

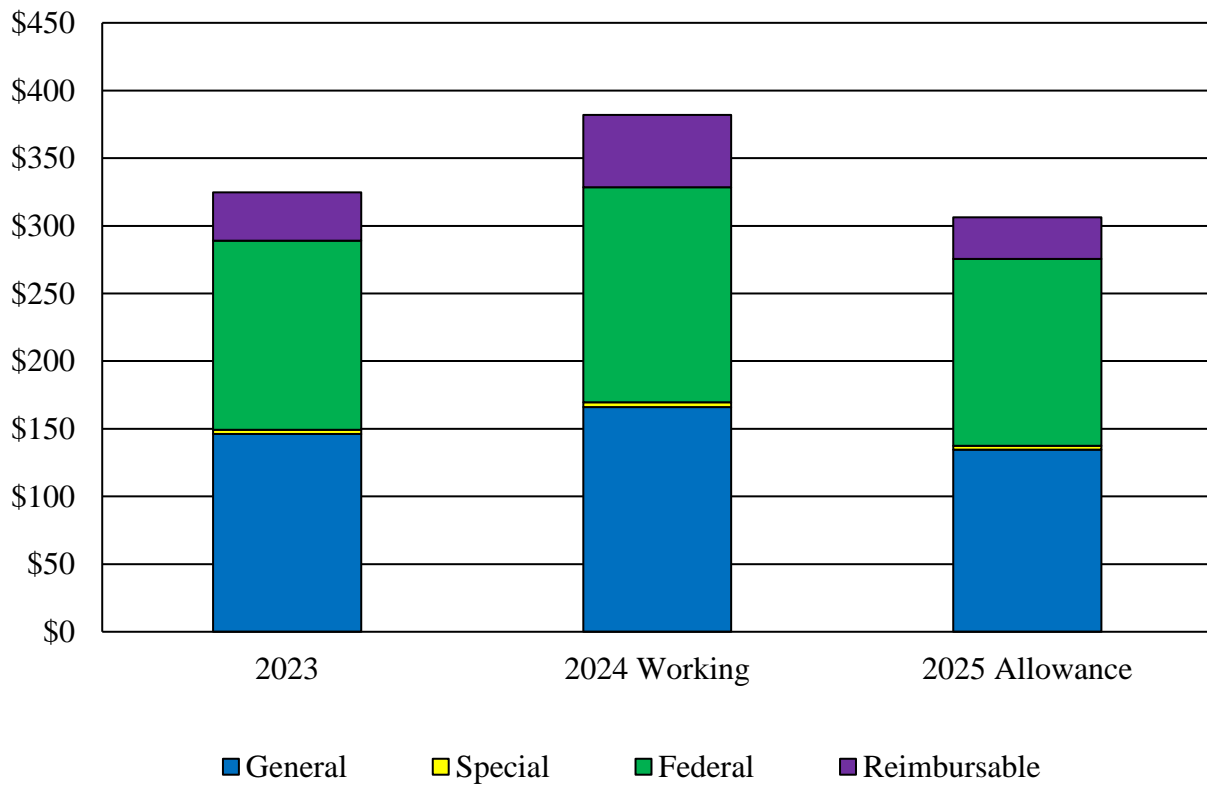
N00A01
Administration
Department of Human Services

Executive Summary

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

Operating Budget Summary

Fiscal 2025 Budget Decreases \$75.7 Million, or 19.8%, to \$306.3 Million
(\$ in Millions)



Note: The fiscal 2024 working appropriation includes deficiencies. 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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- The fiscal 2025 allowance decreases across all fund types compared to the fiscal 2024 working appropriation after accounting for proposed deficiency appropriation (decreases of \$31 million in general funds, \$23 million in reimbursable funds, \$21 million in federal funds, and \$0.71 million in special funds).
- The decrease in the fiscal 2025 allowance is mainly driven by the proposed deficiency appropriation of \$72 million related to maintenance and improvements to the Maryland Total Human-services Integrated Network (MD THINK).

Key Observations

- ***MD THINK Program Challenges:*** DHS has identified critical issues in MD THINK’s structure and operations, specifically related to lack of oversight, financial overspend, and practice. These aspects have contributed to the need for additional work and delays in addressing system errors and user experience concerns.
- ***MD THINK Program Status:*** As of September 2023, DHS reports that the MD THINK Program is finalizing the design, development, and implementation of modifications to the systems supporting DHS. As of July 31, 2023, 14 external agencies have integrated into the MD THINK Platform since calendar 2018, and 10 external agency products were in the process of transitioning to the MD THINK Platform.

Operating Budget Recommended Actions

1. Adopt committee narrative requesting a report on the Maryland Total Human Services Information Network program status and utilization.

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Operating Budget Analysis

Program Description

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

- Office of the Secretary;
- Operations Office;
- Office of Technology for Human Services (OTHS); 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 Total Human-services Integrated Network

MD THINK is a shared technology platform that integrates multiple State health and human service programs and applications. MD THINK is operated by DHS, with support from the Department of Information Technology (DoIT), the Maryland Department of Health (MDH), the Department of Juvenile Services (DJS), the Department of Public Safety and Correctional Services (DPSCS), and the Maryland Health Benefit Exchange (MHBE). MD THINK hosts critical state services, including:

- the Maryland Health Connection, operated by MHBE;
- the birth and death records system, operated by MDH;
- the Child, Juvenile, and Adult Management System (CJAMS), which has replaced or will replace the legacy systems that are supporting the Social Services Administration (SSA) and DJS, as well as add an adult management system to support SSA;
- the Child Support Management System (CSMS), which replaced the legacy Child Support Enforcement System; and
- the Enrollment and Eligibility (E&E) determination system, which replaced the legacy system for public benefits administered by DHS as well as Medicaid determinations for certain customers.

Local General Administration

Local departments of social services (LDSS) are the arms of DHS in each jurisdiction. The administrative budgets of each LDSS are 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.

