

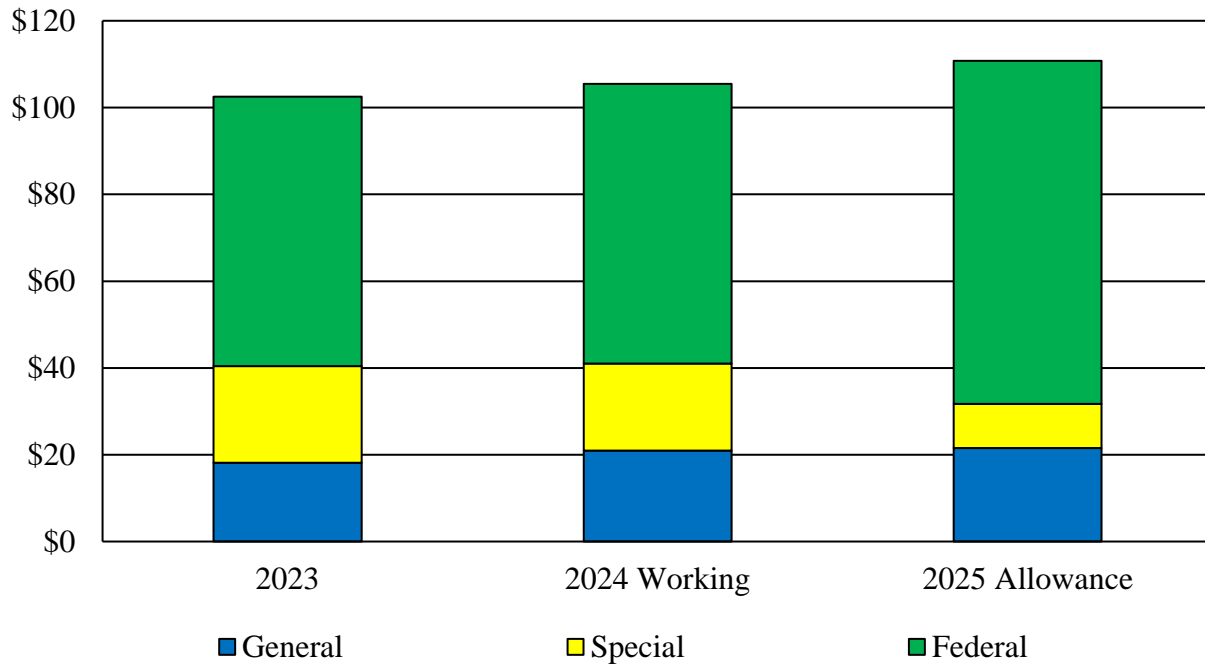
N00H00
Child Support Administration
Department of Human Services

Program Description

The Department of Human Services (DHS) Child Support Administration (CSA) administers child support services through the local departments of social services 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 2025 Budget Increases \$5.4 Million, or 5.1%, to \$110.8 Million



Note: The fiscal 2024 impacts of statewide salary adjustments appear in the Statewide Account in the Department of Budget and Management (DBM), and adjustments are not reflected in this agency’s budget. The fiscal 2025 impacts of the fiscal 2024 statewide salary adjustments appear in this agency’s budget. The fiscal 2025 statewide salary adjustments are centrally budgeted in DBM and are not included in this agency’s budget.

