
Report on Maximus, Inc.
Racial Equity Audit

December 22, 2023

WilmerHale’s Report on the Maximus, Inc. Racial Equity Audit

I. Introduction

Maximus, Inc. (“Maximus” or “the Company”) is an administrator of government health and human services programs in the United States and other countries. In 2022, a shareholder proposal calling for a third-party racial equity audit analyzing the Company’s “impacts on nonwhite stakeholders and communities of color” received majority support at Maximus’s annual meeting of shareholders. Maximus retained our law firm, Wilmer Cutler Pickering Hale and Dorr LLP (“WilmerHale”), to conduct the audit, as informed by our legal assessments.

Maximus expanded the scope of our assessment beyond the issues identified in the shareholder proposal to cover other topics that may impact racial equity. The audit encompassed internal and external aspects of the Company’s U.S.-based operations, policies, and practices, including workplace policies and procedures; diversity, equity, and inclusion (“DE&I”) initiatives; the implementation and impact of company-wide policies at contact centers; the administration of federal and state services; philanthropy and other external engagement; and government relations.

We found that Maximus has made concerted efforts to promote diversity, equity, inclusion, and opportunity in its workplace and in the communities it serves. The Company has implemented a variety of programs and initiatives to foster connection among its employees, provide professional development opportunities, and promote fair and equitable talent acquisition and talent management practices. In addition, although there are legal and contractual constraints on how Maximus administers government programs, we found that Maximus is committed to delivering high quality services to its customers, many of whom live in underserved communities.

The Company is committed to continued progress on its DE&I journey. To that end, we identified areas in which Maximus can enhance its policies, procedures, and practices to further promote equity and opportunity. These include efforts to further enhance workplace policies and training, more fully incorporate DE&I principles into certain people processes, further expand health and financial literacy among customers, and increase engagement with civil rights organizations and other external groups. We have discussed our findings and recommendations with the Company, which reviewed them with the Board of Directors. The Company is committed to implementing many of our recommendations.

II. Scope and Methodology

A. Workstreams

WilmerHale conducted the audit over approximately fourteen months. We interviewed 65 individuals, some multiple times, and reviewed hundreds of documents across the workstreams, as described below.

Workplace Policies and Procedures. We assessed the Company’s policies and procedures related to discrimination, harassment, and retaliation, as well as the intake and investigation of discrimination-, harassment-, and retaliation-related complaints. We interviewed

members of the Human Resources, Global Ethics and Compliance, and Legal teams. We reviewed Maximus’s Employee Handbook, training materials, investigations guidance, corporate-level complaint data, training materials, and quarterly reports provided to the Board of Directors regarding investigations.

DE&I Initiatives. We assessed Maximus’s strategy and corporate-level efforts to promote DE&I across its workforce, as well as DE&I initiatives related to talent acquisition and talent management. We interviewed senior executives; members of Maximus’s DE&I, Human Resources, Talent Acquisition, Finance, and Legal teams; and members and executive sponsors of certain employee resource groups. We reviewed documents outlining the Company’s DE&I goals, strategy, and initiatives; the Company’s 2022 and 2023 DE&I Reports; responses to employee engagement surveys; corporate-level workforce diversity data and analyses; and materials related to the Company’s pay analyses.

Contact Centers. Maximus contracts with both the federal government and individual states to administer government programs through its “Federal Services” and “U.S. Services” business segments, respectively, including through its contact centers for many of those programs. We assessed the policies and procedures related to discrimination, harassment, and retaliation that are applicable to employees who work at Maximus-operated contact centers, as well as the policies and procedures related to talent acquisition and talent management for those employees, including evaluation and promotion processes. We interviewed members of the operations and Human Resources teams who cover contact center employees. We reviewed sample contracts, including a sample subcontractor contract, career path documents, supervisor training, sample job postings, and demographic data.

Services. We assessed Maximus’s administration of six significant government programs. Under the Federal Services business segment, we reviewed the administration of three programs: (1) Medicare and the Health Insurance Marketplace contact centers (referred to as Contact Center Operations, or “CCO”); (2) Affordable Care Act (“ACA”) appeals, and (3) federal student loan servicing. Under the U.S. Services business segment, we reviewed the administration of three programs across multiple states: (4) Medicaid in New York, Michigan, and Tennessee; (5) the Supplemental Nutrition Assistance Program (“SNAP”) in Indiana, Texas, and Wisconsin; and (6) the Temporary Assistance for Needy Families (“TANF”) program, also in Indiana, Texas, and Wisconsin. Across these programs, we interviewed senior leaders from both Federal Services and U.S. Services, as well as individuals with on-the-ground knowledge about program administration and responsibility for managing customer service representatives (“CSRs”). We reviewed documents related to each program, such as scopes of work, call scripts, guidance, and training materials; a 2020 Tennessee Medicaid audit; customer and government feedback and satisfaction ratings; and public reports and literature on the potential racial equity impacts of the administration of health, human services, and student loan programs.

