

**Department of Legislative Services**  
 Maryland General Assembly  
 2001 Session

**FISCAL NOTE**  
**Revised**

Senate Bill 44 (Chairman, Finance Committee)  
 (Departmental – Human Resources)

Finance

Judiciary

**Family Law - Adoption Subsidies - Level of Payment**

This departmental bill raises the maximum monthly payment for adoption subsidies to \$2,000 for a medically fragile child living in a treatment foster care home.

**Fiscal Summary**

**State Effect:** General fund expenditures could decrease by approximately \$732,400 in FY 2002, and federal fund expenditures could decrease by approximately \$394,400, for a total of \$1,126,800, which accounts for the bill’s October 1, 2001 effective date. Future year estimates reflect annualization and a constant number of adoptions of special needs children per year.

(in dollars)	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	(732,400)	(976,600)	(976,600)	(976,600)	(976,600)
FF Expenditure	(394,400)	(525,800)	(525,800)	(525,800)	(525,800)
Net Effect	\$1,126,800	\$1,502,400	\$1,502,400	\$1,502,400	\$1,502,400

*Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect*

**Local Effect:** None.

**Small Business Effect:** The Department of Human Resources has determined that this bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment. However, to the extent that any of the private foster care agencies are considered small businesses, those agencies could be significantly impacted. (The attached assessment does not reflect amendments to the bill.)

## Analysis

**Current Law:** The Department of Human Resources is authorized to provide an adoption subsidy for a child under foster family care of \$650. This amount cannot be more than the allowable amount for a child under foster family care in this State or if placement is in another state, the allowable amount for a child under foster family care in that state, whichever is higher or if the subsidy is for a special service, a reasonable fee for that service.

**Background:** Each local department of social services administers an adoption subsidy program for eligible children, i.e., minor children to whom guardianship with the right to consent to adoption has been awarded to a child placement agency and a determination has been made by a local department that a subsidy is necessary to assure the child's adoption because of the child's special circumstances, including: physical or mental disability; emotional disturbance; recognized high risk of physical or mental disease; age; sibling relationship; and racial or ethnic factors. The subsidy can be a money payment, medical care, medical assistance, or special services.

Many children with special needs have been placed in treatment foster care, which allows for a monthly payment at the regular foster care family rate (\$650) plus a stipend (up to \$1,150) because of the difficulty of care required by these children. Consequently, treatment foster care parents receive a maximum of \$1,800 per month plus paid day care and respite for caring for the child as a foster child. If these treatment foster care parents adopt the child, their monthly payment is reduced by the amount of their stipend to only \$650 per month, since an adoption subsidy cannot be more than the basic foster care payment amount. Additionally, the family loses paid day care, respite, and other benefits when the child is adopted. This creates a disincentive for these foster parents to adopt these children.

According to the Department of Health and Mental Hygiene, the department pays \$3,252 per month for each child in treatment foster care to the local departments. The local departments then pay that \$3,252 to a private agency, which pays an average of \$1,800 to the treatment foster care parent to maintain the child in the home. The difference is used by the private agency to provide casework services, office space, and other administrative overhead needed to run the treatment foster care program.

**State Fiscal Effect:** Total expenditures would decrease by an estimated \$1,126,800 in fiscal 2002. Of this amount, \$732,420 would be attributable to general fund expenditures and \$394,380 to federal fund expenditures. The information and assumptions used in calculating the estimate are stated below:

- the department currently pays \$3,252 per child per month to a private agency for treatment foster care services;
- each adoptive family would receive a \$2,000 subsidy per child per month for nine months, taking into account the bill's October 1, 2002 effective date;
- 100 children who were in treatment foster care homes would be adopted in fiscal 2002 due to the passage of this bill;
- 70% of these 100 children are eligible for Title IV-E federal foster care funds; and
- administrative costs for foster care for Title IV-E eligible children are split evenly between the State and the federal government.

Future year estimates reflect annualization and assume that 100 special needs children would be adopted annually.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Department of Human Resources, Department of Legislative Services

**Fiscal Note History:** First Reader – January 29, 2001  
ncs/jr Revised – Enrolled Bill – April 11, 2001

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