SB 833

Department of Legislative Services

Maryland General Assembly
2025 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 833 (Senator Charles)
Judicial Proceedings

Family Law - Treatment Foster Care Homes - Child Care Stipends for Private Providers

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This bill requires, beginning in fiscal 2026 and annually thereafter, the Secretary of Human Services to review and reallocate a portion of the annual budget for the Department of Human Services (DHS) to be used for providing child care stipends to private treatment foster care (TFC) homes to cover child care expenses in a similar manner as public TFC homes. For fiscal 2027, and annually thereafter, the Secretary must include in the department's annual budget proposal to the Department of Budget and Management (DBM), a request for an amount of funding that is at least equal to the amount of funding reallocated for the current fiscal year for private TFC homes. **The bill takes effect July 1, 2025.**

Fiscal Summary

State Effect: DHS general fund expenditures increase significantly (likely exceeding $1.0 million annually) beginning in FY 2026, as discussed below. Revenues are not directly affected.

Local Effect: The bill is not anticipated to materially affect local government finances or operations.

Small Business Effect: None.

Analysis

Bill Summary: When reviewing whether any funds should be reallocated for providing child care stipends to private TFC homes, the Secretary of Human Services must determine the reallocation based on the funding needs for each local department of social services that works with private TFC homes and the families of the children being placed in a home.

The Secretary must adopt procedures to carry out the bill, including application procedures and criteria for awarding child care stipends to private TFC homes. The application procedures must require that a private TFC home (1) meet or exceed the same standards as a public TFC home with respect to equity standards and cultural competency requirements and (2) does not discriminate based on race, color, religion, sex, age, national origin, marital status, sexual orientation, gender identity, or disability when providing services or placements.

Current Law: DHS, through its Social Services Administration, has the primary responsibility for child welfare services throughout the State, which are provided primarily by the local departments of social services.

DHS is required to establish a program of out-of-home placement for minor children (1) who are placed in the custody of a local department, for a period of up to 180 days, by a parent or legal guardian under a voluntary placement agreement; (2) who are abused, abandoned, neglected, or dependent, if a juvenile court has determined that continued residence in the child's home is contrary to the child's welfare and has committed the child to the custody or guardianship of a local department; or (3) who, with the approval of DHS, are placed in an out-of-home placement by a local department under a voluntary placement agreement regarding a child with a developmental disability or a mental illness, as specified.

An out-of-home placement may include family foster care, group and residential care, kinship care, and a TFC home. "Treatment foster care home" means an out-of-home placement facility that is part of a program designed and implemented by a child placement agency to provide intensive casework and treatment in a family setting to children with special physical, emotional, or behavioral needs. A child is eligible for TFC if the local department determines that the child otherwise qualifies for foster care and has one or more of the following conditions:

- a serious medical condition including, but not limited to (1) HIV positive or symptomatic or has AIDS; (2) multiple handicaps; or (3) a symptomatic drug-exposed newborn;
- a serious emotional, behavioral, or psychological condition, including a psychiatric diagnosis by appropriate qualified professionals or a history of an ongoing substance abuse problem;
- a developmental disability; or
- is in need of a high level of treatment in a family setting.

Child Care for Children in Out-of-Home Placements

In General: The foster care system is funded by the State and the federal government under Title IV-E of the Social Security Act. Generally, "foster care maintenance payments" are payments made on behalf of a child eligible for Title IV-E foster care to cover the cost of (and the cost of providing) food, clothing, shelter, daily supervision, school supplies, a child's personal incidentals, liability insurance with respect to a child, reasonable travel to the child's home for visitation.

In regard to public foster care (including TFC) programs, the federal Title IV-E program allows the use of IV-E funds for "daily supervision" (*i.e.*, child care expenses). Child care expenses are eligible expenses under Title IV-E if (1) the child is Title IV-E eligible; (2) the child care provider is a registered and licensed child care provider; and (3) all caregivers in the home have submitted documentation that they are doing any one (or a combination) of the following full-time: working, attending school, or participating in training. When child care expenses are not Title IV-E eligible, child care expenses may be paid by the State if (1) the childcare provider is a registered and licensed child care provider, or a specified informal child care provider and (2) the local department and the caregiver have agreed that there is an identified need for child care services.

Child Care Scholarship Program: If a child in public foster care is not eligible for Title IV-E child care payments, the child may be eligible for the Child Care Scholarship (CCS) Program under the Maryland State Department of Education (MSDE). Local departments may use State funds to pay the difference between the CCS voucher and the reasonable cost of child care. Payments are made in accordance with rates set by MSDE for child care scholarship in the region where the child will be receiving care. Caregivers must first request child care through MSDE and may receive child care assistance from the local department if determined to be ineligible for the CCS program because the family's income is over scale.

The CCS program (formerly known as the Child Care Subsidy Program) provides financial assistance with child care costs to low-income families that meet applicable State or federal requirements. The CCS program is funded through a combination of State funds and the federal Child Care and Development Fund. All participating parents or guardians must meet a variety of technical requirements and must be working or enrolled in school, a training program, or a work-related activity. Eligible families receive a voucher that indicates the scholarship rate and assigned copayment (if applicable) that are determined by household income and region, among other factors. Participating families use vouchers and their assigned copayment to purchase child care directly from the provider of their choice. MSDE reimburses the provider for the approved scholarship rate. Families may also be responsible for any remaining balance between the rate charged by the provider and the voucher amount.

State Expenditures: Beginning in fiscal 2026, the Secretary of Human Services must review and reallocate a portion of the annual budget for DHS to be used for providing child care stipends to private TFC homes to cover child care expenses in a similar manner as public TFC homes. Although the bill specifies that money is to be *reallocated*, DHS estimates a general fund expenditure increase in order to provide funding for child care stipends *without* decreasing funding otherwise needed for other purposes (*i.e.*, general fund expenditures are assumed to be needed regardless, if not to directly provide the child care stipends, then to backfill the loss of the reallocated funds, potentially with a deficiency appropriation).

The fiscal impact of the bill depends on decisions made by the Secretary regarding the provision of child care stipends, which cannot be reliably and precisely estimated in advance. The bill does not require a specific level of funding that must initially be reallocated; however, beginning in fiscal 2027, the Secretary must include in the department's annual budget proposal to DBM a request for an amount of funding that is at least equal to the amount of funding reallocated for the current fiscal year. This analysis assumes, however, that in order to provide a meaningful child care stipend, general fund expenditures likely increase significantly. For context, as of February 5, 2025, DHS notes there were 828 children in private TFC homes who are younger than age 13 or younger than age 19 with a qualifying disability. DHS advises that providing a stipend to cover child care for all of these children increases expenditures by up to $16.0 million per year, which is based on the highest average weekly rate (under the CCS program) of $372 for Howard and Montgomery counites. The Department of Legislative Services notes, however, that child care is likely not needed for all of these children under the provisions of the bill, and that the weekly rates for child care vary significantly depending on the age of the child, the type of provider, and the region. *For illustrative purposes only*, if only 50% of the children currently in private TFC receives a stipend for $252 per week (representing the average weekly rates across all regions, types of provider, and ages), DHS expenditures increase by approximately $5.4 million annually.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: HB 1057 (Delegate Roberts, *et al.*) - Appropriations.

Information Source(s): Department of Budget and Management; Maryland Department of Health; Department of Human Services; Department of Legislative Services

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