Philanthropy and External Engagement. We assessed Maximus’s approach to philanthropic and charitable giving, primarily focused on the activities of the Maximus Foundation (the “Foundation”), as well as other forms of external engagement. We interviewed current and former members of the Foundation; employees on the Government Relations and DE&I teams; and additional employees responsible for corporate charitable giving, public relations, labor relations, and engagement with external groups. We reviewed the Foundation’s

charter and operating manual, Foundation grantmaking for the last 10 years, grant recipient impact statements, recent corporate charitable donations, and documents related to the Company's engagement efforts with external organizations.

Government Relations. We assessed Maximus's internal decision-making, goal setting, and prioritization of government relations efforts, including lobbying. We interviewed members of the Government Relations team, senior leaders for Federal Services and U.S. Services, and other personnel involved in government relations work. We reviewed documents including policy documents, quarterly reporting to the Board of Directors, lobbying guidelines, and presentations on government relations strategy.

B. Audit Team

The audit team was led by WilmerHale partners Brenda Lee, Michelle Nicole Diamond, and April Williams. Ms. Lee is the Vice Chair of the Anti-Discrimination practice; Ms. Diamond and Ms. Williams are both partners in the Anti-Discrimination practice. Jamie Gorelick, Chair of WilmerHale's Regulatory and Government Affairs department, and Debo P. Adebile, Chair of the Anti-Discrimination practice, were also involved in the review. The WilmerHale team has significant experience conducting racial equity audits for clients across industries. Prior to commencing the audit, WilmerHale had not previously advised Maximus.

III. Workplace Policies and Procedures

A. Observations

Written Policies and Trainings. Maximus has workplace policies in place that seek to promote the Company's values, including respect, compassion, collaboration, and accountability.¹ The Employee Handbook includes core policies prohibiting discrimination, harassment, and retaliation, as well as an Affirmative Action and Equal Opportunity Policy Statement, which provides that all personnel actions will be administered without regard to any protected class status. The Company evaluates and updates its policies on a regular basis.

Maximus provides employees with training on its workplace policies and on DE&I-related topics. For example, new hire and annual compliance trainings provided to all employees cover harassment prevention, the importance of a respectful workplace, unconscious bias, and the Company's commitment to DE&I. In addition, in 2021 and 2022, Maximus retained a third-party vendor to provide unconscious bias training, with a 94% completion rate for all people managers. The DE&I team has since developed its own unconscious bias workshop series that it can customize for business units or teams, with the goal for all employees to participate in the workshop eventually.

Investigations. Maximus has taken steps to foster an environment in which employees feel comfortable raising concerns. Employees have multiple options for submitting complaints, including anonymously, which are described in the Employee Handbook and reinforced in

¹ The Company's policies apply to Maximus employees. When Maximus works with subcontractors, they are responsible for implementing their own policies and procedures, including anti-discrimination, harassment, and retaliation policies, and complying with EEO regulations.

corporate communications, posters in breakrooms, during site visits to contact centers, and in trainings. Maximus provides an Employee Assistance Program, which is a free and confidential hotline and online resource available 24-7 that provides support services for mental, emotional, financial, and physical wellbeing. In November 2023, the Global Ethics and Compliance team (“GEC”) rolled out a “Speak Up” campaign to educate Maximus employees about the investigations process and resources available to them.

For internal concerns, either GEC or HR investigates depending on the type of allegation; GEC, which reports to the Chief Legal Officer, is primarily responsible for investigating complaints of discrimination, harassment, and retaliation. GEC has developed standard operating procedures for investigations, including an investigation plan template, interview guidelines, case closure checklist, and investigation summary template. For substantiated complaints, the investigator makes a disciplinary recommendation, often looking to past cases as benchmarks, though supervisors maintain final decision-making authority regarding disciplinary action. Even when a complaint is not substantiated, coaching or training may be provided. We understand that the Company is working on an updated employee-facing version of its disciplinary action policy that will describe the usual progression of the corrective action process.

B. Recommendations

WilmerHale identified opportunities to further strengthen Maximus’s policies and procedures and highlight the Company’s commitment to creating a respectful and inclusive workplace. WilmerHale also identified enhancements to Maximus’s investigations process for discrimination, harassment, and retaliation complaints to help ensure transparency and consistency.

- **Expand and strengthen written policies and procedures.** Maximus’s policies contain important foundational information, and WilmerHale has provided recommendations on how to strengthen the Company’s anti-discrimination, harassment, and retaliation policies and its investigations protocols, which the Company has begun to incorporate.
- **Enhance training for investigators.** Given the sensitive and often complex nature of discrimination, harassment, and retaliation complaints, it can be helpful to provide specialized training on best practices for conducting workplace misconduct investigations for investigators who typically handle these kinds of complaints. The Company should enhance its investigations training to cover topics such as helping individuals feel safe, respected, and heard; how to mitigate potential bias; and the standard for substantiating misconduct.
- **Consider developing employee-facing materials regarding disciplinary outcomes.** Maximus should consider developing employee-facing guidance explaining the Company’s approach to progressive discipline, which can increase employee trust in the fairness and consistency of investigations. We understand the Company is in the process of doing so.

