

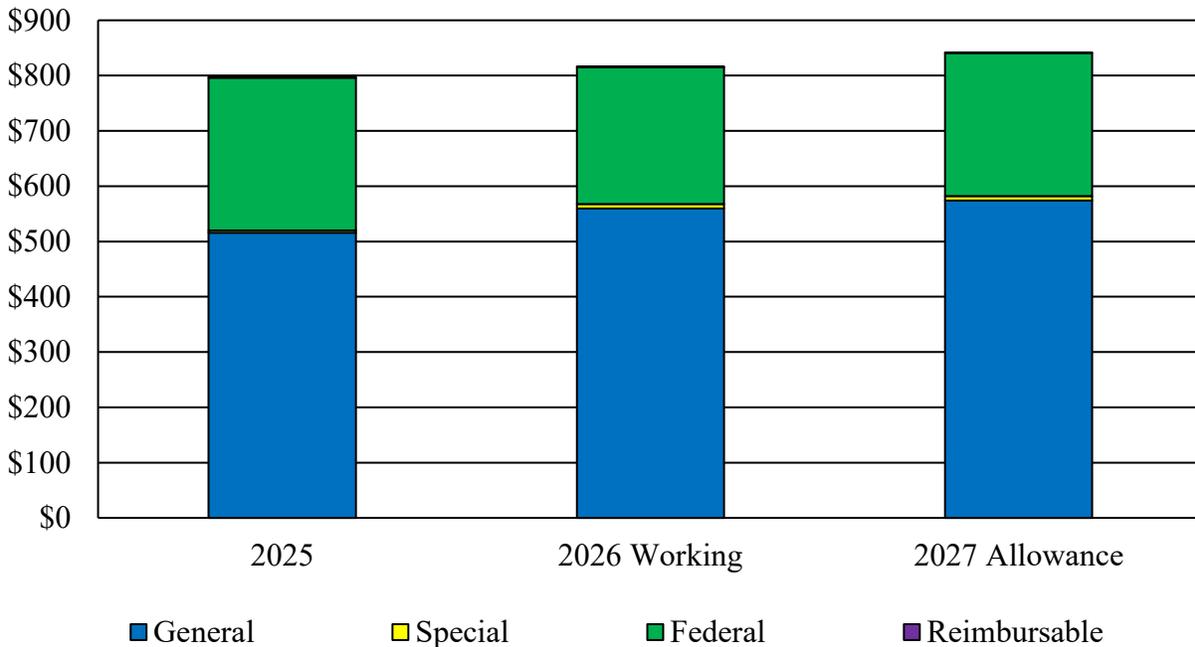
N00B
Social Services Administration
Department of Human Services

Executive Summary

The Department of Human Services (DHS) Social Services Administration (SSA) administers child welfare programs, including foster care, subsidized adoptions, and subsidized guardianships, as well as programs providing services to the elderly, disabled, and vulnerable adults.

Operating Budget Summary

Fiscal 2027 Budget Increases \$25.4 Million, or 3.1%, to \$841.8 Million
(\$ in Millions)



Note: Numbers may not sum due to rounding. Fiscal 2025 actual reflects numbers reported in the Governor’s Fiscal 2027 Budget Books, which differ from actual expenditures for the Foster Care Maintenance Payments program. The fiscal 2026 working appropriation accounts for deficiencies. The fiscal 2027 allowance accounts for contingent reductions. The fiscal 2027 statewide salary adjustments are centrally budgeted in the Department of Budget and Management and are not included in this agency’s budget.

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N00B – DHS – Social Services Administration

- The fiscal 2027 allowance for SSA increases by \$25.4 million compared to the fiscal 2026 working appropriation, after accounting for proposed deficiency appropriations and contingent reductions. The increase includes \$16.2 million in personnel expenses.
- Language in the fiscal 2027 Budget Bill reduced \$6.5 million for foster care maintenance payments, contingent on the enactment of legislation prohibiting the Interagency Rates Committee (IRC) from increasing the rate for providers over the rates in effect on January 21, 2026. Of the \$6.5 million, \$5.1 million is from general funds, \$64,473 is from special funds, and \$1.3 million is from federal funds.
- The fiscal 2027 budget includes \$30.2 million for fiscal 2026 proposed deficiency appropriations primarily for foster care maintenance payments, of which \$15.9 million is in general funds, \$0.8 million is in special funds, and \$13.7 million is in federal funds.

