Governor’s Office. All personnel and operating costs associated with Maryland Benefits were transferred to DoIT, including 18 regular positions and 23 contractual FTE from DHS. Additional positions and associated funding were also transferred from MDH. This transfer means that DoIT is now responsible for day-to-day operations of Maryland Benefits as well as the E&E application. Applications that are solely used by DHS, CJAMS and CSMS were to remain with DHS. However, DHS has since reported that operational duties for CJAMS and CSMS are still integrated with the Maryland Benefits shared platform. According to DHS, an agency analysis found that extracting CJAMS, and CSMS from Maryland Benefits too quickly would put the applications at risk of operational failure. DHS reports that they have developed a roadmap to separate the applications by June 30, 2026. Despite this, the agency’s February 2025 JCR response does not reflect this and specifically notes that CJAMS and CSMS continue to operate under DHS. **DHS should comment on any impacts of the continued integration of operational duties on application development and maintenance and the roadmap for separating the applications. Additionally, DHS should comment on any programmatic impacts as well as how the agency is ensuring ongoing development needs are prioritized for these applications during this period of operational overlap.**

Fiscal 2027 Allowance

DHS’s fiscal 2027 allowance for Maryland Benefits totals \$30.7 million. Excluding personnel, previously budgeted in other programs in DHS, the fiscal 2027 allowance for Maryland Benefits is \$30.2 million, an 80.8% decrease from the fiscal 2026 working appropriation. **Exhibit 5** provides an overview of nonpersonnel expenses within the Maryland Benefits program since fiscal 2025. The largest decreases between the fiscal 2026 working appropriation and the fiscal 2027 allowance are in shared platform expenses (\$87 million) and the E&E application (\$24.7 million). While both the shared platform and E&E were transferred to DoIT, DHS’s fiscal 2027 allowance includes \$5.2 million in contractual expenses under the shared platform, primarily for software licenses. Additionally, DHS’s fiscal 2027 allowance includes \$12.8 million in contractual services for CJAMS as well as \$11.4 million for CSMS. While a notable decrease from the fiscal 2026 working appropriation, major development work on both applications is projected to be completed in fiscal 2026, after which both applications will enter a long-term operations and maintenance phase.

Exhibit 5
Maryland Benefits Program Expenditures
Fiscal 2025-2027 Allowance
(\$ in Millions)



CJAMS: Child, Juvenile, and Adult Management System
 CSMS: Child Support Management System

E&E: Eligibility and Enrollment

Source: Department of Budget and Management; Department of Human Services

In the February 2026 JCR response, DHS outlined estimated annual costs for operation and maintenance of the individual applications under Maryland Benefits. This includes \$7.2 million for E&E and \$871,920 for Enterprise Consumer Products, which are budgeted in DoIT, beginning in fiscal 2027. For CSMS, DHS estimates \$6.5 million in yearly operating and maintenance costs, including \$2.7 million that is only listed as additional initiatives. However, as of this writing, DHS has not explained what these additional initiatives are or how DHS estimated the costs. Additionally, this amount is \$4.9 million lower than DHS’s fiscal 2027 allowance for CSMS. For CJAMS, DHS estimates \$6.4 million in yearly operating and maintenance costs, including \$2.1 million listed under additional initiatives. This amount is half of DHS’s \$12.8 million fiscal 2027 allowance for CJAMS. In response to the committee narrative, DHS lists several planned enhancements and improvements for the applications that do not have estimated completion dates until fiscal 2027, meaning that some costs will likely be incurred in fiscal 2027. However, as of this writing, DHS has not provided explanations for CJAMS and CSMS fiscal 2027 allowance amounts outside of what was included in the submitted report. **DLS recommends reducing DHS’s fiscal 2027 allowance by \$5.5 million to better align the appropriation for CJAMS and CSMS with DHS’s projected need as stated in its submitted report. The appropriation after this action would be \$5.5 million above DHS’s estimates for annual operating and maintenance costs for the applications.**

Status of External Agency Integration

Exhibit 6 presents a list of external agency projects that DHS reported in the February 2026 JCR response had been recently completed or were in the process of transitioning to Maryland Benefits. In total, DHS reported one integration completed in May 2025 and four additional active integrations.