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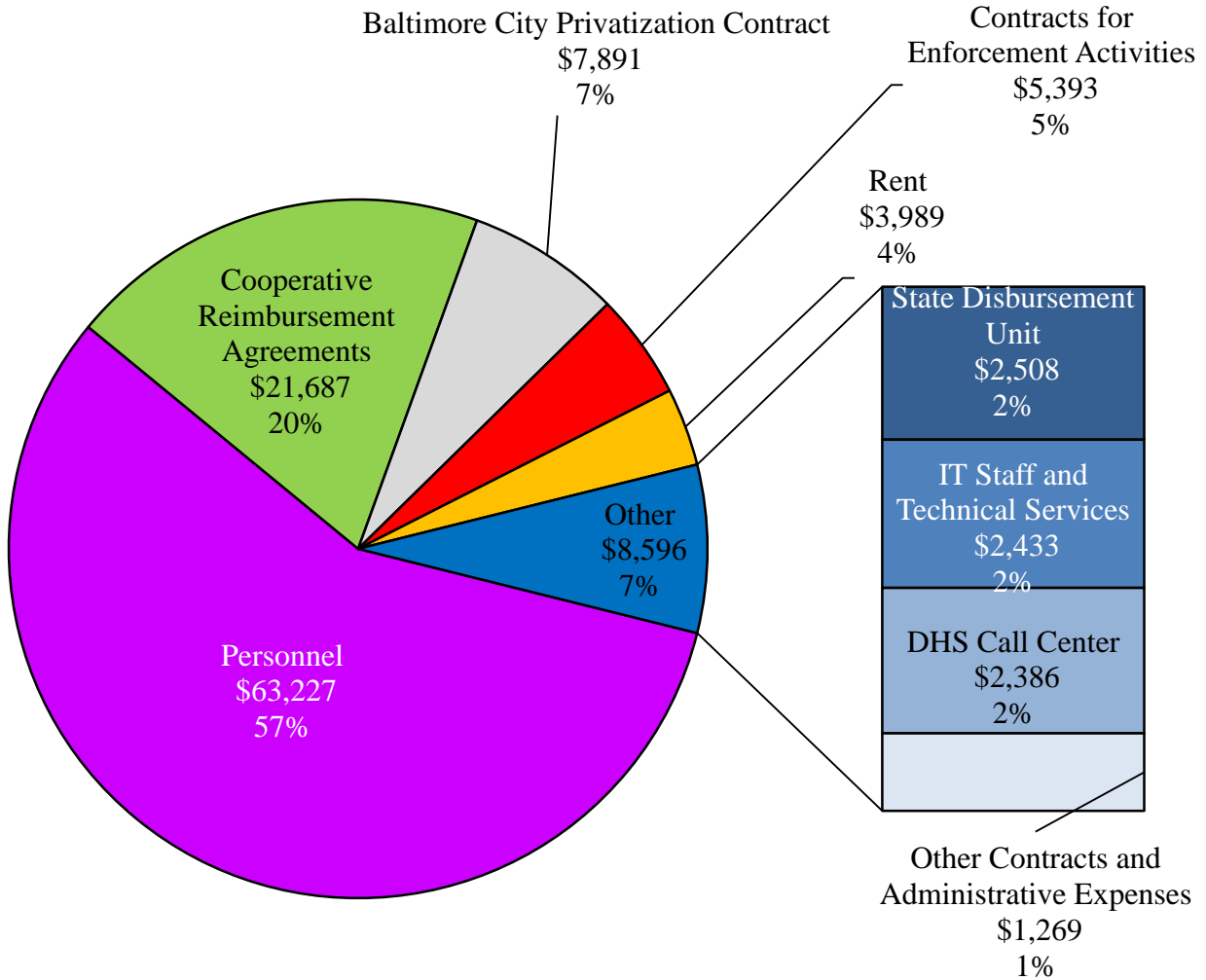
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- The fiscal 2025 allowance increases by \$5.4 million compared to the fiscal 2024 working appropriation. This increase is primarily driven by salary and fringe benefit changes for State employees alongside escalating personnel costs for magistrates, clerks of the court, sheriffs, and State’s Attorney’s offices under the cooperative reimbursement agreement.
- In addition to the overall increase, the fiscal 2025 allowance reflects a significant shift in fund sources. Federal funds increase by \$15 million, which is coupled with a decrease of \$10 million in special funds mainly related to the Child Support Reinvestment Fund not being budgeted in fiscal 2025. Child Support Reinvestment Funds do not receive a federal match, whereas general funds and child support offset funds are matched at 66%, so the use of these other fund sources increases available federal funds. However, not budgeting any of these funds increases State funding.

Fiscal 2025 Overview of Agency Spending

The total fiscal 2025 allowance for CSA is \$110.8 million. As shown in **Exhibit 1**, the largest portion of spending in the fiscal 2025 allowance (57%) is designated for personnel expenses, primarily to support the operation of local offices responsible for administering child support services. Approximately 20% (\$21.7 million) of the allowance is allocated to cooperative reimbursement agreements established between local jurisdictions and the State Attorney’s Office, Magistrate Office, and Sheriff’s Office. The funding in this budget 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 2025 allowance for this purpose totals \$7.9 million.