Key Observations

- ***Foster Care Caseloads:*** The number of youths in out-of-home placements paid for by DHS increased by 7.5% in fiscal 2025, compared to fiscal 2024. Among individual placement types, regular foster caseloads increased by 24.9%, and purchased institution placements grew by 2.6%. Fiscal 2026 data (through December 2025) shows a further increase of 12.4% across all foster care placement types compared to fiscal 2025. Specifically, regular foster care increased by 31.1%, and purchased institution placements increased by 7.1%
- ***Increased Admissions to Hospitals:*** Between October 2024 and September 2025, there were 717 admissions to medical hospitals and 511 admissions to psychiatric hospitals that were associated with children and youth in State custody. Compared to the same time period in the previous year, admissions to medical hospitals increased by 639.2%, and admissions to psychiatric hospitals increased by 136.6%.
- ***Children and Youth Placed in Hotels:*** Between October 2024 and September 2025, 93 children and youths experienced 147 hotel stays, indicating that some youths experienced multiple stays in hotels. The average length of hotel stays varied from 7 to 178 days.
- ***SSA Fiscal Compliance Audit:*** In September 2025, the Office of Legislative Audits (OLA) released a fiscal compliance audit for DHS SSA covering the period May 1, 2020, through May 31, 2024. The audit identified 14 findings – of which 6 were repeat findings. The fiscal compliance was rated as unsatisfactory for the third consecutive audit.

Operating Budget Recommended Actions

1. Add language restricting general funds in the Child Welfare Services program to that purpose.
2. Add language restricting general funds in the Foster Care Maintenance Payments program to that purpose only.
3. Add language restricting general funds until a report is submitted on child welfare caseloads and caseworkers needed to meet Child Welfare League of America standards.
4. Add language restricting general funds until a report is submitted on hospital, hotel, and other unlicensed setting stays for youth in out-of-home placements.
5. Add language restricting general funds until a report is submitted by the Office of Legislative Audits indicating that the Department of Human Services has taken corrective action to resolve repeat audit findings contained in its most recent fiscal compliance audit.
6. Add language restricting general funds until a letter is submitted confirming child welfare services data have been uploaded to the Department of Human Services website.
7. Add language restricting general funds until a letter is submitted confirming the Medicaid State Plan Amendment has been submitted.
8. Add language restricting funds pending submission of costs associated with hotel stays.
9. Adopt committee narrative requesting an update on the implementation of evidence-based practices and other provisions of the federal Family First Prevention Services Act.
10. Adopt committee narrative requesting an update on the number of child fatalities that involved child abuse and/or neglect.
11. Add language restricting general funds provided through a deficiency appropriation in the Foster Care Maintenance Payments program to that purpose only.

Updates

- ***Child Welfare Caseload Standard:*** As of September 1, 2025, SSA had 341.5 more caseworker positions and 58.6 more supervisor positions than required to meet the Child Welfare League of America (CWLA) standards. The total number of filled caseworker positions increased by 2.2 positions compared to the previous year, while at the same time, the number of filled caseworker positions needed to meet CWLA standards decreased by 23.2 positions.
- ***Implementation of Provisions of the Federal Family First Prevention Services Act (FFPSA):*** In fiscal 2025, 20 jurisdictions continued implementation of at least one evidence-based practice for prevention services as authorized in the FFPSA. These practices served a total of 530 families during the fiscal year. As of October 2025, there were seven Qualified Residential Treatment Program (QRTP) designated providers.

N00B
Social Services Administration
Department of Human Services

Operating Budget Analysis

Program Description

DHS SSA administers child welfare programs, including foster care, subsidized adoptions, and subsidized guardianships, as well as programs providing services to the elderly, disabled, and vulnerable adults. Child welfare services provided by SSA are intended to investigate, prevent, or remedy instances of neglect, abuse, or exploitation of children; preserve, rehabilitate, or reunite families; help children to begin or continue to improve their well-being; prevent children from needing to enter out-of-home care; and provide appropriate placement and permanency of services. Adult services provided by SSA focus on the needs of the elderly, disabled, and vulnerable adults. Adult services promote safety, self-sufficiency, and assist in avoiding or delaying unnecessary institutional care. The Adult Protective Services program investigates, prevents, and remedies instances of neglect, abuse, and exploitation of vulnerable adults. SSA provides services through local departments of social services (LDSS), which are arms of DHS in each jurisdiction.