Exhibit 6 External Agency Integration into Maryland Benefits

<u>Agency</u>	<u>Project</u>	<u>Status</u>	<u>Completion Date</u>
MD Labor	Integration with BEACON Unemployment Insurance Portal	Completed	May 2025
MDH	E&E – Medicaid and CHIP Eligibility Data	Active	TBD
DHS – SSA	E&E – CRISP Integration for Immunization Records	Active	TBD
MD Labor	Employment and Training Data Exchange	Active	TBD
MDH	WIC Referral through One Application	Active	TBD

CHIP: Children’s Health Insurance Program
 CRISP: Chesapeake Regional Information System for Patients
 DHS: Department of Human Services
 E&E: Eligibility and Enrollment
 MD Labor: Maryland Department of Labor

MDH: Maryland Department of Health
 SSA: Social Services Administration
 TBD: to be determined
 WIC: Women, Infants, and Children Program

Source: Department of Human Services

In the report, DHS also discussed the institution of a formal Technical Review Board to provide oversight of Maryland Benefits integrations. This board, which is made up of stakeholders from Maryland Benefits and partner agencies, provides oversight through assessing technical feasibility, prioritizing efforts, reviewing value, and monitoring program execution.

2. EBT Benefit Theft

EBT cards hold benefits issued by states consisting of SNAP food benefits as well as cash benefits, including TCA. Over the last several years, theft of EBT payments due to card skimming has received increased attention at the state and national levels. This most commonly occurs when devices are installed at card terminals to capture debit or credit card information, which can then be used to make fraudulent transactions. Chapters 171 and 172 require DHS to automatically restore lost benefits if a DHS investigation shows that a household's benefits were lost due to theft. In addition, the bill required DHS to restore benefits lost due to theft that occurred between January 1, 2021, and October 1, 2022. From October 1, 2022, to December 20, 2024, the federal government provided reimbursement for SNAP benefits that were lost due to theft. This was provided through the federal Consolidated Appropriations Act of 2023, which was extended to December 20, 2024, via a continuing resolution. Beginning December 21, 2024, these costs are solely paid by the State. The Budget Reconciliation and Financing Act of 2025 set a maximum level of reimbursement annually at \$30 million.

The cost of these benefit restorations has varied significantly. From March through June 2023, DHS issued replacement benefits totaling \$7.4 million. In fiscal 2024, replacement costs rose to \$18.1 million before falling again to \$12 million in fiscal 2025. The fiscal 2026 working appropriation after accounting for proposed deficiency appropriation provides \$12.3 million for this purpose. More information about benefit replacement costs and future projections can be found in the budget analysis for N00I00 – DHS – FIA.

Part of the decline in replacement benefits since fiscal 2024 has been attributed to measures that DHS has implemented to reduce benefit theft. DHS's current EBT vendor has made modifications so that recipients are now able to easily lock and unlock their EBT card through an app and access activity alerts. In addition, DHS has posted tips for protecting cards, including highlighting the ability to sign up for alerts on cards.

New EBT Contract

In August of 2024, the U.S. Department of Agriculture's Food and Nutrition Service, which funds SNAP, published new guidelines that for the first time allow state SNAP agencies to issue EBT cards with Europay, Mastercard, and Visa (EMV) technology, often referred to as chip-enabled cards. These cards contain a microchip, with encryption that makes it much harder for criminals to copy or steal account details. Anticipating this change, DHS released a request for proposals in September of 2023 for a new EBT card contract that would implement EMV and tap-to-pay technology. Though the contract was originally awarded to Conduent, the previous EBT administrator, Fidelity protested this award due to conditional language in Conduent's proposal.

DHS denied three separate protests by Fidelity before the Maryland State Board of Contract Appeals upheld an appeal by Fidelity. This was affirmed by the Circuit Court for Baltimore City in March of 2025, and Conduent’s contract is void.