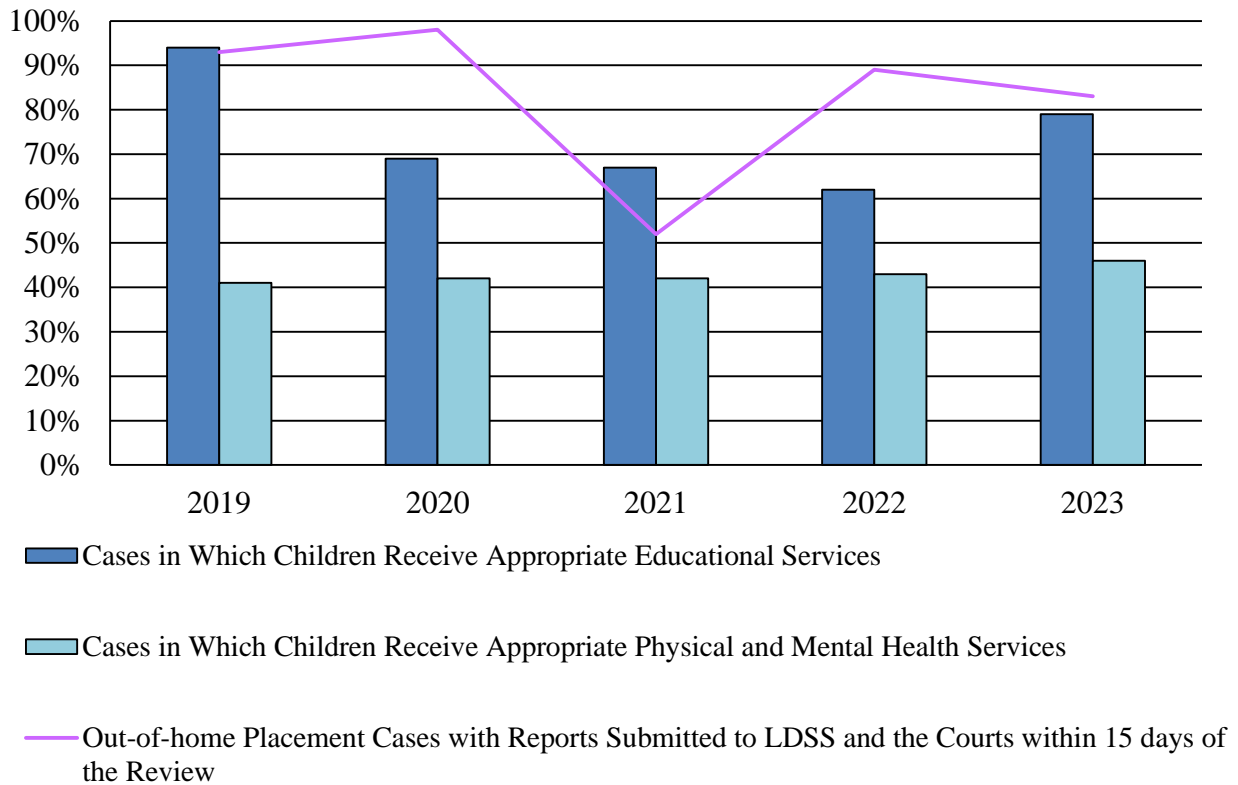
Performance Analysis: Managing for Results

1. Children Receiving Appropriate Care

CRBC reviews cases involving children in out-of-home placement and makes recommendations to LDSS to ensure the provision of appropriate educational and health services.

As shown in **Exhibit 1**, there has been a fluctuation in the percentage of cases reviewed by CRBC where children receive suitable educational services. During the pandemic, the percentage began to decrease from 94% in fiscal 2019 and reached its lowest point (62%) in fiscal 2022. However, in fiscal 2023, performance in this area improved to 79%. DHS attributes this improvement to the implementation of a new unit, under SSA, denominated Audit Compliance and Quality Improvement (ACQI), responsible for monitoring educational services entries by the 24 LDSS. In calendar 2022, the ACQI unit expanded its monitoring practices to include educational records, resulting in an increase in LDSS engagement with and attention to educational services. Despite this improvement, the percentage remains below prepandemic levels. There has been no significant improvement in the percentage of cases in which children receive appropriate physical and mental health services – it has remained level at approximately 43%.

Exhibit 1
Receipt of Appropriate Care for Children in Out-of-home Placements and
Timeliness of Report Submission
Fiscal 2019-2023



LDSS: local departments of social services

Source: Department of Budget and Management; DHS Administration

DHS additionally reports information on the proportion of out-of-home placements in which reports were submitted to LDSS and courts within 15 days following CRBC’s review. Timely report submission is crucial for the prompt coordination of services for children in out-of-home placements. The percentage of cases with reports submitted within 15 days has exhibited positive trends, increasing to 89% and 83% in fiscal 2022 and 2023, respectively. However, this performance level remains lower than what was observed in the prepandemic era. **DHS should discuss measures to sustain and enhance the timeliness of reporting by CRBC and strategies to enhance the provision of appropriate educational and health services.**

Fiscal 2024

In October 2023, a budget amendment totaling \$105.7 million realigned all general and federal fund appropriations related to MD THINK from OTHS to a new program specifically for MD THINK.

Implementation of Legislative Priorities

Chapter 100 of 2023 establishes the Pilot Program for Human Services Careers and a companion scholarship. The purpose of the Pilot Program is to encourage collaboration between DHS and eligible local school systems to assist students in establishing careers in targeted positions within DHS, such as social workers, child support specialists, family investment specialists, and family support workers; and assist current DHS employees and employees to establish careers in those positions. DHS is required to award a one-time stipend of \$500 to a person hired to fill a targeted position who participated in the pilot and graduated from an eligible local school system. Stipends are also required for employees obtaining necessary credentials or degrees to work in certain positions. Section 19 of the fiscal 2024 Budget Bill included a \$50,000 general fund appropriation to DHS for stipends under the pilot program. DHS indicated that the agency is working to implement the provisions of the legislation, including the internship program, and anticipates that the first cohort of eligible interns will begin working with the Department in spring 2024, making them eligible for hire and stipends upon graduation in May and June 2024. As this will be the first year of the program, DHS reported that they are unable to predict the number of eligible individuals who may choose to participate in the internship program and then seek employment with the Department.

Proposed Deficiency

The fiscal 2025 allowance for DHS Administration includes three proposed fiscal 2024 deficiency appropriations totaling \$76.8 million (\$26 million from general funds, \$21.6 million from federal funds, and \$29.2 million from reimbursable funds), which will support:

- \$3.0 million for postage – increased expenditures were caused by processing unscheduled federally mandated mailings for the Family Investment Administration (FIA) and the Child

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Support Administration and two increases in postage costs that were not accounted for in the fiscal 2024 appropriation;