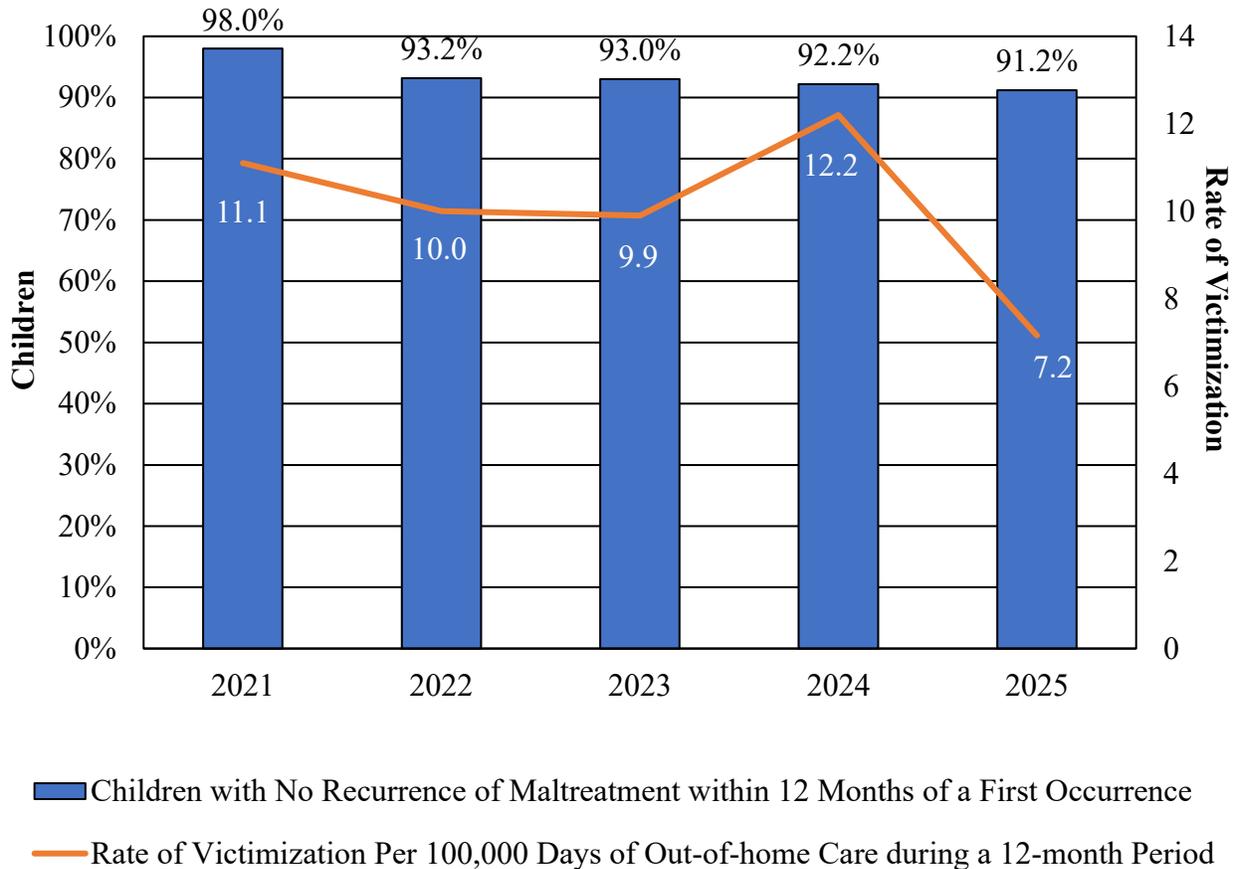
Performance Analysis: Managing for Results

1. Performance in Child Safety Measures

DHS reports two primary performance measures related to child safety as part of its annual Managing for Results (MFR) submission: (1) the percentage of children with no recurrence of maltreatment within 12 months of a first occurrence; and (2) the rate of victimization per 100,000 days of out-of-home care during a 12-month period. The rate of victimization includes all instances of maltreatment while in foster care and is not limited to foster parents or facility staff members.