Exhibit 1
Overview of Agency Spending
Fiscal 2025 Allowance
(\$ in Thousands)



DHS: Department of Human Services
 IT: Information Technology

Source: The fiscal 2025 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 \$5.3 million increase between the fiscal 2024 working appropriation and fiscal 2025 allowance is personnel expenditures. Additionally, cooperative reimbursement agreements increase by \$2.6 million, which is attributed to higher salaries and cost-of-living adjustments for personnel within magistrates, clerks of the court, sheriffs, and State’s Attorney’s offices, all of which are involved in providing child support services under these agreements. These expenses represent the federal fund share of the expenses, the match for these funds is budgeted within those offices. Finally, the call center contract increases by \$512,320, intended to accommodate the CSA’s portion of the new call center contract.

Exhibit 2
Proposed Budget
DHS – Child Support Administration
(\$ in Thousands)

How Much It Grows:	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Total</u>
Fiscal 2023 Actual	\$18,136	\$22,320	\$62,029	\$102,485
Fiscal 2024 Working Appropriation	20,941	20,095	64,400	105,435
Fiscal 2025 Allowance	<u>21,519</u>	<u>10,174</u>	<u>79,090</u>	<u>110,783</u>
Fiscal 2024-2025 Amount Change	\$579	-\$9,921	\$14,690	\$5,348
Fiscal 2024-2025 Percent Change	2.8%	-49.4%	22.8%	5.1%
 Where It Goes:				<u>Change</u>
Personnel Expenses				
Salary increases and associated fringe benefits including fiscal 2024 COLA and increments				\$3,212
Overtime earnings				-2
Workers’ compensation				-39
Turnover increase from 7.1% to 7.8%				-387
Child Support Services				
Cooperative Reimbursement Agreements due to rising salaries and COLA for magistrates, clerks of the court, sheriffs and State’s Attorney’s offices.....				2,568
New vendor for call center contract.....				512
New contract managed under the Office of Technology for Human Services to provide LAN support				349
Increased costs of genetic testing of the noncustodial parent, custodial parent, and child to establish paternity				283

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Where It Goes:	<u>Change</u>
Contracts for additional assistance to support local child support operations and location services to find noncustodial parents who owe child support.....	36
Decrease in the fees charged by the federal Office of Child Support Services for each federal tax intercept and for the federal parent locate service	-107
Ending agreement with University of Maryland, College Park Campus to provide training and application development – services are being transitioned in-house.....	-1,490
Other Changes	
Rent.....	310
Travel.....	110
Other changes.....	-8
Total	\$5,348

COLA: cost-of-living adjustments

LAN: lack of local networks

Note: Numbers may not sum to total due to rounding. The fiscal 2024 impacts of statewide salary adjustments appear in the Statewide Account in the Department of Budget and Management (DBM), and adjustments are not reflected in this agency’s budget. The fiscal 2025 impacts of the fiscal 2024 statewide salary adjustments appear in this agency’s budget. The fiscal 2025 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 replace general and federal funds allocated to child support service activities. The five areas in which HHS sets goals for are:

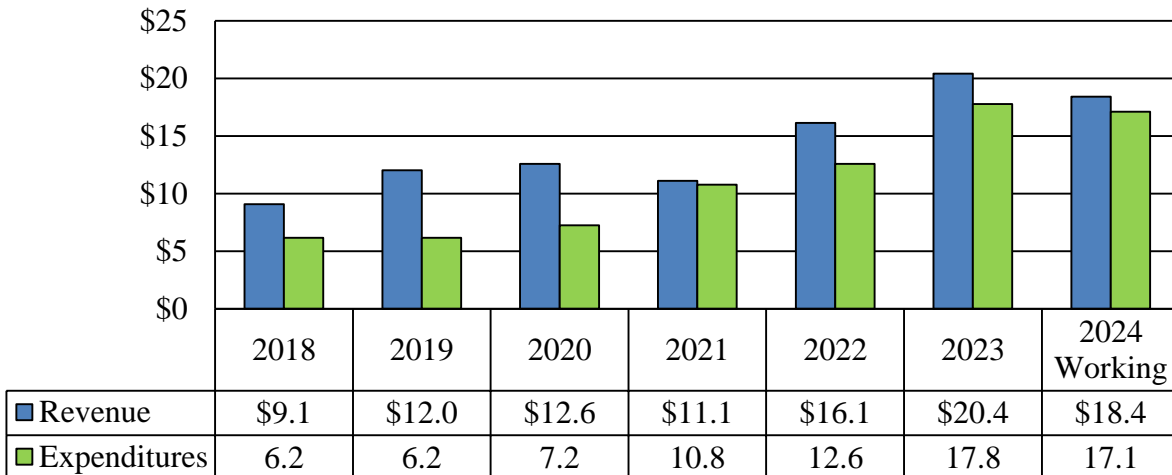
- establishment of child support orders are active and valid;
- establishment of paternity;
- collections on current support due;
- collections on arrears; and
- cost effectiveness of State services.