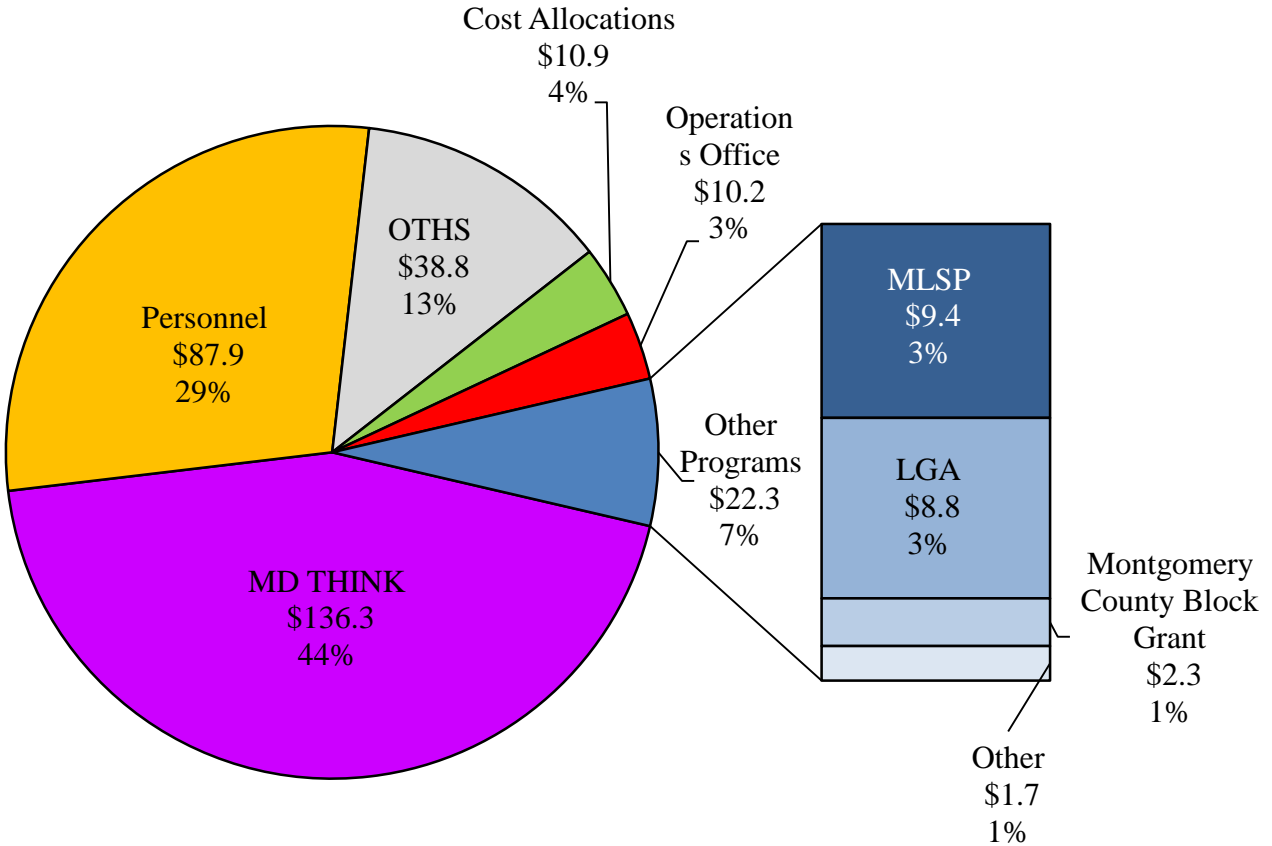
- \$1.8 million for long-distance and toll-free service charges – long-distance and toll-free services and charges are through State master contracts managed through the Department of General Services (DGS) and charged to DHS based on usage. DHS indicates that these funds have been underbudgeted for several years, and DHS has fallen behind fall behind on monthly invoices; and
- \$72 million for maintenance and improvements to MD THINK – according to DHS, this deficiency is to course correct and modernize the platform and to adequately staff each program under MD THINK. Course corrections include funding for the design, development, and implementation of DHS applications, and ensuring accountability for scope and timeline. Additional funding is sought for the MD THINK shared technology platform, E&E, CJAMS, CSMS, and related staffing, consulting, and hosting to meet the obligations and operational costs for MD THINK’s partner agencies (*i.e.*, MDH, DJS, etc.). In particular, the deficiency appropriation will address, in fiscal 2024, gaps for staffing, consulting, and operational costs. In addition, it will support Application Data Architecture and Design Assessments for DHS systems (E&E, CJAMS, CSMS, and the Maryland Office of Refugee Assistance) and some of the MD THINK applications, as well as integration of the Enterprise Data Management system performance, stabilization, and observability enhancements.

DHS should comment on the timeline for the expenditure of proposed deficiencies throughout the remaining duration of fiscal 2024.

Fiscal 2025 Overview of Agency Spending

The fiscal 2025 allowance for DHS Administration totals \$306.3 million. As shown in **Exhibit 2**, MD THINK represents the largest portion of the fiscal 2025 allowance at 44%, or \$136.3 million. MD THINK functions as the State’s benefits platform, ensuring access to necessary services, such as cash and food assistance as well as the system of record for child welfare and child support. Personnel expenses account for 29% of the anticipated spending, totaling \$87.9 million. Other programs collectively make up 7% of the fiscal 2025 allowance. MLSP is responsible for providing legal representation in court proceedings for children involved in Child in Need of Assistance and Termination of Parental Rights cases. Additionally, MLSP extends legal representation to indigent adults in adult protective services and adult public guardianship cases.

Exhibit 2
Overview of Agency Spending
Fiscal 2025 Allowance
(\$ in Millions)



LGA: Local General Administration
 MD THINK: Maryland Total Human-Services Integrated Network
 MLSP: Maryland Legal Services Program
 OTHS: Office of Technology for Human Services

Note: 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.

Source: Governor’s Fiscal 2025 Budget Books

Proposed Budget Change

As shown in **Exhibit 3**, the total fiscal 2025 allowance decreases by \$75.7 million, or -19.8%, compared to the fiscal 2024 working appropriation. A significant portion of this change (84%) is accounting for one-time portions of the fiscal 2024 proposed deficiency related to the maintenance and improvements to MD THINK, which addresses gaps for staffing, consulting, and operational costs. Other notable changes include an increase of \$7.5 million for the Electronic Benefit Transfer (EBT) system contract and \$2.8 million for contracts related to replacing and enhancing an existing financial management system used by LDSS.

**Exhibit 3
Proposed Budget
DHS – Administration
(\$ in Thousands)**

How Much It Grows:	General <u>Fund</u>	Special <u>Fund</u>	Federal <u>Fund</u>	Reimb. <u>Fund</u>	<u>Total</u>
Fiscal 2023 Actual	\$146,174	\$3,091	\$139,733	\$35,606	\$324,605
Fiscal 2024 Working Appropriation	166,105	3,509	158,995	53,423	382,032
Fiscal 2025 Allowance	<u>134,620</u>	<u>2,803</u>	<u>138,074</u>	<u>30,849</u>	<u>306,346</u>
Fiscal 2024-2025 Amount Change	-\$31,486	-\$706	-\$20,921	-\$22,574	-\$75,686
Fiscal 2024-2025 Percent Change	-19.0%	-20.1%	-13.2%	-42.3%	-19.8%

Where It Goes:

Change

Personnel Expenses

Salary increases and associated fringe benefits including fiscal 2024 COLA and increments.....	\$4,304
Overtime earnings	-58
Workers’ compensation.....	-99
Turnover expectancy increases from 5.48% to 7.06%	-1,231