On October 22, 2025, BPW approved a new EBT contract with Fidelity, which was the only other administrator whose proposal was deemed acceptable. This contract will make Maryland the second state to implement EMV technology in EBT cards after California, which began transitioning their cards in February 2025. The total contract cost of \$38.4 million over 10 years is significantly lower than DHS’s previous EBT card contract with Conduent, which cost \$62.3 million over the same length of time. While the precise impact of switching EBT cards on stolen benefits will not be known for some time, in January 2026, California reported an 83% decrease in stolen benefits between January 2024 and November 2025 that the state has attributed to a combination of switching their EBT cards to chip-enabled cards along with other security enhancements, including predictive modeling, to find theft in real time. DHS’s fiscal 2027 allowance appropriates \$4.8 million for EBT replacement costs, a 60.1% decrease from fiscal 2026 that is primarily attributed to the new cards. **DHS should comment on the progress of switching EBT cards to the new chip-enabled cards.**

3. Repeat Audit Findings

In February 2025, OLA published a fiscal compliance audit of DHS’s Local Department Operations, covering February 19, 2019, to February 29, 2024. OLA identified 4 findings, including a redacted cybersecurity finding. Of the other 3 findings, all were repeat findings, and all involved deficiencies in LDSS policies and controls. Each of those findings has been repeated in audits going back to at least 2009. A review of the most recent audit of each LDSS as of February 2024 that was conducted by OLA counted 221 total findings reported by DHS’s Office of the Inspector General (OIG), including 70 repeat findings. 18 of those repeat findings were in Baltimore City.

Language in the fiscal 2024 Budget Bill restricted \$100,000 in general funds pending a report on the department’s efforts to improve oversight of LDSS to ensure compliance with State law and regulations and DHS policy as well as to improve oversight of procurement processes and the steps that LDSS are taking to resolve repeat audit findings. While DHS did submit detail on actions taken, those measures did not prevent repeat findings from appearing again in the February 2025 audit. In response to this most recent audit, DHS outlined new steps being taken to address repeat findings. These measures include updating DHS’s fiscal manual, performing reviews and reconciliations of bank accounts, and implementing new policies and procedures for LDSS.

A separate audit conducted by OLA was also released in February 2025 and involved DHS’s Office of the Secretary and Related Units. This audit covered August 1, 2019, to July 15, 2023, and found that DHS did not ensure that appropriate corrective actions were implemented to address prior findings in audits of DHS units. Specifically, OLA found that of the most recent fiscal compliance audits of DHS units, 17 of 26 findings were repeated. While DHS

noted steps taken to address repeat audit findings, it noted that the effectiveness of these changes may take time to be seen, and that it intends to work with OLA and OIG to develop additional actions. **DHS should comment on the progress made in addressing repeat findings identified by OLA.**

4. DHS Unresponsiveness

During the fiscal 2025 closeout process and through the end of calendar 2025, DHS provided delayed responses or was unresponsive to many requests from DLS. Several follow-ups were required to obtain answers and some requests remain outstanding. Examples of these issues include:

- A request for fiscal 2024 energy assistance data was sent on September 11, 2025. While DHS submitted a response on January 27, 2026, the agency noted that they could not provide the data by fuel source as their data and reporting systems were undergoing significant changes.
- A question about why certain funds that were restricted to be transferred between programs in the fiscal 2025 Budget Bill were not transferred or reverted as required was sent on September 22, 2025, and DHS did not submit a response until December 2, 2025.
- While DHS submitted a partial report on fiscal 2025 closeout information on October 17, 2025, as requested in the language in the fiscal 2026 Budget Bill, explanations for general fund reversions and special, federal, and reimbursable fund cancellations and other portions of the report have still not been provided as of the writing of this analysis, despite numerous follow-ups with DHS.
- A regular request on TCA caseload status and a regular request for jurisdiction-level data related to able-bodied adults without dependents were both submitted in October 27, 2025, and DHS did not submit responses until December 11, 2025.
- A request for information on the Substance Use Screening program for TCA recipients was sent on November 10, 2025, with a requested response date of December 2, 2025. DHS indicated a response would be submitted by December 19, 2025, but it was not received until January 13, 2026.
- A request for Child Welfare Data for fiscal 2024 and 2025 was submitted on December 16, 2025. DHS has not provided that data as of the writing of this analysis.