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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 2024 would reflect the federal fiscal 2022 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 has shown steady growth in both revenues and expenditures over the past years. In fiscal 2018, DHS received revenues of \$9.1 million, with expenditures totaling \$6.2 million. Over the subsequent years, revenues have steadily increased, reaching \$20.4 million in fiscal 2023. However, expenditures have also seen a notable rise, particularly in fiscal 2022 and 2023, peaking at \$12.6 million and \$17.8 million, respectively. Despite fluctuations, the fund continues to maintain a positive balance, the Governor’s Budget Books estimates \$18.4 million in revenue for fiscal 2024, and the fiscal 2024 working appropriation includes expenditures of \$17.1 million. The fiscal 2025 allowance does not include funding from this source, despite the department anticipating receipt of \$10.9 million according to the Governor’s Budget Books. **DHS should comment on why no funds from the Child Support Reinvestment Fund are included in the fiscal 2025 allowance. In addition, the Department of Legislative Services (DLS) recommends reducing general and federal funds budgeted in the State office of CSA, which can be replaced by funds from the Child Support Reinvestment Fund.**

Exhibit 3
Child Support Reinvestment Fund Expenditures
Fiscal 2018-2024 Working
(\$ in Millions)



Source: Governor’s Fiscal 2025 Budget Books

Personnel Data

	<u>FY 23 Actual</u>	<u>FY 24 Working</u>	<u>FY 25 Allowance</u>	<u>FY 24-25 Change</u>
Regular Positions	652.20	660.20	660.20	0.00
Contractual FTEs	<u>17.75</u>	<u>1.00</u>	<u>1.00</u>	<u>0.00</u>
Total Personnel	669.95	661.20	661.20	0.00

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	51.50	7.80%
Positions and Percentage Vacant as of 12/31/23	51.50	7.80%
Vacancies Above/Below Turnover	0.00	

- As of December 31, 2023, CSA had 51.5 vacant positions, with 45.5 of them vacant for less than a year, while 6 positions have remained vacant for over a year.
- Compared to the number of vacancies as of December 2022, the vacancies as of December 2023 have decreased from 85.5 to 51.5 vacancies, indicating the concerted efforts of DHS to address staffing needs and fill these positions.
- Committee narrative in the 2023 *Joint Chairmen’s Report* (JCR) requested that DHS submit a report on positions that had been vacant for over a year as of December 2022 and their recruitment efforts. By December 1, 2023, 7 out of 8 long-standing vacancies were filled. Additionally, as of October 19, 2023, CSA filled 94 positions despite 71 new vacancies, resulting in a net gain of 23 filled positions. DHS has initiated a Recruitment and Retention Plan in December 2022, altering minimum qualifications for child support specialist positions to widen the candidate pool. Local offices can now recruit across classifications and eligibility lists more frequently. In addition, DHS is marketing open positions through universities and social media to reach interested candidates.