IV. DE&I Initiatives

A. Observations

Maximus has developed a comprehensive framework for its DE&I efforts, which sets out the Company's vision with respect to equity, inclusion, and belonging among its workforce and in the communities it serves.² These efforts span many areas, including internal engagement, talent acquisition and talent management processes, and external initiatives. Over the past few years, Maximus has focused on building a foundation for DE&I initiatives in each of these areas and has dedicated additional resources to these efforts.

DE&I Team. In 2020, Maximus established a dedicated DE&I team, which is now led by a Vice President who reports to the CEO. This was a change in both title and reporting line, which reflects Maximus's strong commitment to DE&I, and has helped foster more open communication regarding DE&I efforts at the most senior levels of the company. The Company has also increased the size of its DE&I team over the last few years.

In addition to growing its DE&I team, Maximus has created an infrastructure to leverage the support of leaders across the business and to obtain employee input regarding DE&I issues. The DE&I Council is a committee of senior leaders across the Company who meet regularly to discuss DE&I-related issues and initiatives. DE&I Coaches are employees from various business segments and positions who share information with employees and collect feedback from them.

Employee-Focused Efforts. Maximus employs over 39,000 people across multiple business segments. A significant portion of the Company's workforce is comprised of employees who work at contact centers located around the United States, which provide information and assistance to callers who have questions about the government programs Maximus administers. Most employees at contact centers are CSRs, who interact directly with callers. Maximus's workforce also includes corporate-level departments and functions, such as Human Resources, Legal, and Finance. According to the Company's 2023 Diversity, Equity, & Inclusion Report, over 66% of all employees are racially diverse.³ The Company's data reflect that the percentage of racially diverse employees decreases at more senior levels of the company: while approximately 70% of non-management employees are racially diverse, that figure drops to approximately 50% for first/mid-level management and 23% for senior and executive leaders.⁴

To foster a sense of community and belonging, Maximus has launched six employee resource groups ("ERGs") since 2022, which are open to all employees, including those who

² See Maximus, *Diversity, Equity, and Inclusion: 2023 Framework*, available at <https://maximus.com/sites/default/files/documents/del-fy23-framework.pdf>.

³ See Maximus, *Diversity, Equity, & Inclusion 2023 Report* 11, available at <https://sprcdn-assets.sprinklr.com/3774/71c9d9cc-9627-44de-9898-ad2a6733b804-1174254756.pdf>. This percentage includes employees who identify as Black or African American, Hispanic and Latina/e/o/x, Asian American, American Indian or Alaskan Native, Native Hawaiian or other Pacific Islander, and two or more races. *Id.*

⁴ See *id.*

work at contact centers.⁵ The DE&I team has provided support to the ERGs, including a guide on the development and maintenance of ERGs, and is using employee feedback to improve its guidance to ERG leaders, who volunteer for these roles in addition to their primary job responsibilities. Each ERG has an executive sponsor, who is a senior leader who applies for the role and is selected by the ERG. Executive sponsors meet regularly with ERG leaders and attend ERG meetings; the CEO has participated in ERG meetings as well.

The DE&I team has hosted several regular programs for employees, including monthly cultural heritage recognition events, networking events, and community conversations, which often focus on DE&I-related topics. Maximus has encouraged employees to attend these events and ERG meetings by creating a charge code that contact center employees can use to attend DE&I-related activities without using paid-time-off hours. Employees appear to value the Company's progress on DE&I; the 2022 Global Employee Engagement Survey results showed a positive increase in employees' perception of both overall DE&I efforts and the actions that Maximus's leadership has taken to build a diverse and inclusive work environment.

Talent Acquisition and Talent Management. Maximus has looked for opportunities to embed DE&I principles into its talent acquisition efforts at all levels of the Company. The DE&I team plans to facilitate customized unconscious bias workshops for Company recruiters in 2024. The DE&I team also collaborates with the campus recruiting team on outreach to colleges and universities, and the Company has an internship program to help build the pipeline of early career talent, including diverse talent. In addition to its overall recruiting strategy, Maximus has developed strategies for engaging with Historically Black Colleges and Universities and other Minority-Serving Institutions and is expanding its recruiting outreach efforts to include online programs, colleges, and universities that serve under-represented populations. The Company is evaluating additional ways to identify diverse candidates at more senior levels as well. The Company has hired a diversity-focused recruiter who will concentrate on broadening recruitment for positions at the Director level and above.

Maximus provides a variety of resources with respect to professional development. For example, employees have access to an online portal for professional development trainings and are also encouraged to attend external leadership development programs based on available resources. The Company also offers a tuition reimbursement program for eligible employees (those with more than one year of service). Internally, many of the ERGs have provided development opportunities, including informal professional networking and by matching employees with mentors to provide exposure to career paths and opportunities at Maximus. Additional talent management efforts specific to contact center employees are discussed further below.

With respect to compensation, Maximus has conducted pay analyses with respect to race and gender in the United States. The Company is committed to ensuring consistency and fairness in compensation.

