

Department of Legislative Services
 Maryland General Assembly
 2000 Session

FISCAL NOTE

House Bill 955 (Delegate Owings. *et al.*)

Appropriations

Family Law - Reimbursement for Kinship Care

This bill requires the Department of Human Resources (DHR) to pay a kinship parent for kinship care in a single family home at a monthly rate which is set in increments based on the age of the child. Payments to the kinship parent must be at least 50% of the monthly rate provided for a child in foster care, or if applicable, at least 50% of the monthly rate provided for a child in foster care who needs the most demanding special care. The bill also requires DHR to establish guidelines, by regulation, for payment for one or more classes of children, including children in need of special care. In addition, the bill allows a kinship parent to refuse to accept kinship care reimbursement payments.

The effective date of this bill is June 1, 2000.

Fiscal Summary

State Effect: General fund expenditures increase by \$3.18 million in FY 2001. Future year expenditures increase due to inflation. Revenues would not be affected.

(in millions)	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
GF Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditures	\$3.18	\$3.20	\$3.24	\$3.27	\$3.30
Net Effect	(\$3.18)	(\$3.20)	(\$3.24)	(\$3.27)	(\$3.30)

Note: () = decrease; GF = general funds

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: Chapter 546 of 1995 established the Kinship Care Program within the Social Services Administration of DHR. Current kinship care reimbursement rates are based on the Temporary Cash Assistance rates set for a family of one.

Background: Kinship care is designed to provide short-term substitute care for children by providing services to families, regardless of income, whose children are court-committed to a local department of social services and placed with relatives who have not been licensed as foster parents. In 1998, Baltimore City served approximately 93% (3,167) of children in Maryland's Kinship Care Program. At that time, 801 children converted from kinship care to foster care, reflecting the minimum monthly foster care rate of \$550 per month, which exceeded the \$177 received by kinship care participants. A similar number of participants converted from kinship care to foster care in fiscal 1999. This bill is intended to reduce the number of conversions by increasing the reimbursement rate for kinship parents.

State Expenditures: General fund expenditures increase by approximately \$3.18 million in fiscal 2001 to reimburse kinship care parents at 50% of the current monthly foster care rate. This estimate represents the difference between the current \$185 kinship care rate and the foster care rate which ranges from \$535 to \$665 per month depending upon the child's age and the degree of care needed. See **Table 1** below. The assumptions in this estimate are as follows:

- a stable total number of kinship care participants each year;
- current kinship care monthly rate of approximately \$185;
- a current total of 2,881 children served per month (345 special needs children and 2,536 children under regular foster care reimbursement rates);
- 232 children under 12 years of age reimbursed at 50 % of the special needs foster care monthly rate of \$650;
- 113 children 12 and over reimbursed at 50% of the special needs foster care monthly rate of \$665;
- 1,707 children under 12 years of age reimbursed at 50% of the regular foster care monthly rate of \$535; and
- 829 children 12 and over reimbursed at 50% of the regular foster care monthly rate of \$550.

Table 1							
Children	Degree of Care	Number of Children by Age	Current Monthly Payment	Annual Total Payment	50% Payment Under This Bill	Cost Under This Bill (50% of Foster Care Rate)	Increased Cost
age 0 to12	Regular	1,707	\$185	\$3,789,540	\$268	\$5,479,470	\$1,689,930
	Special Needs	232	\$185	\$515,040	\$325	\$904,800	\$389,760
12 and over	Regular	829	\$185	\$1,840,380	\$275	\$2,735,700	\$895,320
	Special Needs	113	\$185	\$250,860	\$333	\$450,870	\$200,010
Total		2,881		\$6,395,820		\$9,570,840	\$3,175,020

In addition, it is assumed that general fund expenditures for foster care would decrease as fewer kinship care participants transfer to foster care. Savings from this decrease will depend on the retention rate within the Kinship Care Program as a result of this bill and cannot be reliably estimated at this time.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Human Resources (*SSA Monthly Management Report, June 1998*), Department of Legislative Services

Fiscal Note History: First Reader - February 22, 2000
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