Key Observations

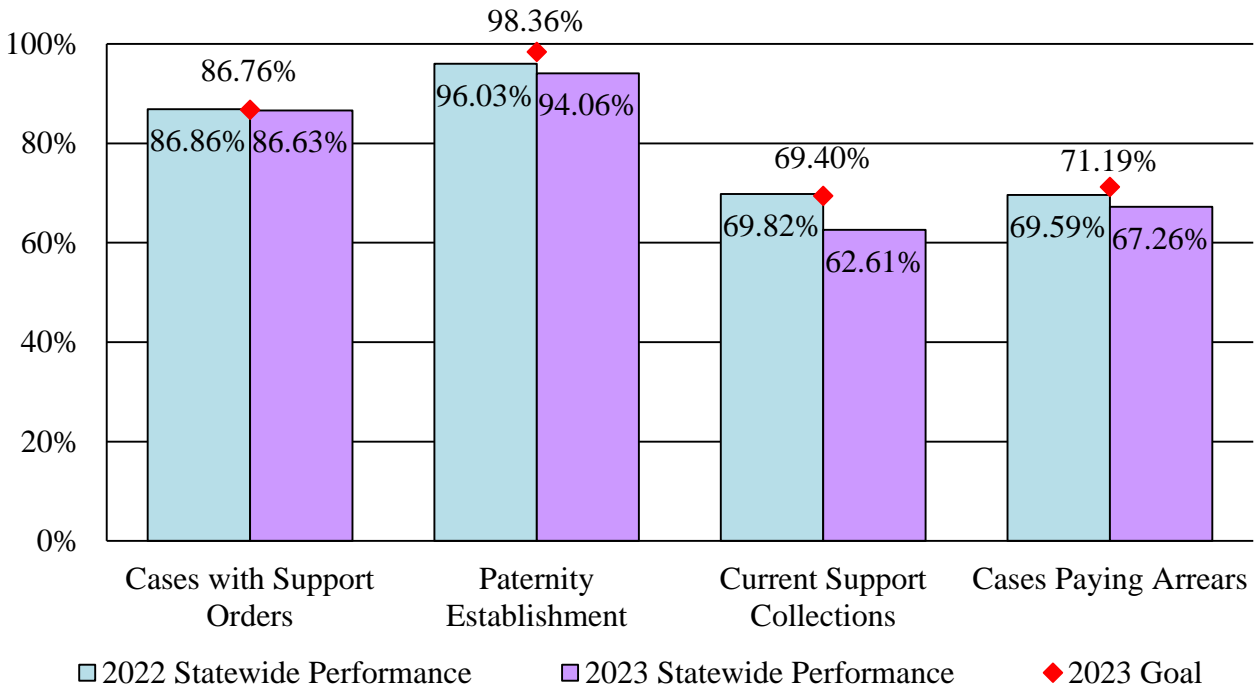
1. Child Support Performance

Committee narrative in the 2023 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). DHS has submitted all three of the requested reports.

Statewide Performance

Exhibit 4 shows that statewide service performance for federal fiscal 2023 remained relatively consistent in one of four performance measures (cases with support orders) compared to the previous year, federal fiscal 2022. Performance declined in three areas: paternity establishment cases saw a decrease of 1.97 percentage points; current support collection cases experienced a decrease of 7.21 percentage points; and cases paying arrears suffered a decrease of 2.33 percentage points. None of these performance metrics met the State goals for fiscal 2023.

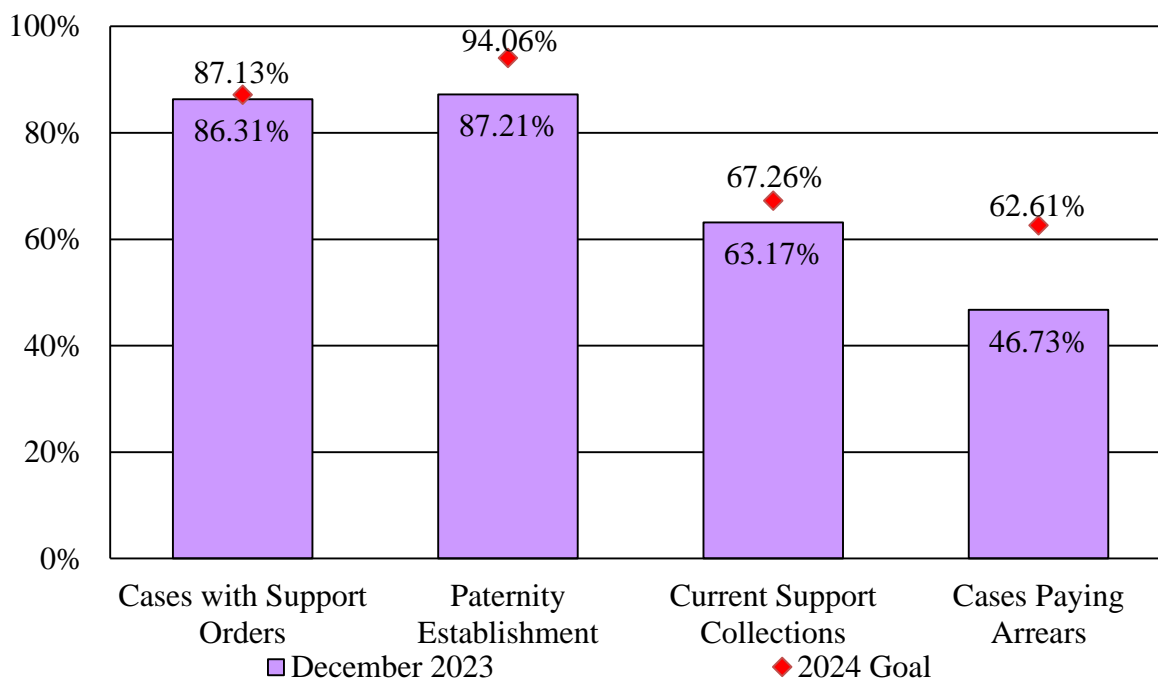
Exhibit 4
Statewide Performance and Goals
Federal Fiscal 2022-2023