⁵ The six ERGs are the Black Alliance; the Asian American, Native Hawaiian, Pacific Islander ERG; Maximo (Hispanic/Latinx); Women of Excellence; VETS; and Prism (LGBTQIA+).

External Initiatives. Maximus has taken steps to make a DE&I impact externally as well. The Company is in the early stages of establishing a supplier diversity program, including by working with an outside vendor to evaluate the Company's current suppliers and looking for opportunities to increase outreach to potential diverse suppliers. A full-time project manager has been hired on the DE&I team to lead this initiative.

B. Recommendations

Maximus has established a solid foundation for its DE&I initiatives. As many of these initiatives are in the early stages, WilmerHale identified opportunities to enhance and sustain them as the DE&I function continues to mature.

- **Increase senior leadership engagement with DE&I initiatives.** The CEO's direct engagement with DE&I issues, including participation in ERG meetings, reflects the Company's commitment to DE&I. Maximus should encourage additional senior leaders to participate in ERGs and DE&I events as well.
- **Continue support for new and existing ERGs.** Maximus has demonstrated a strong commitment to and investment in its ERGs. The Company should continue its support of the ERGs as they mature and new ones are launched. To that end, the DE&I team is already working on additional guidance to prospective ERG leaders on how to form an ERG and the expectations for doing so, in part to avoid having ERG leaders feel overburdened in their voluntary roles.
- **Consider developing an overarching talent attraction strategy.** Maximus has many efforts under way to identify and recruit diverse candidates, particularly early career talent, and has recently hired a recruiter focused on sourcing efforts for more senior positions. The Company should consider memorializing these efforts into an overarching talent attraction strategy to align on priorities and key initiatives. Maximus should then assess the effectiveness of its recruiting efforts and revise the strategy accordingly.
- **Train recruiters and hiring managers.** In addition to the DE&I team's workshop on unconscious bias, the Company should continue to train recruiters and hiring managers on relevant legal standards and best practices. It may also be helpful to develop formal written guidelines for interviewers that address topics like relevant legal standards and unconscious bias.
- **Continue pay analyses.** Maximus has already undertaken significant efforts to conduct pay analyses and is committed to providing fair compensation across the Company. It should continue these efforts.
- **Continue efforts to establish a supplier diversity program.** As Maximus continues to develop its supplier diversity program, it should maintain its focus on increasing fair and equitable opportunities for all suppliers and ensure that any goals it may develop are consistent with legal requirements. The Company should also provide

training to employees involved in procurement regarding legal requirements and best practices, which the Company plans to do in 2024.

- **Assess resources dedicated to DE&I efforts and coordination among teams.** To ensure effective and consistent implementation of DE&I efforts, the Company should periodically assess the adequacy of resources for the DE&I team and the teams with which it collaborates.

V. Contact Centers

A. Observations

As noted above, Maximus employees who work at contact centers are demographically diverse, with the majority identifying as a racial or ethnic minority. As a result, the policies and procedures that apply to contact center employees and their workplace experience have potential racial equity implications. Based on our review, we found that Maximus is committed to fostering an open and inclusive work environment and strives to understand and respond to employees' concerns.

Most of Maximus's corporate-level policies are also applicable to contact center employees, including the anti-discrimination, harassment, and retaliation policies, as well as the complaint reporting and investigations processes described above.⁶ Compliance training is also consistent across the Company. In some instances, contact centers are run by subcontractors, not Maximus. Subcontractors implement their own policies and procedures, including anti-discrimination, harassment, and retaliation policies, and policies regarding time off, vacation, and pay incentives. Subcontractors are subject to any flow-down requirements of Maximus's contracts with the government and must comply with EEO regulations, which prohibit discrimination in the workplace and in employment practices.

Contact center leadership conducts site visits for the contact centers they oversee and host focus groups so that CSRs have an opportunity to raise concerns with leadership. The frequency of the site visits varies by project. Following these discussions, leaders develop action plans to address the key concerns raised by employees. Maximus also utilizes an annual survey to assess employee satisfaction. At times leaders will coordinate across projects and locations regarding employee sentiment and well-being efforts, but there is not currently a formal mechanism to share these ideas across projects and locations.

The Company has recognized that it can be challenging for contact center workers to participate in ERGs and in DE&I programming because of contractual requirements that may limit time spent on non-project-related tasks. As noted above, to address this issue, Maximus created a charge code that contact center employees can use to attend DE&I-related activities without using paid-time-off hours. The Company is planning a training for managers that encourages the use of this code among their teams.

⁶ Contact centers may have contract-specific policies that dictate the substantive work that the contact centers do (e.g., policies on data security at the contact centers) as well as location-specific policies on workplace operations and benefits (e.g., pay and incentives, benefits, breaks, attendance).

Maximus has also implemented mechanisms to help ensure consistency across performance evaluation processes for contact center employees, who may feel that their experience is manager-dependent. For some programs, these mechanisms include a six-month check-in for leaders to identify and discuss any potential concerns with performance before the annual evaluation period so that directors and other leaders can review evaluations to help ensure that the feedback given at the six-month check-in aligns with the annual evaluation scores. Other programs may require multiple managers or supervisors to participate in the evaluation or coaching processes to calibrate feedback and evaluations. Evaluations may also be reviewed by leaders more senior than those who fill out the evaluations.