While DHS has attempted to be more responsive to DLS requests during the 2026 session, required reports are still not consistently submitted on time or with requests for extensions when delayed. For example, the report on MD THINK discussed in Issue 1 was requested to be submitted December 1, 2025, but was not submitted until February 2, 2026.

Operating Recommended Actions

- | | Amount
Change |
|---|------------------------------------|
| 1. Reduce the fiscal 2027 appropriation for the Child, Juvenile, and Adult Management System and the Child Support Management System applications by \$5,542,089 to more closely align with anticipated ongoing operating and maintenance costs provided by the Department of Human Services. | -\$4,144,954 GF
-\$1,397,135 FF |

2. Add the following language to the general fund appropriation:

, provided that \$750,000 of this appropriation made for the purpose of general administration in the Office of the Secretary may not be expended until the Department of Human Services (DHS) submits a report detailing for the fiscal 2026 working appropriation as reflected during the 2026 legislative session and fiscal 2026 actual expenditures:

- (1) Assistance Payments program spending by public benefit program separately by program and fund source;
- (2) Foster Care Maintenance Payments program spending by placement type including average monthly cases, average monthly placement costs, and expenditures, along with detail on flexible fund spending by type of spending with detail for the program by fund source;
- (3) Temporary Assistance for Needy Families revenues, expenditures by program, and ending balance;
- (4) special and federal fund sources of expenditures by program.

The actual spending detail shall reconcile to information reported to the Comptroller of Maryland or include an explanation of why the information does not reconcile. The report shall also provide explanations of general fund reversions and special, federal, and reimbursable fund cancellations by program. In addition to the report submission, data shall be provided in an electronic format subject to the concurrence of the Department of Legislative Services. The report shall be submitted by September 30, 2026, and the budget committees shall have 45 days from the date of the receipt of the report to review and comment. Funds restricted pending the receipt of a report may not be transferred by budget amendment or otherwise to any other purpose and shall revert to the General Fund if the report is not submitted.

N00A01 – DHS – Administration

Explanation: The fiscal 2024 and 2025 closeout processes of DHS included a number of errors including reporting expenditures to the Comptroller of Maryland that did not reflect actual expenditures for certain programs in total or by fund, and for fiscal 2024 reverting general funds in error and overspending certain appropriations without reporting these expenditures. Despite a similar request for fiscal 2025 closeout data, DHS’s original report submission contained incomplete, incorrect, and inconsistent information, and not all data requested in the report was submitted as of January 31, 2026. This language restricts funds in the DHS Office of the Secretary pending the submission of a report with fiscal 2026 closeout information that reconciles to information provided to the Comptroller of Maryland and provides explanations of reverted and canceled funds.

Information Request	Author	Due Date
Fiscal 2026 closeout information	DHS	September 30, 2026

3. Add the following language:

, provided that \$6,827,422 of this appropriation, consisting of \$991,414 in general funds; \$5,002,945 in special funds; and \$833,063 in federal funds, made for the purpose of the Constituent Services Call Center is reduced. The Department of Human Services is authorized to allocate this reduction across programs.

Explanation: This action reduces the fiscal 2027 appropriation for the Constituent Services Call Center by \$6,827,422 to more closely align with anticipated expenditures provided by the Department of Human Services. As part of this overall reduction, this action deletes \$3,385,012 special funds from the Electric Universal Services Program ratepayer surcharge, which in combination with other appropriations exceed the statutory level of collections.

Total Net Change to Fiscal 2027 Allowance **-\$12,369,511**

- | | <u>Amount Change</u> |
|--|-----------------------------|
| 4. Reduce special funds provided in a fiscal 2026 deficiency associated with the Constituent Services Call Center to more closely align with the agency’s projected need and due to the special funds supporting this deficiency appropriation, when combined with other appropriations, exceeding the statutory level of revenue. | -\$7,468,454 SF |

Total Net Change to Fiscal 2026 Deficiency **-\$7,468,454**

Appendix 1

2025 Joint Chairmen’s Report Responses from Agency

The 2025 JCR requested that DHS Administration prepare 2 reports. Electronic copies of the full JCR responses can be found on the DLS website.