MD THINK

Project management	-172
Reduced need of software licenses (used only by agencies outside of DHS)..	-1,190
MD THINK AWS Cloud Services, system contracts for operating and maintenance expenses accounting for fiscal 2024 deficiency.....	-62,717

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Where It Goes:	<u>Change</u>
Local General Administration	
New vendors for a contract to maintain and enhance the existing financial management system contract utilized by LDSS offices.....	2,815
Reduced costs for security to support safety of staff and customers at LDSS offices	-537
Montgomery County Block Grant – decrease related to an error in allocation of the fiscal 2024 appropriation	-861
Other Changes	
Renewal of the Electronic Benefits Transfer System contract for two consecutive 6-month periods.....	7,543
Rent for the new DHS facility	1,763
Contracts to enhance, maintain, and support the DHS IT needs and for hardware maintenance to diagnose, maintain, repair, and replace out-of-warranty IT equipment.....	75
Cell phone expenditures	-1,025
Postage and telephone primarily due to one-time deficiency appropriations ..	-5,291
Termination of the DGS Building agreement for DHS current facility – Saratoga.....	-5,239
Moving costs for DHS headquarters relocation	-13,655
Other expenses	-112
Total	-\$75,686

AWS: Amazon Web Service
 COLA: cost-of-living adjustment
 DHS: Department of Human Services
 IT: information technology
 LDSS: Local Department of Social Services
 MD THINK: Maryland Total Human Services Integrated Network

Note: Numbers may not sum to total due to rounding. The fiscal 2024 working appropriation includes deficiencies. 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.

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	760.00	760.00	760.00	0.00
Contractual FTEs	<u>44.72</u>	<u>3.33</u>	<u>3.33</u>	<u>0.00</u>
Total Personnel	804.72	763.33	763.33	0.00

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	53.66	7.06%
Positions and Percentage Vacant as of 12/31/23	66.00	8.68%
Vacancies Above Turnover	12.34	

- DHS Administration has 12.34 vacancies above budgeted turnover. Out of the total 66 vacant positions, 53 have been unfilled for less than a year, with the remaining 13 positions vacant for over one year.

Issues

1. MD THINK Program: Implementation and Challenges

Currently, all major DHS customer-facing systems are hosted on the MD THINK platform. MD THINK’s data, program, and applications are hosted on a cloud service provided by Amazon Web Services. In addition, the shared platform hosts other applications beyond the DHS systems. The MD THINK project also encompassed the replacement of DHS’ legacy systems for public benefits, child welfare, and child support. The platform also manages the personal identifiable information related to complex cases ranging from child abuse and neglect cases to juvenile services and child support.

MD THINK is staffed by a small number of State employees (approximately 20) from DHS and MDH, and a much greater number of staff, approximately 350, provided by 13 vendors through a statewide contract known as the “Agile Scrum Team Resources for MD THINK” contract.

As of September 2023, DHS reports that the MD THINK Program is finalizing the design, development, and implementation of modifications to the systems supporting DHS. Several developments are anticipated over the next two years, including:

- **CSMS** – federal certification; interface stabilization and improvements, financials/referrals improvements, user interface experience improvements, Consumer Portal and communication improvements, and dashboard performance and scheduling improvements;
- **CJAMS** – complete the integration with the National Electronic Interstate Compact Enterprise system for out-of-state placements, implement reports related to Baltimore City consent decree, and rollout CJAMS DJS application statewide; and
- **E&E** – Statewide Processing Model, Heat and Eat program, implement legislation, Supplemental Nutrition Assistance Program (SNAP) Management Evaluation tool, Supplemental Security Income-related changes, customer opt-in to e-Notices, WORKS (the data system for the Work Opportunities program) data integration, and validation framework for federal reporting; and Program Certification.

External Utilization of MD THINK

As of December 2022, DHS reported that it had completed the transition phase of the project for systems supporting the agency’s work. Other State agencies have also transitioned to using MD THINK as their IT platform for some applications. Committee narrative in the 2023 *Joint Chairmen’s Report* (JCR) requested that DHS provide a report on the external utilization of the MD THINK platform including a list of non-DHS agencies that have transitioned, or plan to transition; the implementation timeline for the identified potential transition agencies, including the transition of the DJS into CJAMS; and the cost estimates for the transition phase for each agency.

The report outlines the integration of 15 external agency products into the MD THINK Platform since 2018. **Exhibit 4** provides information included in the report, which represented data as of July 31, 2023. The total cost, including expenses from the design, development, and implementation phase, along with the costs of maintaining and operating the system for the initial year post-implementation, stands at \$34.3 million.

Exhibit 4
External Agency Products Fully Integrated into the MD THINK Platform

<u>Agency</u>	<u>Business Suite - Project</u>	<u>Start Date</u>	<u>Go-live Date</u>	<u>Cost</u>
MDH	Medicaid Enterprise System – Enterprise Integration Services	3/1/2022	7/24/2023	\$1,071,000
MDH	Medicaid Enterprise System – Long Term Support Services	10/24/2022	4/30/2023	7,592,880
MDH	Independent Products – Product and Operations Product	10/17/2022	4/15/2023	3,197,075
MDH	Enterprise Document Management System – Department of Recoveries and Financial Services and Healthy Kids	8/2/2022	4/10/2023	4,609,262
MDH	Independent Products – Maryland Medical Cannabis Commission	11/1/2022	2/28/2023	55,920
MDH	Customer Relationship Management – Interactive Voice Recognition- Eligibility Verification System	6/1/2022	1/18/2023	698,795
MDL	Research Improving People’s Lives – Maryland Job Genie	11/22/2022	12/12/2022	61,550
MDH	Prevention of Health Promotion Administration – Contact Tracing Unit	11/15/2021	11/22/2022	82,587
DPSCS	Re-Entry Passport	4/11/2022	10/4/2022	584,650

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<u>Agency</u>	<u>Business Suite - Project</u>	<u>Start Date</u>	<u>Go-live Date</u>	<u>Cost</u>
MDH	Antipsychotic Prescription Review Program and High-cost Drug Data – Office of Pharmacy Services	6/17/2022	7/22/2022	583,754
MDH	Public Health Services – Hilltop Managed File Transfer	4/25/2022	6/10/2022	95,144
MDH	Public Health Services – Hospital Surge Engagement Team – Jensen	3/4/2022	4/18/2022	729,416
MDH	DORM Data Domain	10/1/2021	11/22/2021	706,555
MDH	Medicaid Enterprise System – eMedicaid	7/1/2019	1/5/2020	1,473,302
MHBE	Maryland Health Connection – Health Benefit Exchange Apps: including Consumer Portal and Worker Portal	12/6/2018	8/12/2019	12,778,481

DORM: Data Informed Overdose Risk Mitigation
 DPSCS: Department of Public Safety and Correctional Services
 MDH: Maryland Department of Health
 MHBE: Maryland Health Benefit Exchange

Note: Cost includes design, development, and implementation along with the first year of maintenance and operations.