Source: Department of Human Services

In its recent submission dated February 2024, DHS provided performance data for the first quarter of federal fiscal 2024. By December 2023, the performance of CSA services had fallen below the established goals for State fiscal 2024. As shown in **Exhibit 5**, while the percentage of cases in which CSA established child support orders (86.31%) nearly approached the target of 87.13%, performance concerning paternity establishment, current support collections, and cases with arrears all lagged behind the State fiscal 2024 benchmarks. The largest gap is observed in the percentage of cases paying arrears (46.73%), substantially lower than the corresponding goal of 62.61%. However, this data point is a cumulative measure that increases throughout the year, and thus quarter one data is expected to be low.

Exhibit 5
Statewide Performance and Goals
Federal Fiscal 2024 (October to December 2023)



Source: Department of Human Services

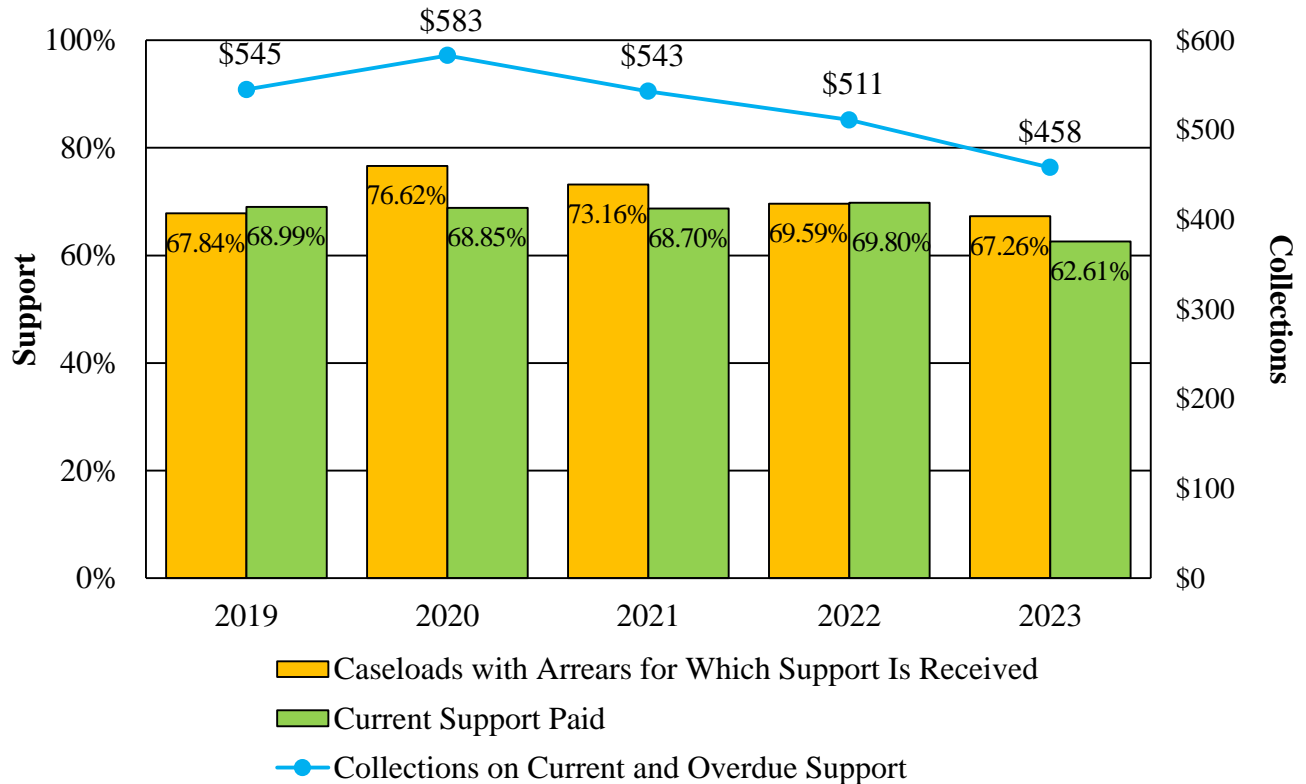
Collections on Current and Overdue Support