Employees, especially those in contact centers, have expressed the desire for more information on promotion requirements and advancement opportunities. Maximus has made efforts to address this feedback. For example, the Federal Services's CCO program—the largest of Maximus's contact center contracts—provides a career path document to CSRs that describes potential advancement options at contact centers. The U.S. Services team, which works on state-administered programs, has a “Walk a Mile” program that allows CSRs to work temporarily in a more senior role to determine if that role is a good fit. CSRs can also access trainings and job listings through the Company's internal, online portal. As with participation in DE&I-related activities, Maximus is considering ways to better ensure that employees at contact centers can access trainings and other professional development opportunities, given contractual provisions that may limit their participation in activities outside of their primary job responsibilities during working hours. To help ensure that CSRs are able to access these resources, the Company plans to pilot a program to provide computers in designated spaces at contact centers so that employees who may not have internet access at home can utilize these resources at work. The Company has also hosted listening sessions and focus groups to help with employee retention efforts. The Company intends to continue improving its efforts and has established a team of senior leaders dedicated to finding areas where the Company can improve the experience of contact center employees.

B. Recommendations

Many of the recommended enhancements described above that relate to workplace policies, procedures, and DE&I initiatives are relevant to contact center employees. WilmerHale recommends the following, additional enhancements for contact centers.

- **Continue to conduct regular site visits.** The Company should continue to conduct site visits to contact centers for both Federal Services and U.S. Services and address concerns that employees raise. The DE&I team should be involved in responding to concerns that implicate equity and inclusion. Maximus should consider sharing more broadly the actions taken by contact center leadership in response to employee concerns so that CSRs have visibility into the work the Company is doing.
- **Consider formalizing coordination efforts across contact centers.** Some contact center senior leaders already coordinate informally across projects on occasion, which can lead to valuable information sharing. Maximus should consider bringing together senior leaders across projects and locations at regular intervals to share best practices

and initiatives that could improve the experience of contact center employees across projects.

- **Expand promotion of the use of the DE&I charge code.** The creation of a dedicated charge code for contact center employees to use for DE&I activities reflects the value Maximus places on those activities. The Company should make additional efforts to ensure that employees are aware of the charge code and upcoming DE&I events and that managers support its use. As noted, Maximus is planning a training for managers regarding the charge code.
- **Consider incorporating additional checks in performance evaluation processes.** As the Company works to standardize performance evaluations to the extent possible, it should consider ways to ensure consistency and fairness in the process at the contact centers and more broadly. These could include periodic reviews of evaluations to identify any trends in scoring for groups of employees or training managers on conducting evaluations and providing actionable feedback. The Company should also consider establishing an upward evaluations process where managers can receive feedback from their direct reports anonymously.
- **Consider how to increase accessibility of professional development resources.** Maximus provides a variety of professional development resources to employees, but access during work hours for contact center employees in particular may be constrained by project contracts. The Company should continue providing these resources to its employees and consider additional ways to ensure that contact center employees can easily identify and access these materials, such as the pilot program to provide designated computers at contact centers. Maximus should also continue to provide clear and accessible information regarding promotional opportunities.
- **Train supervisors.** To promote consistency in approach, Maximus should enhance the trainings for people managers, including managers of CSRs at contact centers, with information on how to encourage and support professional development. We also recommend that managers participate in the unconscious bias workshop developed by the DE&I team.

VI. Services

A. Observations

Maximus has a long history of administering government-sponsored programs across the United States. Many of the participants in the health and human services programs the Company administers are from underserved communities, including racially diverse communities, and thus the administration of those programs can have racial equity impacts. Across the programs we reviewed, we found that Maximus is committed to providing high-quality services to all program beneficiaries, but how the Company provides those services is dictated by federal and state laws and regulations as well as contractual requirements with its government clients. Ultimately, the Company has limited discretion in how it administers these programs.

Health Services. Among the programs we reviewed were the contact centers that Maximus operates for Medicare and the Health Insurance Marketplace under the CCO contract. These contact centers provide a helpline for callers who have questions about how to enroll in Medicare and ACA plans, the types of services covered by specific plans, how to change their coverage, and how to navigate government websites. The government provides the program-related training that CSRs must receive and the call scripts that CSRs must follow nearly word-for-word. Maximus does not make eligibility determinations for either Medicare or ACA plans.

We also reviewed how Maximus administers ACA appeals. As with Medicare and ACA plans, the Company does not determine eligibility for those appeals. Rather, Maximus reviews appeal submissions to ensure that they contain all required information and provides individuals with the option to resolve their appeal without a formal hearing—but the outcome of the informal resolution process is dictated by federal regulations, and Maximus has no discretion in determining the outcome of that process.