Source: Department of Human Services

Exhibit 5 presents a list of 10 external agency products that as of July 31, 2023, were in the process of transitioning to the MD THINK Platform. The associated costs, covering estimated platform/platform services costs, along with any design, development, implementation expenses, and one year of maintenance and operations total \$31.1 million.

Exhibit 5
External Agency Products Currently Being Implemented on the MD THINK Platform

<u>Agency</u>	<u>Business Suite - Project</u>	<u>Start Date</u>	<u>Go-live Date</u>	<u>Estimated Cost</u>
MHEC	Document Management System	Pending SOW/ Approvals	TBD	\$75,000
DJS	CJAMS – Juvenile Services	10/1/2017	TBD	14,451,176
MDH	MES – Provider Management Module	3/1/2022	Q2/2025	2,455,349
MDH	EVRRS – including birth records, death records, and others	3/1/2021	12/22/2025	6,200,619
MDH	Eligibility and Enrollment – Hospice and Adult Medical Day Care	11/14/2022	12/22/2023	5,655,200
MDH	Data Informed Opioid Risk Management Data Domain 3.0	7/1/2023	11/30/2023	381,128
MDH	PHS – Kidney Disease Program	10/17/2022	11/30/2023	1,362,001
MDH	PHS – Child Medical Services	10/17/2022	11/18/2023	1,172,566
MDH	CRM – Breast and Cervical Cancer Diagnosis and Treatment	10/17/2022	10/31/2023	1,398,416
MDH	Salesforce CRM – Recoveries and Financial Services	6/6/2022	9/29/2023	924,940

CJAMS: Child, Juvenile and Adult Management System
 CRM: Customer Relationship Management
 DJS: Department of Juvenile Services
 EVRRS: Electronic Vital Records Registration System
 MDH: Maryland Department of Health
 MES: Medicaid Enterprise System
 MHEC: Maryland Higher Education Commission
 PHS: Public Health Services
 SOW: Statement of Work
 TB: to be determined

Note: Cost includes design, development, and implementation along with the first year of maintenance and operations.

Source: Department of Human Services

DHS reports that it maintains active collaboration with external agencies to finalize statements of work. Additionally, the agency indicates that the estimated cost for projects not yet transitioned may fluctuate as requirements undergo refinement or new requirements emerge during the development cycle. **DHS should comment on the current status of the transition process to the MD THINK Platform, specifically concerning external agency products that were anticipated to go live between August and December 2023. The Department of Legislative Services (DLS) recommends adopting committee narrative requesting that DHS provide a report detailing the implementation status of the project and utilization of resources.**

Challenges

During the budget hearings for the DHS Overview, DHS mentioned critical issues in MD THINK's structure and operations, specifically related to lack of oversight, financial overspend, and practice. These issues have led to rework and delays in addressing system errors and user experience concerns.

- ***Lack of Oversight:*** The absence of accountability can be attributed to the lack of internal controls for spending, financial management, and cost allocation. This led to overspending and projected inefficiencies. Additionally, according to DHS, the program financial management was centralized with limited involvement from application directors, resulting in a lack of accountability.
- ***Financial Overspend:*** Inconsistent management controls, reliance on labor-hour contracted developers instead of commercially available off-the-shelf solutions, and a lack of accountability for system performance contributed to rework and additional costs. Changes in scope or additional projects were not adequately assessed for extra costs, leading to further budget discrepancies. This issue affected both DHS applications and additional agency projects (MDH, DJS, DPSCS, MHBE) without proper consideration of the overall program budget.
- ***Practice:*** MD THINK faced challenges in its development practices. MD THINK initially lacked user researchers to design the initial approach with a broad group of stakeholders, ranging from executives to field workers. This lack of design experience was compounded by a deficiency in User Acceptance Testing critical for agile development. The absence of proper testing led to applications being perceived as ready for production when they were not, causing rework, delays, and higher costs. Regular release of new features without adequate testing resulted in bugs, defects, and inaccuracies.

According to the agency, those challenges required prompt action and further discussions to address immediate concerns and deliberate on the long-term vision and operational strategy for the program. In general, the lack of coordination in system development has led to a situation where the components or modules of the system (the silo) operate in isolation from each other, lacking effective communication or integration. This can make the system less user friendly and more difficult to navigate, as information and processes may not flow seamlessly across different

parts of the platform. It implies a need for greater cohesion and integration within the system to enhance usability. **DHS should comment on the correlation between the challenges faced and the proposed deficiency of \$72 million for maintenance and improvements to MD THINK.**

Improvement Efforts

In order to address the lack of internal controls, DHS has:

- hired a budget director for MD THINK and assigned specific budgets to each program area; directors are accountable for managing these budgets;
- introduced a real-time tracking of spending plans to closely reflect expenditures during the development process; and
- implemented a centralized document and policy management site for easy access to authoritative information and has established regular operational meeting cadences to review policies.

To address financial overspend, DHS has reduced the contract workforce by 34%. MD THINK leadership reorganized roles to stabilize and enhance the platform. Additionally, DHS has initiated a hiring process for a new leadership team, including roles like chief product officer, product managers, budget director, deputy infrastructure director, product design lead, and human resources manager. Also, MD THINK implemented checks and balances to make decisions in collaboration with the management team and partner agencies.

Regarding practice issues, DHS has initiated a series of changes, including formalizing funding and memorandum of understanding relationships with other agencies, placing increased emphasis on preproduction defect identification, prioritizing code fixes over data fixes, and incorporating budget constraints into the MD THINK planning process. Furthermore, the agency indicates that the MD THINK team, in collaboration with DHS, DoIT, and MDH partners, is working toward the development of a future version of MD THINK. This version aims to achieve a centralized, 360-degree view of Marylanders receiving services.

DHS's goals for fiscal 2024 are:

- prioritizing the end user experience of MD THINK products by integrating real people and human-centered design principles into all phases of the design, development, and problem-solving processes;
- focusing on prioritizing co-eligibility and establishing a 360-degree view of the resident to more effectively identify, register, and deliver services to those qualified; and
- improving the consumer/public-facing portal, with an emphasis on simplifying and streamlining the resident experience during login and service reception.

DHS should comment on the improvement efforts undertaken to address challenges faced with MD THINK during fiscal 2023 and 2024 and highlight any milestones achieved since the identification of these challenges. Additionally, provide insights on any initiatives planned for fiscal 2025, with a specific emphasis on whether the allowance adequately supports all planned activities.