- ***Report on Fiscal 2025 Closeout:*** A report was submitted on October 17, 2025, providing a partial response on fiscal 2025 spending. However, the report was incomplete and explanations that were provided did not fully explain many transfers or reversions. Additional information on this report can be found in the analysis for N00 – DHS Overview.
- ***Report on MD THINK Costs, Implementation Progress, and Sustainability:*** A report was submitted on February 2, 2026, providing updates on MD THINK costs, implementation status, and long-term sustainability. Additionally, the report outlines issues identified in a September 2023 forensic audit of MD THINK as well as a March 2025 follow-up review of DoIT. In response to these findings, DHS outlines how they are working with DoIT to address these findings, which include a list of improved practices as well as explanations for the increase in costs and delayed implementation of MD THINK. Additionally, DHS discusses new processes for resolving Independent Verification and Validation assessment findings. Additional information on this report can be found in Issue 1 of this analysis.

**Appendix 2
Audit Findings
Office of the Secretary and Related Units**

Audit Period for Last Audit	August 1, 2019 – July 15, 2023
Issue Date	February 2025
Number of Findings	9
Number of Repeat Findings:	1
% of Repeat Findings:	11.1%
Rating (if applicable)	n/a

Finding 1: DHS could not support that federal fund drawdowns were properly calculated and journal entries to allocate expenditures in the State’s accounting records were not always supported and subject to supervisory review.

Finding 2: DHS did not always verify that federal fund reimbursement requests were subsequently received.

Finding 3: DHS did not have procedures to ensure that all federal fund reimbursements were allocated to the proper account. As a result, certain funds were improperly allocated without detection, which raises concerns about the accuracy of account balances and whether all federal funds had been recovered.

Finding 4: DHS could not provide documentation to support the propriety of its accrued federal fund revenue entries or the subsequent recovery of the funds.

Finding 5: Redacted cybersecurity-related finding.

Finding 6: Redacted cybersecurity-related finding.

Finding 7: **DHS did not always publish contract awards on eMaryland Marketplace Advantage as required by State procurement laws and regulations.**

Finding 8: DHS did not have procedures to ensure that employees who were terminated or left State service were promptly removed from the payroll, resulting in improper payments to at least 36 employees totaling \$109,000.

Finding 9: DHS did not ensure that appropriate corrective actions were implemented to address prior findings in audits of DHS units.

*Bold denote item repeated in full or part from preceding audit report.

**Appendix 3
Audit Findings
Local Department Operations**

Audit Period for Last Audit:	February 19, 2019 – February 29, 2024
Issue Date:	April 2025
Number of Findings:	4
Number of Repeat Findings:	3
% of Repeat Findings:	75%
Rating: (if applicable)	n/a

Finding 1: DHS’s **OIG reported numerous instances in which LDSS controls over fiscal management activities were inadequate, including bank accounts, procurements, and contract monitoring.**

Finding 2: **OIG reported numerous LDSS deficiencies related to critical FIA policies, such as those intended to ensure the propriety of recipient eligibility for public assistance and food benefits.**

Finding 3: **OIG reported numerous LDSS deficiencies related to critical SSA policies, including adult and child protective services, and the out-of-home placement program.**

Finding 4: Redacted cybersecurity-related finding.

*Bold denotes item repeated in full or part from preceding audit report.