Student Loans. Maximus also administers federal student loan servicing programs. As part of this work, Maximus operates contact centers where CSRs answer callers' questions about student loans and provide borrowers facing default with educational information regarding repayment options, such as income-driven repayment and forbearance. Federal regulations—rather than Maximus—determine borrowers' eligibility for repayment options.

Medicaid. The Company's discretion is also limited for federal programs overseen at the state level, including Medicaid. In accordance with federal statute, states are permitted to work with contractors like Maximus in administering Medicaid, but the contractors are prohibited from making eligibility determinations and redeterminations. Although there is some variability, the states generally also approve CSR call scripts and training; the applications, notices, brochures, and other materials sent to enrollees; and other operating processes. The 2022 shareholder proposal referenced criticism of the Company for its involvement in disenrolling children from Tennessee's Medicaid program—but contractors such as Maximus do not have the authority to make eligibility or enrollment decisions. To that end, a 2020 audit conducted by the Tennessee state comptroller concluded that the Company had "substantially performed the established eligibility redetermination process *as required by federal regulations* and appropriately removed children from TennCare and CoverKids with only minor exceptions."⁷

SNAP and TANF. Like Medicaid, SNAP and TANF are federal programs overseen by the states. SNAP is a federal food-purchasing assistance program for low-income households.⁸ Pursuant to federal regulations, contractors like Maximus are prohibited from making eligibility determinations or answering questions about an enrollee's SNAP status; contractors may only answer general questions about the SNAP program, conduct limited application intake and processing, and provide employment and training programs for program beneficiaries.

⁷ Tennessee Comptroller of the Treasury, *Performance Audit Report Special Project Division of TennCare's Redetermination Process and the Impact on Children's Enrollment* (February 2020), available at <https://comptroller.tn.gov/content/dam/cot/sa/advanced-search/2020/pa19095.pdf> (emphasis added).

⁸ U.S. Dep't of Health and Human Services, *Government Programs and Benefits for Your Family*, available at <https://www.hhs.gov/healthcare/maternal-health/newborn-supply-kit/support-for-family/index.html>

TANF is a federal assistance program designed to help low-income households improve their economic standing and self-sufficiency through counseling, job skills training, and other support for TANF recipients.⁹ For this program, Maximus has greater discretion based on defined state guidelines, including making eligibility determinations in a single state and, in some states, recommending and enforcing state-specified sanctions when beneficiaries fail to comply with TANF requirements. These decisions are made in accordance with state requirements, and we understand that states closely monitor Maximus's administration of TANF.

CSR Training and Quality Assurance. As discussed above, for many of the government programs it administers, Maximus operates contact centers staffed by CSRs that function as customer service centers. Maximus provides robust training to CSRs, including program-specific training, the content of which is typically set forth or approved by government clients. This training usually involves several weeks of classroom-style instruction on program specifications and the scripts CSRs are expected to follow when assisting callers, followed by practical, on-the-job training. For some programs, like ACA appeals, the practical training includes a period in which new CSRs shadow more experienced CSRs; for other programs, like student loan servicing, the practical training involves an observation period for new CSRs so that instructors can provide coaching and feedback.

In addition, Maximus requires all CSRs to complete the Company's onboarding and compliance trainings, which address topics including DE&I, respect in the workplace, and unconscious bias, as described above. For some programs, such as SNAP and TANF in certain states, Maximus provides additional training focused on trauma-informed response, empathetic listening, and cultural competency. As a general matter, however, Maximus does not require CSRs take soft-skills training regarding how to interact with callers from different backgrounds.

Maximus also engages in quality assurance checks to monitor a sample of calls and score CSRs based on pre-set criteria and rubrics, which are either provided by or approved by the government. The specific categories on which CSRs are evaluated differ depending on the project or contract but generally include whether the CSR correctly identified the problem the caller was having, followed the proper call script or call flow based on the caller's concerns, behaved in an appropriate, professional manner, and provided complete and accurate information to help the caller find a resolution to the extent possible. This multi-faceted approach to training and quality control is important from a racial equity perspective, as studies have indicated that there are racial and ethnic disparities with respect to health and financial literacy,¹⁰ and therefore certain groups may rely more heavily on CSRs for help navigating government programs.

Program Accessibility and Feedback. Maximus has made efforts to ensure that programs are accessible to those from different backgrounds and who speak different languages. For

⁹ U.S. Dep't of Health and Human Services, *What is TANF?*, available at <https://www.hhs.gov/answers/programs-for-families-and-children/what-is-tanf/index.html>.

¹⁰ See Nwamaka D. Eneanya, et al., *Health Literacy and Education As Mediators of Racial Disparities in Patient Activation Within an Elderly Patient Cohort*, *Journal of Health Care for the Poor and Underserved* 1427 (2016), available at <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC5718153/>; J. Geiman & Alpha S. Taylor, *Disproportionately Impacted: Closing the Racial Wealth Gap through Student Loan Cancellation, Payment Reforms, and Investment in College Affordability*, *Ctr. for L. & Soc. Pol'y & Nat'l Consumer L. Ctr.* 13-14 (June 2022), available at <https://files.eric.ed.gov/fulltext/ED621932.pdf>.

example, the Maximus team that services the New York Medicaid program—which requires the Company to serve callers in Arabic, Bengali, Chinese, English, French, Haitian Creole/Kreyòl, Italian, Korean, Polish, Russian, Spanish, Urdu, and Yiddish—contracts with a third party so it can help callers who speak any of hundreds of different languages.