2. Oversight of LDSS

In March 2022, the Office of Legislative Audits (OLA) published a fiscal compliance audit on the DHS Local Department Operations. The audit identified six findings, of which five were repeated from previous audits. 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 improve oversight of procurement processes and the steps that LDSS are taking to resolve repeat audit findings. As part of the report, DHS submitted detail on specific actions taken in response to each repeat finding.

In response to the OLA recommendations, DHS has implemented the following actions to improve oversight of the LDSS:

- **Finding 1: DHS did not have an effective process to ensure that the LDSS complied with State law, regulations, and DHS policies.** DHS has dedicated efforts to rebuild and reset its relationship with LDSS including implementing the following actions:
 - ***Integrating Leadership:*** As of August 21, 2023, the department restructured its leadership model, combining headquarters and local teams for a unified approach. According to DHS, this integration aims to improve communication, inclusive decision making, and leverage strengths. Involving local departments directly enhances understanding of laws, regulations, policies, vision, and plans, promoting effective implementation and accountability.
 - ***Budget Development:*** Starting in May 2023, there has been a concerted effort to integrate LDSS into the department's budget development cycle. The focus has been on actively involving LDSS in identifying and proposing budget solutions.
 - ***Operational Involvement:*** DHS has sought the active participation and input of LDSS in various departmentwide initiatives, including MD THINK, specific request for proposals evaluations, and human resources matters focused on reducing the overall vacancy rates within DHS.
 - ***Empowering Compliance Teams in Program Areas (Family Investment, Social Services, Child Support) at Headquarters:*** According to DHS, these teams act as crucial links between headquarters and local departments, addressing audit findings and integrating them into compliance reviews. This ongoing oversight facilitates

early issue identification, enables course corrections, and sustains compliance. Additionally, the teams will offer regular technical assistance and training for ongoing adherence to standards.

- ***Corrective Action Plans:*** Following the release of internal audit reports by the Office of the Inspector General (OIG), local departments are promptly required to submit detailed Corrective Action Plans to the DHS Office of the Secretary. These plans must specify timelines for addressing each finding and identify the responsible parties for resolution. Local departments are also encouraged to communicate any potential barriers hindering the successful implementation of corrective actions.
- ***Audit Resolution Committee:*** The Audit Resolution Committee, led by LDSS and inclusive of members from headquarters and OIG, collaborates to gain diverse perspectives. DHS mentions that this cross-functional approach aims to comprehensively understand and address the root causes of audit findings and identify common issues across departments for holistic solutions.
- **Finding 2: OIG reported numerous instances in which LDSS controls over fiscal management activities were inadequate, including bank accounts, procurements, and gift cards.**
 - ***Establish Adequate Controls Over Bank Accounts, Including Controls Over Returned Checks:*** DHS Budget and Finance conducts monthly reconciliations of local department fiscal activities, including bank accounts, returned checks, and gift card inventories.
 - ***Comply with State Procurement Regulations:*** DHS Central Procurement Division held bi-monthly Procurement Advisory Committee (PAC) meetings in calendar 2022, offering updates and training on State procurement regulations for DHS and LDSS staff managing contracts. Procurement director and officers conduct training during these meetings, with plans to continue the bi-monthly PAC sessions.
 - ***Establish Proper Accountability Over Prepaid Gift Cards:*** Budget and Finance conducts monthly reconciliations of local department fiscal activities, including bank account reviews, returned checks, and gift card inventories, with ongoing monthly reviews.
- **Finding 3: 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.**

- ***Establish Appropriate Controls Over the EBT Card Inventories:*** The FIA EBT Project Office reissues monthly EBT Card Inventory Procedures and Forms to LDSS custodians since February 2022. Custodians complete and return the form, which is reconciled against the Electronic Payment Processing and Information Control report to ensure card inventory accuracy. The EBT Project Office will distribute EBT Card Inventory Procedures to LDSS custodians quarterly (January, April, July, October). The procedures outline proper handling, storage, issuance, and reconciliation of EBT cards. Supervisors will conduct quarterly physical checks to ensure compliance. The Bureau of Quality Control’s Management Evaluation unit reviews EBT modules during annual SNAP Management Evaluations for selected LDSSs.
- **Finding 4: OIG reported numerous LDSS deficiencies related to critical SSA policies, including child and adult protective services and the out-of-home placement program.**
 - ***Complete Child Protective Service Investigations Timely and Notify Appropriate Law Enforcement, as Required:*** A new ACQI unit, established by SSA on August 25, 2021, is addressing the issue of timely completion of Child Protective Services (CPS) investigations with LDSS through focused attention, technical assistance, and ongoing monitoring. ACQI found that LDSS are notifying law enforcement as required, but the documentation of such notifications was not consistently recorded in DHS records. SSA has introduced a local Quality Assurance (QA) process, the “QA Tool,” to measure and ensure compliance with critical policies and regulations, including documentation of law enforcement notifications.
 - ***DHS SSA Introduced CJAMS Processes and Reports to Track Delays in CPS Investigations, Enhancing Focused Technical Assistance for Better Compliance:*** SSA’s new ACQI unit monitors investigation and notification compliance, offering assistance and requiring corrective action plans for LDSS if needed. Technical aid was provided for law enforcement notification documentation, and a workgroup initiated the update of Screening Policy. A draft guidance for CPS notification to law enforcement is awaiting final approvals. Next steps include issuing updated guidance on notifying law enforcement in CPS investigations, application enhancements to capture the supporting documentation for required business processes in CJAMS, and finalize the updated Screening Policy.
 - ***Document All Monthly Visits between the Caseworker and the Out-of-home Placement Child and Record These Visits in DHS Records in a Timely Manner:*** SSA ACQI monitors documentation, addressing noncompliance by requesting corrective action plans from LDSS and offering technical assistance for improvement. Weekly Caseworker Visitation data is distributed to agency leadership for tracking compliance against the 95% goal. As of January 2023, one jurisdiction fell below the mandate, but overall State compliance reached 96.8%. Ongoing tracking, notification, and technical assistance are in place.