DHS has a goal of having at least 90.9% of children experiencing no recurrence of maltreatment within 12 months of a first occurrence. As shown in **Exhibit 1**, DHS has exceeded this goal in each of the past five years; however, performance has declined after reaching 98.0% in fiscal 2021. Between fiscal 2021 and 2025, the percentage of children experiencing no recurrence of maltreatment decreased by 6.8 percentage points, to 91.2%. Compared to fiscal 2024, the percentage of children experiencing no recurrence of maltreatment decreased by 1.0 percentage point. The department's goal for rate of victimization is 8.5 or less per 100,000 days of out-of-home care during a 12-month period. DHS met this goal in fiscal 2025 with a victimization rate of 7.2, a decrease of 41.3% from fiscal 2024. DHS attributes the decrease in rate of victimization to enhanced management and monitoring of out-of-home placements as well as Chapter 429 of 2024 that prioritized placing children in need of out-of-home placement with kinship caregivers.

**Exhibit 1
Child Safety Performance Measures
Fiscal 2021-2025**

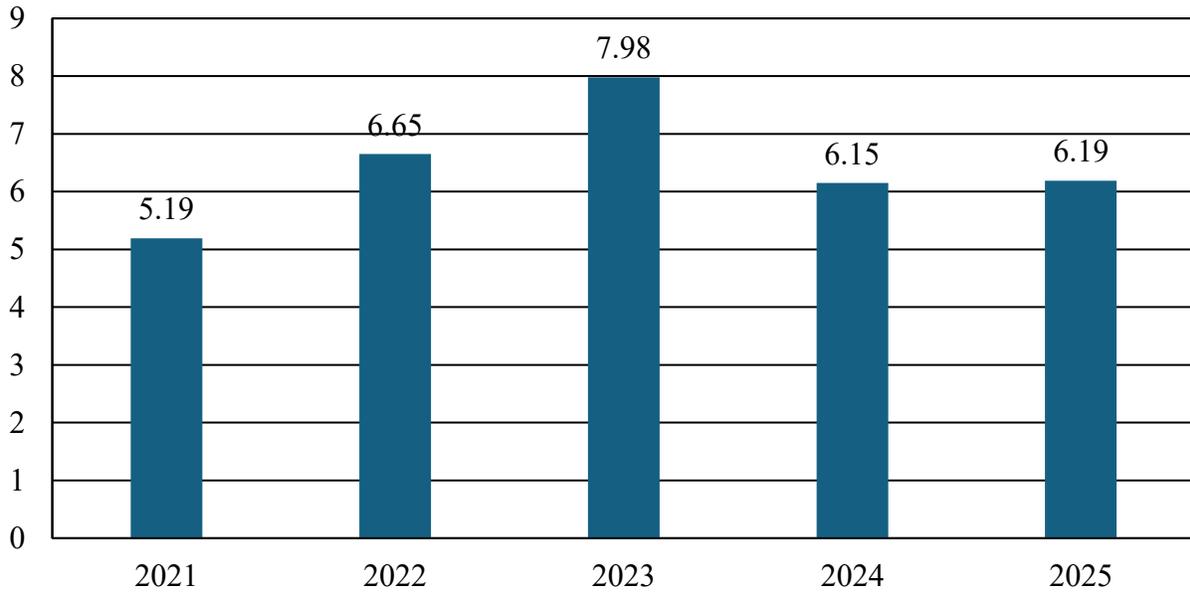


Source: Department of Human Services; Department of Budget and Management

2. Rate of Placement Moves Increases

DHS has a goal of limiting the number of placement moves for children in out-of-home care to no more than 4.12 per 1,000 days of out-of-home care, which equates to a move approximately every 243 days. As shown in **Exhibit 2**, the rate of placement moves was 6.19 in fiscal 2025. The fiscal 2025 rate of 6.19 represents a move every 161 days, a slight increase from fiscal 2024 and a 22.4% decrease from fiscal 2023.