For decades, Maximus has also created and distributed educational materials, when permitted by the state, designed to improve health literacy. These include print and online materials in multiple languages on health insurance options and brochures, flyers, and other materials on Medicaid enrollment, eligibility, and maintenance of coverage.¹¹ Providing these kinds of educational materials can positively impact racial equity, as studies have shown that education and health literacy “significantly reduced racial differences in patient activation,” such as proactive health behavior, patient participation, and successful navigation of the health care system, which are important predictors of health outcomes.¹²

Maximus has also developed financial literacy materials related to student loans. The Company began servicing the student loan repayment program in 2021. Maximus met with its government client to understand its obligations when taking over this contract and how to effectively administer the program. The Company implemented processes and systems to ensure that its student loan servicing work was consistent with its general approach to training, quality assurance, and other processes and has provided educational materials explaining repayment options to borrowers, consistent with its contractual obligations with the government.

Over the years, Maximus has developed a wealth of knowledge regarding best practices in administering several government programs. The Company has made recommendations, where appropriate, to government clients on how to improve access to government services as well as the overall experience for program beneficiaries. For example, Maximus has offered feedback on how to make call scripts clearer for both CSRs and callers and how to make application materials more accessible and user-friendly. However, the Company does not have a formal mechanism to collaborate on best practices across programs, so while some internal coordination and collaboration occur, these efforts vary by region, segment, and sector.

B. Recommendations

WilmerHale identified the following enhancements to further promote equity and opportunity and deliver high quality customer service across programs, consistent with the limited discretion Maximus has in administering government programs.

- **Consider additional trainings for CSRs.** Maximus provides extensive substantive training to CSRs to equip them to answer callers’ questions and help them navigate government programs. Maximus should consider providing CSRs with additional

¹¹ Maximus, *Center for Health Literacy: Empower citizens with clear program information*, available at <https://maximus.com/chl>.

¹² Nwamaka D. Eneanya, et al., *Health Literacy and Education As Mediators of Racial Disparities in Patient Activation Within an Elderly Patient Cohort*, *Journal of Health Care for the Poor and Underserved* 1427 (2016), available at <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC5718153/>.

training related to unconscious bias and cross-cultural understanding. Whether such training is feasible may depend on the specific program and government client.

- **Consider expanding health and financial literacy materials.** Maximus prepares educational materials designed to improve health and financial literacy, which can positively impact racial equity. Maximus should consider ways to expand the creation and distribution of these materials. The Company could create the materials itself, where permitted by contract, and/or support other organizations that do so.
- **Continue to provide feedback to government clients.** Based on its on-the-ground experience administering government programs, Maximus has provided feedback to its government clients regarding how to make programs and related materials more accessible and easier to understand. The Company should continue to provide feedback to its government clients, where appropriate, on accessibility and the customer experience.
- **Consider ways to share best practices across programs.** Over the course of many years, Maximus has developed deep familiarity and extensive knowledge regarding several government programs. The Company should consider setting a regular cadence of meetings between relevant stakeholders across programs and regions to share best practices and discuss ways to enhance the customer experience. The DE&I team could be involved in this effort.

VII. Philanthropy and External Engagement

A. Observations

Maximus has a long history of philanthropic giving through the Maximus Foundation and has established touchpoints with organizations committed to improving the lives of underserved communities.

The Maximus Foundation is an employee-led nonprofit and the Company's main vehicle for philanthropic giving. It was established by the Maximus Board of Directors in 2000 and seeks to further the Company's mission by providing financial assistance to organizations that support disadvantaged populations, including many of the same communities served by the programs administered by Maximus. Although the total amount of grants made is small for a company of Maximus' size, Maximus has recently increased its contribution to the Foundation and intends to sustain its current contribution in future years. The Foundation has also sought to be more inclusive by eliminating a requirement that employees had to make a charitable contribution to be able to nominate organizations to receive grants because that requirement had been a barrier for some employees.

The Foundation deploys a thoughtful approach to philanthropic contributions. It awards grants to organizations nominated by Maximus employees that are related to one of three areas: (1) community development, (2) healthcare, and (3) youth development, with a focus on low-income populations across these areas. In October 2022, the Vice President of DE&I became the President and Chairperson of the 15-member Foundation Board. The Foundation has also

embedded DE&I into its vision statement: “Our leadership, grantees, and employees are diverse, inclusive, and representative of the communities where we live and work. We are recognized as an impactful partner and champion of social value and positive change.” This vision statement, which is reflected in the Foundation’s bylaws, will guide the Foundation’s efforts going forward. The bylaws also provide guidelines for selecting grant recipients, but lack detailed guidance regarding how the Foundation should fulfill its vision statement, such as rubrics for evaluating potential grantees or processes for selecting new Board members.