- ***Adequately Maintain Foster Care Trust Accounts:*** DHS SSA is updating policy guidance and accounting procedures, monitoring LDSS compliance, and providing technical assistance. It is in ongoing communication with partners and are drafting updated policies for statewide consistency. Workgroups have been formed since June 2023 to update a policy issued in November 2018 regarding the requirements and procedures for the conservation of funds held on behalf of foster children and to enhance monitoring reports for children’s accounts oversight. Next steps include refining this policy, defining “timeliness,” establishing agencywide policy requirements, providing common recordkeeping guidance, preparing training, creating documentation to support application development in CJAMS, implementing regular reporting, and evaluating current vendors. Finally, SSA will complete monitoring report enhancements to ensure proper account maintenance.
- **Finding 5: OIG reported numerous deficiencies related to LDSS user access to critical computer systems.**
 - ***Establish Appropriate Accountability and Control Over Information System Access:*** DHS reports that once designated as the security monitor, staff undergoes training by OTHS on security monitoring tasks, such as onboarding/offboarding, entitlement reviews, and role-based access control. Training documentation will be permanently provided, and monitors must complete it every two years, with updated documents supplied afterward. DHS also indicates that monthly meetings are held to address policy updates and procedure changes. Monitors update user capabilities monthly, conduct yearly entitlement reviews, and remove former employees promptly. Annual entitlement reviews are conducted to ensure that user access is limited to what is essential for their job responsibilities. The entitlement review process was completed by October 2023.
- **Finding 6: LDSS contracts were not adequately monitored, and sole source procurements were not adequately justified.**
 - ***Ensure That the LDSS Obtain and Review Adequate Documentation Supporting Vendor Compliance with All Material Contract Requirements:*** DHS Central Procurement Division (CPD) consulted the Office of State Procurement (OSP), leading to seven staff receiving OSP’s contract management State training. CPD initiated bi-monthly meetings for contract monitors to exchange feedback, guidance, and best practices. Baltimore City Department of Social Services (BCDSS) is actively implementing process changes, including training vendor staff on the new system and improving contract monitoring. DHS reports that while the process is ongoing, significant corrective action has been completed.
 - In fall 2021, BCDSS and vendor leadership developed and trained staff on data entry procedures. Initial training is done, with additional sessions as needed. In late 2021, health data fields were added to CJAMS with assistance from the IT

systems team for vendors to document required health data. BCDSS, under the vendor contract, received a positive semi-annual audit report in May 2022 from an independent audit firm. The audit confirmed that OLA's findings were inaccurate regarding the vendor's contractual performance. The audit also supported BCDSS' internal review of specific cases, verifying the vendor's fulfillment of contractual obligations for health care data. BCDSS utilizes audit results for ongoing performance improvement, engaging in recurring meetings with the vendor, guided by semi-annual independent review data and continuous performance data from CJAMS:

- DHS reports that in February 2022, BCDSS reviewed 796 case records for children in the audit finding. These case records were composed of 455 children in foster care under the age of 18 who received a health exam after the one-year criteria, and 341 children in foster care who never received a health exam. Contrary to the initial indication, over 99% (453 of 455) received a health exam within the required period. Less than 1% (2 of 455) had not received the required annual exam. Additionally, nearly 100% (340 of 341) of children initially identified as never receiving a health exam had actually received one by February 2022.
- BCDSS's Innovations Unit holds weekly meetings with the vendor, discussing data reports, trends, and the Corrective Action Plan. Ongoing dialogue addresses implemented and underdevelopment process improvements and data systems. Child Welfare and vendor leadership meet weekly for performance reviews and process enhancements. SSA engages in bi-weekly meetings with Child Welfare and the vendor to analyze CJAMS Milestone report data, identify performance barriers, share best practices, and explore solutions.
- Ongoing contract monitoring and bi-yearly internal reviews are performed to ensure regular and timely oversight activities.
- ***Ensure That LDSS Use the Sole Source Procurement Method Only When There Is Adequate Documentation of the Steps Taken to Conclude That No Other Vendors Were Available to Provide the Related Goods or Services, as Required by State Regulations:*** DHS CPD guides LDSS on sole source procurement in bi-monthly meetings, introducing a request for competitive waiver determination form to pre-request approval of sole source procurements greater than \$15,000. A St. Mary's County staff, part of a pilot training, is now a certified Maryland procurement officer. CPD collaborates with St. Mary's County to enhance LDSS' understanding of procurement, particularly sole source methods. St. Mary's County will adhere to sole source procurement policy. Next steps include CPD's spot checks in Contract Monitoring Advisory Committee meetings.

3. DHS Headquarters Building Relocation Update

The existing office facility is a century-old department store building that has presented substantial challenges in terms of infrastructure, foundation, and operational efficiency. These issues have resulted in excessive maintenance and repair costs. In response, the agency is relocating to a newer rented space, which has guaranteed reduced maintenance requirements and enhanced amenities for staff.

As of November 2023, DHS reported that interior demolition is complete, and the overall renovation stands at 60%. Despite initial plans for a fall 2023 move, the relocation timeline was adjusted to approximately June 2024, which resulted in a cancellation of \$4.5 million in federal funds in fiscal 2023. This cancellation represents the federal portion of the overall relocation budget. DHS indicated all costs are allocated appropriately across federal grants, including the office relocation budget, to ensure the proper administration of federal grant programs. This delay is attributed to challenges faced by the general contractor in navigating the building and fire permitting entities of the Baltimore City government. DGS is leading the project, and DHS has indicated that internal preparations are underway to facilitate a smooth transition upon project completion.

The new building is located at 25 South Charles Street in the heart of Baltimore’s Central Business district. The office spaces, distributed across various floors, include the basement, first floor storage, and offices on floors 10 through 13 and 16 and 19. Rental costs cover onsite parking, maintenance, and security, eliminating the need for a \$100,000 annual fee to DGS for State capital projects. The funds allocated for the move have been utilized to cover expenses such as professional services for tenant fit-out at the new location, moving service charges, network infrastructure, computer equipment required for the new premises, and procurement of furniture. **DHS should comment on whether it possesses adequate funds to support the relocation. Furthermore, the agency should comment on any updates related to the date for the move.**

Operating Budget Recommended Actions

1. Adopt the following narrative:

Maryland Total Human-services Integrated Network (MD THINK) Status and Utilization of Resources: The Department of Human Services (DHS) has encountered several challenges during the implementation of the MD THINK program. The committees request that DHS submit a report providing information on the program’s implementation status, including:

- an updated timeline detailing the status of past, present, and future phases of the MD THINK project;
- details of the allocation and utilization of financial resources within the program for fiscal 2023, 2024, and 2025;
- impact of the implemented improvement efforts on the overall functionality and efficiency of the MD THINK program, including providing insights into how these changes have reduced system errors, improved user experience, and altered project timelines;
- an updated list of non-DHS agencies that have transitioned, or plan to transition, to the MD THINK platform, implementation timeline and cost estimates for the transition phase for each agency; and
- details on upcoming initiatives or strategies aimed at achieving long-term functionality.

Information Request	Author	Due Date
Report on MD THINK status and utilization	DHS	December 15, 2024

Appendix 1
2023 Joint Chairmen’s Report Responses from Agency

The 2023 JCR requested that DHS Administration prepare three reports. Electronic copies of the full JCR responses can be found on the DLS Library website.

- ***Report on External Utilization of MD THINK:*** DHS provided a list of non-DHS agencies that have either completed or are in the process of transitioning to the MD THINK platform. The report includes the implementation timelines for identified potential transition agencies and offers cost estimates for the transition phase specific to each agency. Further discussion of this data can be found in Issue 1 of this analysis.