**Appendix 4
Object/Fund Difference Report
DHS – Administration**

<u>Object/Fund</u>	<u>FY 25 Actual</u>	<u>FY 26 Wrk Approp</u>	<u>FY 27 Allowance</u>	<u>FY 26 - 27 \$ Change</u>	<u>% Change</u>
Positions					
01 Regular	760.00	733.00	806.53	73.53	10.0%
02 Contractual	79.54	3.33	3.33	0.00	0.0%
Total Positions	839.54	736.33	809.86	73.53	10.0%
Objects					
01 Salaries, Wages, and Fringe Benefits	\$102,095,125	\$92,304,652	\$106,372,668	\$14,068,016	15.2%
02 Technical and Special Fees	6,012,943	951,103	946,622	-4,481	-0.5%
03 Communications	8,666,136	11,583,657	11,362,771	-220,886	-1.9%
04 Travel	236,546	367,395	361,634	-5,761	-1.6%
06 Fuel and Utilities	235,829	460,892	462,126	1,234	0.3%
07 Motor Vehicle Operation and Maintenance	66,190	324,153	337,225	13,072	4.0%
08 Contractual Services	193,558,171	229,015,240	90,953,373	-138,061,867	-60.3%
09 Supplies and Materials	1,171,337	1,426,524	1,070,111	-356,413	-25.0%
10 Equipment – Replacement	2,621,568	2,189,026	2,189,026	0	0.0%
11 Equipment – Additional	650,339	624,735	624,735	0	0.0%
12 Grants, Subsidies, and Contributions	183,404	2,469,678	2,465,190	-4,488	-0.2%
13 Fixed Charges	11,900,669	10,695,386	9,971,376	-724,010	-6.8%
Total Objects	\$327,398,257	\$352,412,441	\$227,116,857	-\$125,295,584	-35.6%
Funds					
01 General Funds	\$144,875,109	\$150,882,387	\$125,798,444	-\$25,083,943	-16.6%
03 Special Funds	2,174,195	13,657,743	10,215,251	-3,442,492	-25.2%
05 Federal Funds	154,519,071	155,418,319	91,103,162	-64,315,157	-41.4%
09 Reimbursable Funds	25,829,882	32,453,992	0	-32,453,992	-100.0%
Total Funds	\$327,398,257	\$352,412,441	\$227,116,857	-\$125,295,584	-35.6%

Note: The fiscal 2026 appropriation includes proposed deficiency appropriations. The fiscal 2027 allowance does not include contingent reductions or statewide salary adjustments budgeted within the Department of Budget and Management.

**Appendix 5
Fiscal Summary
DHS – Administration**

<u>Program/Unit</u>	<u>FY 25 Actual</u>	<u>FY 26 Wrk Approp</u>	<u>FY 27 Allowance</u>	<u>FY 26 - 27 \$ Change</u>	<u>% Change</u>
01 Office of the Secretary	\$24,536,568	\$36,658,192	\$34,717,261	-\$1,940,931	-5.3%
02 Citizens Review Board for Children	1,100,047	874,452	1,258,040	383,588	43.9%
03 Maryland Commission for Women	266,595	178,779	192,831	14,052	7.9%
04 Maryland Legal Services Program	10,862,947	11,158,079	10,939,648	-218,431	-2.0%
01 Division of Budget, Finance and Personnel	34,542,704	27,529,151	29,444,203	1,915,052	7.0%
02 Division of Administrative Services	11,281,607	10,995,192	12,058,077	1,062,885	9.7%
04 General Administration	60,380,480	55,185,986	49,474,267	-5,711,719	-10.3%
05 Maryland (MD) Benefits	131,147,292	157,583,820	30,734,721	-126,849,099	-80.5%
05 General Administration	53,280,017	52,248,790	58,297,809	6,049,019	11.6%
Total Expenditures	\$327,398,257	\$352,412,441	\$227,116,857	-\$125,295,584	-35.6%
General Funds	\$144,875,109	\$150,882,387	\$125,798,444	-\$25,083,943	-16.6%
Special Funds	2,174,195	13,657,743	10,215,251	-3,442,492	-25.2%
Federal Funds	154,519,071	155,418,319	91,103,162	-64,315,157	-41.4%
Total Appropriations	\$301,568,375	\$319,958,449	\$227,116,857	-\$92,841,592	-29.0%
Reimbursable Funds	\$25,829,882	\$32,453,992	\$0	-\$32,453,992	-100.0%
Total Funds	\$327,398,257	\$352,412,441	\$227,116,857	-\$125,295,584	-35.6%

Note: The fiscal 2026 appropriation includes proposed deficiency appropriations. The fiscal 2027 allowance does not include contingent reductions or statewide salary adjustments budgeted within the Department of Budget and Management.