

**Department of Legislative Services**  
Maryland General Assembly  
2003 Session

**FISCAL AND POLICY NOTE**

House Bill 9

(Delegate Brown)

Ways and Means

Education, Health, and Environmental Affairs

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**Education - Liability for Education Costs - Exemptions for Out-of-State Adoption Agencies**

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This bill provides that an out-of-state agency that arranges for a child's placement for adoption in Maryland is not responsible for paying the educational costs associated with the child.

The bill takes effect July 1, 2003.

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**Fiscal Summary**

**State Effect:** None. State education aid to local school systems would not be affected.

**Local Effect:** Local school revenues from tuition reimbursements by out-of-state agencies could decrease by a minimal amount. Local school expenditures would not be affected.

**Small Business Effect:** None.

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**Analysis**

**Current Law:** Out-of-state agencies that place a child in a foster care home or residential facility in Maryland are required to pay the educational costs associated with the child. This provision has enabled local school systems to charge tuition to out-of-state agencies for a child being placed in an adoptive home in Maryland even though the prospective parents intend to adopt the child and are county taxpayers.

**Background:** A few local school systems, most notably Baltimore and Montgomery counties, charge tuition to out-of-state agencies that arrange for a child's placement for adoption in Maryland. In many situations, when an out-of-state agency places a child into an adoptive home in Maryland, the adoption arrangement is not finalized for another 6 to 12 months. The delay in finalizing the adoption arrangement is necessary for the out-of-state agency to ensure that the adoptive home meets safety standards and that the necessary financial and medical resources are available to the adoptive child. During this time, the adoptive home is technically considered a foster care home. Even though the purpose of the child's placement is for adoption and the family with whom the child has been placed is a county taxpayer, under Maryland law, a local school system can charge tuition to the out-of-state agency for the educational costs associated with that child. However, if the adoption arrangement was finalized prior to the child's entry into the State and the adoptive home was not considered a foster care home, the out-of-state agencies would not have to pay any tuition costs.

The practice of charging out-of-state agencies for the cost of the child's education has discouraged some states from placing children in Maryland. For example, Oregon has discontinued placing children from that state into adoptive homes in Maryland. Oregon officials advise that Oregon has been required to pay tuition costs for some children being placed in both Montgomery and Baltimore counties. Tuition costs have exceeded \$13,000 per child. Oregon officials report that eight children were denied entry into the Montgomery County and Baltimore County public school systems until Oregon or the adoptive family paid the respective county tuition. Oregon officials also report that there have been adoptive placements in these counties where tuition payments were not required. Most other local school systems have not charged Oregon for tuition. Likewise, in cases where Maryland places children in adoptive homes in Oregon, Oregon does not charge Maryland tuition for the child's public school education prior to the finalization of the adoption.

**Local Fiscal Effect:** Local school systems that charge out-of-state agencies or adoptive families tuition could realize a minimal reduction in local school revenues. Approximately 100 out-of-state adoption placements occur each year in Maryland. However, since most local school systems do not charge tuition to out-of-state agencies in adoption cases, the cost to local school systems would be minimal. In fiscal 2003, local school systems received \$6.8 billion from the State and local governments to operate public schools.

## **Additional Information**

**Prior Introductions:** Similar bills were introduced at the 2002 session as HB 78 and HB 1418. HB 78 received an unfavorable report by the House Judiciary Committee. HB 1418 was not reported out of the House Rules and Executive Nominations Committee.

**Cross File:** None.

**Information Source(s):** Maryland State Department of Education, Department of Human Resources, Oregon Department of Human Services, Adoptions Together, Department of Legislative Services

**Fiscal Note History:** First Reader - January 17, 2003  
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