- ***Report on Efforts to Improve Oversight of LDSS:*** DHS submitted a report detailing explanations for each audit observation identified by OLA, accompanied by a discussion of the department’s efforts to enhance oversight. The report includes a discussion of actions taken to address repeat audit findings and outlines specific measures initiated by DHS in response to the audit observations. Due to the repeated audit findings, the committees restricted \$100,000 in general funds that were released in December 2023. Further discussion of this data can be found in Issue 2 of this analysis.

- ***Recruitment and Retention Strategy Update:*** DHS submitted a report providing a progress update on the impact of the adoption of various recruitment and retention efforts. Further discussion of the information contained in this report may be found in Issue 1 of the DHS Overview Analysis.

Appendix 2
Maryland Total Human Services Integrated Network
Major Information Technology Development Project
Department of Human Services – Administration

Further discussion of the MD THINK project can be found in Issue 1 in this analysis.

Ongoing								
Start Date: Fiscal 2017					Est. Completion Date: Fiscal 2024			
Implementation Strategy: Agile								
(\$ in Millions)	Prior Year	2024	2025	2026	2027	2028	Remainder	Total
GF	\$107.682	\$0.100	\$0.600	\$0.000	\$0.000	\$0.000	\$0.000	\$108.282
SF	82.797	43.633	43.033	0.000	0.000	0.000	0.000	169.463
FF	432.027	60.847	60.847	0.000	0.000	0.000	0.000	553.720
Total	\$622.506	\$104.580	\$104.480	\$0.000	\$0.000	\$0.000	\$0.000	\$831.466

- **Project Summary:** MD THINK is a multidepartmental initiative led by DHS to create a cloud-based shared human services platform and multiple program-specific applications.
- **Need:** The MD THINK Enterprise Platform provides essential governmental services and access to benefits to Marylanders. All three major DHS systems, in addition to MHBE, the birth and death records system, and many other health and human service applications have been added to the MD THINK platform over the past few years.
- **Observations and Milestones:** Much of the project work is finalizing the design, development, and implementation of modifications to the systems supporting DHS.
- **Changes:** DHS leadership has reviewed MD THINK’s design, development, and implementation work and made course corrections to existing applications’ core stability before moving to a maintenance and operation focus.

**Appendix 3
Object/Fund Difference Report
DHS – 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	760.00	760.00	760.00	0.00	0%
02 Contractual	44.72	3.33	3.33	0.00	0%
Total Positions	804.72	763.33	763.33	0.00	0%
Objects					
01 Salaries and Wages	\$ 90,794,207	\$ 84,278,254	\$ 87,194,081	\$ 2,915,827	3.5%
02 Technical and Special Fees	2,700,113	682,662	719,302	36,640	5.4%
03 Communication	10,211,914	13,125,773	11,610,803	-1,514,970	-11.5%
04 Travel	261,530	272,143	417,676	145,533	53.5%
06 Fuel and Utilities	573,152	421,424	460,892	39,468	9.4%
07 Motor Vehicles	199,787	365,123	362,267	-2,856	-0.8%
08 Contractual Services	196,409,878	181,378,427	188,371,755	6,993,328	3.9%
09 Supplies and Materials	819,521	1,165,647	1,172,611	6,964	0.6%
10 Equipment – Replacement	2,130,005	2,422,633	2,324,647	-97,986	-4.0%
11 Equipment – Additional	8,904,552	977,692	624,735	-352,957	-36.1%
12 Grants, Subsidies, and Contributions	148,806	3,334,269	2,469,678	-864,591	-25.9%
13 Fixed Charges	11,451,361	16,790,969	10,617,316	-6,173,653	-36.8%
Total Objects	\$ 324,604,826	\$ 305,215,016	\$ 306,345,763	\$ 1,130,747	0.4%
Funds					
01 General Fund	\$ 146,174,204	\$ 140,050,280	\$ 134,619,578	-\$ 5,430,702	-3.9%
03 Special Fund	3,090,789	3,508,716	2,802,896	-705,820	-20.1%
05 Federal Fund	139,733,364	137,406,650	138,074,297	667,647	0.5%
09 Reimbursable Fund	35,606,469	24,249,370	30,848,992	6,599,622	27.2%
Total Funds	\$ 324,604,826	\$ 305,215,016	\$ 306,345,763	\$ 1,130,747	0.4%

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Note: The fiscal 2024 appropriation does not include deficiencies. The fiscal 2025 allowance does not include salary adjustments budgeted within the Department of Budget and Management.

**Appendix 4
Fiscal Summary
DHS – Administration**

<u>Program/Unit</u>	<u>FY 23 Actual</u>	<u>FY 24 Wrk Approp</u>	<u>FY 25 Allowance</u>	<u>Change</u>	<u>FY 24 - FY 25 % Change</u>
01 Office of the Secretary	\$ 21,577,485	\$ 17,800,493	\$ 18,240,339	\$ 439,846	2.5%
02 Citizen’s Review Board for Children	949,685	976,116	782,776	-193,340	-19.8%
03 Commissions	257,401	159,677	176,315	16,638	10.4%
04 Legal Services Program Management	10,802,221	9,798,441	10,136,745	338,304	3.5%
01 Division of Budget, Finance, and Personnel	26,207,694	30,511,512	28,136,548	-2,374,964	-7.8%
02 Division of Administrative Services	14,146,985	14,377,910	10,745,061	-3,632,849	-25.3%
04 General Administration	200,761,552	51,358,339	50,796,522	-561,817	-1.1%
05 Maryland Total Human-services Integrated Network	0	129,969,914	136,264,606	6,294,692	4.8%
05 General Administration	49,901,803	50,262,614	51,066,851	804,237	1.6%
Total Expenditures	\$ 324,604,826	\$ 305,215,016	\$ 306,345,763	\$ 1,130,747	0.4%
General Fund	\$ 146,174,204	\$ 140,050,280	\$ 134,619,578	-\$ 5,430,702	-3.9%
Special Fund	3,090,789	3,508,716	2,802,896	-705,820	-20.1%
Federal Fund	139,733,364	137,406,650	138,074,297	667,647	0.5%
Total Appropriations	\$ 288,998,357	\$ 280,965,646	\$ 275,496,771	-\$ 5,468,875	-1.9%
Reimbursable Fund	\$ 35,606,469	\$ 24,249,370	\$ 30,848,992	\$ 6,599,622	27.2%
Total Funds	\$ 324,604,826	\$ 305,215,016	\$ 306,345,763	\$ 1,130,747	0.4%

Note: The fiscal 2024 appropriation does not include deficiencies. The fiscal 2025 allowance does not include salary adjustments budgeted within the Department of Budget and Management.