The Foundation is in the process of making several well-designed changes to increase the impact of its philanthropic efforts on underserved communities. For example, the Foundation is increasing its focus on addressing systemic issues and has begun awarding some unrestricted grants, which allows recipients to determine how best to use funds to advance their organization’s objectives. It is also moving toward making multi-year grants and larger donations to a smaller number of organizations, which can increase the impact of those grants. Additionally, the Foundation is considering ways to support its nonprofit partners beyond providing funding, such as capacity building, professional development training, and sharing resources and/or knowledge.

In addition to charitable giving through the Foundation, Maximus makes corporate charitable contributions to nonprofit organizations. Corporate contributions tend to be small and distributed on an ad hoc basis at the discretion of senior leaders. Maximus also encourages employees to give back to their communities through volunteer efforts.

Maximus also participates in external partnerships that focus on promoting DE&I, including CEO Action for Diversity and Inclusion and the WashingtonExec DE&I Council. The Company also has several touchpoints with organizations that advocate for and serve underrepresented communities, but it does not have a designated lead or team responsible for developing relationships with civil rights organizations or engaging with them when concerns are raised. Many of the programs Maximus administers are provided to diverse populations, and many of the CSRs who work on these programs are themselves diverse. As a result, hearing from and engaging with civil rights organizations could help Maximus advance equity and opportunity both inside and outside the Company.

B. Recommendations

WilmerHale identified the following areas of opportunity for Maximus to continue building on its philanthropic and community-based efforts through the Foundation and otherwise.

- **Focus the Company’s philanthropic efforts.** To increase the impact of its grants, which often support organizations that serve underrepresented communities, the Foundation should identify specific and actionable priorities and focus its grantmaking on organizations that will further those priorities. Maximus could develop a strategy to guide its corporate contributions as well. The Foundation has already begun taking steps to focus its grantmaking efforts.

- **Formalize Board processes.** To further the Foundation’s goal of being diverse and inclusive, the Foundation Board should formalize its processes regarding member and grantee selection and codify them in its bylaws.
- **Consider additional support for employee volunteerism.** Maximus should continue encouraging employees to volunteer in their communities and should consider ways to support them in those efforts.
- **Engage proactively with civil rights organizations.** Having regular engagement with civil rights organizations could help Maximus promote equity and opportunity internally and through its services. Maximus should develop a strategy for engaging with civil rights organizations and identify an internal lead for those relationships. The Company should also have a plan to respond to outreach, criticism, and other concerns raised by civil rights organizations.

VIII. Government Relations

A. Observations

Maximus maintains a government relations strategy focused on building and maintaining relationships with government officials, given that the Company administers government programs. As part of this strategy, Maximus interacts with government officials through business consultants and also has relationships with diverse political organizations.

The Company uses its engagement with government officials to explain how it can effectively and efficiently administer government programs and to understand if there are contractual terms or local considerations of particular importance. The 2022 shareholder proposal raised concerns regarding certain of Maximus’ lobbying efforts based on public reporting. We found, however, that the Company did not lobby on the substance of the underlying policies for the identified programs. Rather, the Company’s main advocacy issue is for the ability of government contractors to administer government programs.

As part of its government relations strategy, Maximus has relationships with a broad group of political organizations, including organizations like the Congressional Black Caucus and the National Black Conference of State Legislators. Through these relationships, Maximus can provide information on what the Company does to administer government programs and receive feedback on how to better serve the communities who participate in them. Internally, the Government Relations team has engaged with the DE&I team on government relations efforts.

B. Recommendations

- **Revise the political engagement policy.** Maximus should update its political engagement policy to provide additional information on its guiding principles for political activities, including advocacy and engagement.
- **Consider expanding efforts to engage with diverse perspectives.** Maximus should consider building additional relationships with Black, Hispanic/Latinx, Asian

American, and other political groups and seek out additional input from government officials and organizations who may have an interest in Maximus's work. The DE&I team can be involved in developing these relationships, which can be a source of valuable feedback on how to better serve diverse communities.

IX. Conclusion

Maximus engaged WilmerHale to conduct a racial equity audit of several key areas encompassing internal and external components of the Company's U.S. business. We assessed Maximus's operations, policies, and practices within our scope; reviewed literature on how the types of programs Maximus administers can impact racial equity; and considered relevant U.S. laws and regulations. We found that Maximus has established a solid foundation for its efforts to promote diversity, equity, inclusion, and opportunity within its workforce and continues to make progress toward advancing many initiatives that affect racial equity. Despite the limited discretion that Maximus has in administering its government contracts, we found that Maximus has a strong commitment to promoting equity in the communities it serves. The Company has also made efforts to incorporate DE&I principles into its external engagement.

We also identified opportunities for Maximus to strengthen and improve existing policies and initiatives, and many of our suggestions build upon efforts the Company has already begun. Our recommendations are intended to be constructive and support Maximus as it seeks to sustain and enhance its efforts to promote racial equity and incorporate diversity, equity, and inclusion principles into its processes and practices.