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 unemployment insurance (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 6**, between federal fiscal 2020 and 2023, there was a decline in the total collection on current and overdue support, decreasing from \$583 million in federal fiscal 2020 to \$458 million in federal fiscal 2023, a reduction of \$125 million. Similarly, the percentage of current support paid decreased from 68.99% in federal fiscal 2019 to 62.61% in federal fiscal 2023, marking its lowest level since before the pandemic. Additionally, the percentage of cases with arrears for which support is received decreased from 76.62% in federal fiscal 2020 to 67.26% in federal fiscal 2023. **DHS should discuss efforts that it is making to increase collections, particularly of current support owed. DLS recommends adopting committee narrative requesting periodic reports on CSA’s performance against the federal incentive objectives and utilization of the new Child Support Management System (CSMS).**

Exhibit 6
Collections on Current and Overdue Support
Federal Fiscal 2019-2023
 (\$ in Millions)



Source: Department of Budget and Management

2. Child Support Management System

CSMS is an application supporting statewide child support business functions, such as enforcing child support orders, locating parents, establishing paternity and support orders, and collecting child support payments. While the intent of the new system is to facilitate cross-program/cross-administration processes, current challenges prevent CSMS from fully realizing its potential to support program integration. DHS reported that, between August and September 2023, additional staffing resources assigned to CSMS were needed to support a critical database migration. Beginning in October 2023, hiring, selection, and onboarding of new staff has been completed to address the system improvements.

Challenges

DHS indicated that, in the last quarter of calendar 2023, it has focused on maintenance and operations of the system and has found the following challenges:

- **System Integration:** Systems were built with legacy interface formats but now require updating to achieve the intended real-time capabilities.
- **Cross-program:** Information accessibility across the department is limited, requiring staff to rely on external methods like gaining direct system access or manually sharing information through tools like Google Docs or email.
- **Shared/Enterprise Components:** These components are aimed to prevent the duplication of individual reference numbers (IRN) in individual/client management or content management. However, duplicate IRNs persist, posing significant challenges for child support workers in assisting customers and addressing case concerns.
- **Single Consumer Portal (MyMDTHINK):** Not all customers can access the MyMDTHINK portal easily, sign-in procedures are complex, and the information displayed is often incomplete, inaccurate, or hard to locate.
- **Cost Effectiveness:** The costs associated with modernizing child support systems can heavily impact a state's overall cost effectiveness. Maryland, like other states making changes to supporting information technology systems, has seen a decline in cost effectiveness during system development. However, DHS indicated that once the modernized CSMS is stabilized, future enhancements are expected to be made at lower costs compared to the legacy system. In addition, improved system processes will ultimately lead to improved cost effectiveness for Maryland's child support program.

DHS also identified tasks that have been streamlined and made more efficient by CSMS:

- ***Single Sign-on:*** All users can access all child support applications with one single sign-on.
- ***Paternity Establishment:*** Facilitates the necessary processes to establish paternity, including service of process, when the child(ren)'s parentage status needs to be established.
- ***Order Establishment:*** CSMS also includes enhanced functionality of the Child Support Guidelines Calculator. Financial accounts are automatically created when the court order is marked "*Final,*" eliminating previous manual processes.
- ***Collections on Current Support:*** Automatic initiation of income withholding for all support orders established or modified unless the administrative/judicial order indicates otherwise. In addition, workers can now display the image of any payment received by CSA within the CSMS system.

