

Department of Legislative Services
 Maryland General Assembly
 2006 Session

FISCAL AND POLICY NOTE

House Bill 1477
 Appropriations

(Delegate Hixson, *et al.*)

Department of Human Resources - Grandparent Caregiver Subsidy Program

This bill requires the Department of Human Resources (DHR) to establish and administer a Grandparent Caregiver Subsidy Program for the necessary support and maintenance for a child. To be eligible, a grandparent caregiver must possess an order granting legal custody of the child and meet DHR’s income eligibility guidelines. The subsidy payment must be set at a rate that is not less than the rate for foster care for one or more classes of children, including children in need of special care. DHR must adopt regulations to establish eligibility and other requirements for the program.

Fiscal Summary

State Effect: DHR general fund expenditures could increase by \$9.5 million in FY 2007 to begin implementing the program. Future years assume annualization and inflation.

(\$ in millions)	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	9.5	35.5	35.9	36.2	36.6
Net Effect	(\$9.5)	(\$35.5)	(\$35.9)	(\$36.2)	(\$36.6)

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

Local Effect: Potential increase in expenditures assuming the bill encourages more grandparents to apply for the legal custody of their grandchildren for cases heard in circuit court.

Small Business Effect: None.

Analysis

Current Law: DHR must adopt rules and regulations establishing eligibility guidelines for payment for foster care for one or more classes of children, including children who are in need of special care.

Background: Temporary Cash Assistance (TCA) provides monetary help to needy families with dependent children when available resources do not fully address the families' needs. Generally, families with incomes above 40% of the federal poverty level are ineligible for TCA.

According to DHR, there are 6,463 children for whom grandparent caretakers are receiving TCA benefits for the grandchildren only. Another 828 children are with grandparent caretakers who receive TCA benefits for themselves as well as their grandchildren. TCA requires a grandparent to have physical custody of a grandchild, not legal custody. The current maximum TCA grant for one child of any age is \$220 per month and for two children is \$386 per month.

DHR advises that while this program might attract participants that currently do not receive TCA benefits, the bill's requirement that DHR set income eligibility guidelines and that the grandparents must have formal custody is expected to have a moderating effect on program participation.

Further, DHR advises that approximately 300 families participate in its Guardian Waiver Program and would be likely to join the program established by this bill because the Guardian Waiver Program's waiver payment is \$325 per month, which is lower than the foster care rate. The lowest foster care rate for fiscal 2007 will be \$585 per month for a child up to age 11. The foster care rate for fiscal 2007 for children ages 12 to 21 will be \$600 per month. Difficulty of care stipends can range from \$350 to \$800 per month.

DHR advises that it does not at this time have an estimate of the number of grandparents who have legal custody of any grandchildren. However, DHR expects that the number of grandparents seeking legal custody of any grandchildren already in their care will increase significantly when the financial benefit to do so increases.

The Administrative Office of the Courts advises that the estimated time frame for establishing legal custody of a child will vary by jurisdiction and can range from one to two months if the parent consents to six months to a year if the parent does not consent. These cases are heard in circuit court.

State Expenditures: General fund expenditures could increase by an estimated \$9,490,518 in fiscal 2007, which accounts for the bill's October 1, 2006 effective date and the time needed to establish legal guardianship. This estimate assumes that one-quarter of the children receiving TCA benefits who are currently living with grandparent caretakers would receive benefits under the Grandparent Caregiver Subsidy Program in addition to TCA benefits because the grandparents would apply for legal custody of their grandchildren. In subsequent years, all eligible children are assumed to receive benefits. It also assumes that the grandparents who participate in the Guardian Waiver Program already have legal custody of their grandchildren and rather than continue participation in the waiver program would instead receive \$260 more per month through this subsidy.

The information and assumptions used in calculating the estimate are stated below:

- 7,291 children with grandparent caretakers receive TCA benefits;
- the maximum TCA grant is \$220 per child per month, but most grants are for multiple children;
- approximately 300 children participate in the Guardian Waiver Program with a monthly benefit of \$325 per child; and
- the lowest foster care rate for a child up to age 11 is \$585 per child per month.

General fund expenditures could be lower depending on the number of grandparents who seek legal custody of their grandchildren. General fund expenditures would vary depending on the number of grandparents meeting the Grandparent Caregiver Subsidy Program's income eligibility requirement. Although federal Temporary Assistance for Needy Families (TANF) monies could be used for a purpose like the Grandparent Caregiver Subsidy Program, insufficient funds are available to implement a new program of this scale. TANF monies help fund TCA grants.

Assuming individuals retain their TCA eligibility, federal TANF expenditures would continue for that purpose rather than become available to support the Grandparent Caregiver Subsidy Program. Moreover, there are no federal fund expenditures under the Guardian Wavier Program would could be reprogrammed for the new subsidy program.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Human Resources, Judiciary (Administrative Office of the Courts), Department of Legislative Services

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