Priorities That Will Be Addressed During the First Quarter 2024

- ***Data Reconciliation and Referrals Across Systems:*** CSMS faces challenges in receiving timely updates when families stop receiving Temporary Cash Assistance (TCA) or when children leave foster care. This leads to incorrect disbursements, requiring extensive manual intervention and negatively impacting customers. Additionally, cross-program interfaces between administrations lack accuracy and essential data, affecting the precision of calculations for TCA, Supplemental Nutrition Assistance Program, child support TCA pass-through, and foster care support.
- ***Payment Features for Easier Viewing and Improved Reconciliation to Avoid Incorrect Automated Enforcement:*** Currently, caseworkers are required to conduct fiscal reconciliations to verify system arrears, often resulting in discrepancies due to payments not being visible on key CSMS screens. This lack of visibility leads to incorrect account balances, potentially triggering automated enforcement actions such as billing notices, delinquency notices, credit bureau reporting, and license or passport restrictions. Additionally, the total amount paid is not consistently reflected in the full payment history, creating challenges in tracking received payments and posted amounts.
- ***Resolution of Issues Related to Support Order Establishment and Modifications, Including Calculation Inaccuracies:*** The system is currently undergoing modifications aimed at rectifying data entry and calculation inaccuracies, ensuring more precise support order establishment and modification processes.

DHS should provide an update on the status of these priorities and offer an estimated timeline for fully addressing these challenges.

Operating Budget Recommended Actions

1. Add the following language:

Provided that \$3,655,000 in general funds and \$7,095,000 in federal funds made for the purpose of the Child Support – State program in the Department of Human Services Child Support Administration shall be reduced. The Secretary is authorized to allocate this reduction within the program. The department is authorized to process a budget amendment to replace these funds with special funds from the Child Support Reinvestment Fund.

Explanation: The department annually receives federal funding related to performance in certain measures. These funds are typically budgeted as special funds from Child Support Reinvestment Fund. Despite anticipating receipt of these funds, the fiscal 2025 budget does not include funding from this source, which leads to a higher amount of general funds than will be needed to support the program. The Child Support Reinvestment Fund does not receive a federal fund match. This language reduces 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 in the Department of Human Services Child Support Administration. The language authorizes these reduced funds to be replaced by Child Support Reinvestment Funds.

2. 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, 2024; September 30, 2024; and December 31, 2024. 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;

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- 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, 2024 November 15, 2024 February 15, 2025

Appendix 1
2023 Joint Chairmen’s Report Responses from Agency

The 2023 JCR requested that DHS prepare two 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 the three required reports. Performance data is discussed in Key Observation 1 of this analysis.
- ***CSA Efforts to Fill Vacant Positions:*** DHS provided two reports providing information on the department’s efforts to fill vacant positions and the employee recruitment efforts to fill those vacant positions. For further details, see the Personnel section of this analysis.

**Appendix 2
Object/Fund Difference Report
DHS – Child Support Administration**

<u>Object/Fund</u>	<u>FY 23 Actual</u>	<u>FY 24 Working Appropriation</u>	<u>FY 25 Allowance</u>	<u>FY 24 - FY 25 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	652.20	660.20	660.20	0.00	0%
02 Contractual	17.75	1.00	1.00	0.00	0%
Total Positions	669.95	661.20	661.20	0.00	0%
Objects					
01 Salaries and Wages	\$ 56,783,349	\$ 60,361,596	\$ 63,145,646	\$ 2,784,050	4.6%
02 Technical and Special Fees	802,288	61,158	81,106	19,948	32.6%
03 Communication	325,825	473,216	390,604	-82,612	-17.5%
04 Travel	55,269	49,675	159,743	110,068	221.6%
06 Fuel and Utilities	102,039	101,301	100,471	-830	-0.8%
07 Motor Vehicles	53,799	43,041	43,053	12	0%
08 Contractual Services	39,430,019	40,152,613	42,339,477	2,186,864	5.4%
09 Supplies and Materials	346,869	400,803	459,431	58,628	14.6%
10 Equipment – Replacement	1,025	0	0	0	0.0%
11 Equipment – Additional	14,026	47,976	0	-47,976	-100.0%
12 Grants, Subsidies, and Contributions	9,634	1,765	7,674	5,909	334.8%
13 Fixed Charges	4,560,800	3,742,323	4,055,901	313,578	8.4%
Total Objects	\$ 102,484,942	\$ 105,435,467	\$ 110,783,106	\$ 5,347,639	5.1%
Funds					
01 General Fund	\$ 18,136,195	\$ 20,940,591	\$ 21,519,211	\$ 578,620	2.8%
03 Special Fund	22,319,755	20,095,071	10,173,789	-9,921,282	-49.4%
05 Federal Fund	62,028,992	64,399,805	79,090,106	14,690,301	22.8%
Total Funds	\$ 102,484,942	\$ 105,435,467	\$ 110,783,106	\$ 5,347,639	5.1%

Note: The fiscal 2025 allowance does not include salary adjustments budgeted within the Department of Budget and Management.