Exhibit 2
Rate of Placement Moves
Per 1,000 Days of Out-of-home Care
Fiscal 2021-2025

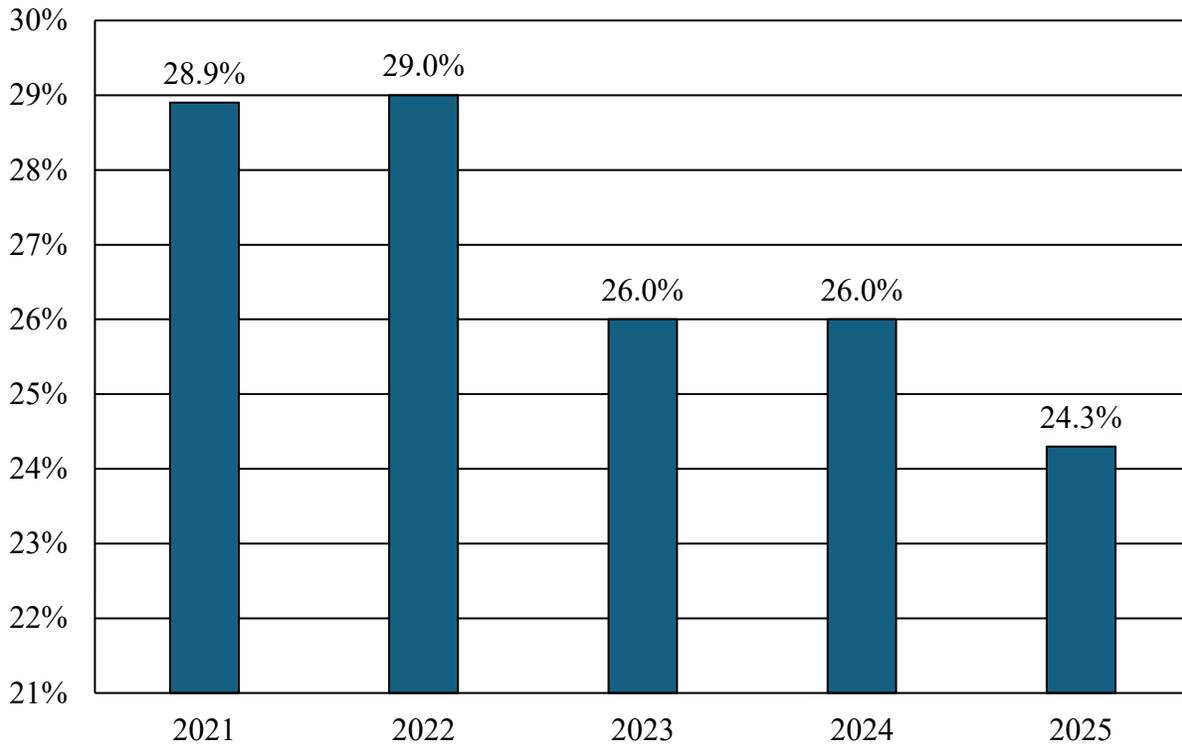


Source: Department of Human Services; Department of Budget and Management

3. Exits to Permanency within 12 Months of Entry into Care Declines

DHS has a goal that at least 40% of children in foster care will exit to permanency within 12 months of entry into care. DHS notes a child is required to be in a placement for a minimum of six months prior to the adoption or guardianship being finalized. As shown in **Exhibit 3**, DHS has not met this goal in any of the past five fiscal years, and the percentage has generally declined since fiscal 2022. In fiscal 2025, 24.3% of children in out-of-home care exited to permanency within 12 months of entry into care, a decrease of 1.7 percentage points since fiscal 2024. DHS notes that judicial extensions for permanency hearings due to scheduling conflicts, biological parents requesting additional time to complete services, incarcerated parents unable to attend hearings in-person or virtually, and unavailability of panel attorneys and judges were factors that contributed in delayed exit to permanency.

Exhibit 3
Percentage of Children Exiting Out-of-home Care to Permanency within
12 Months of Entry
Fiscal 2021-2025

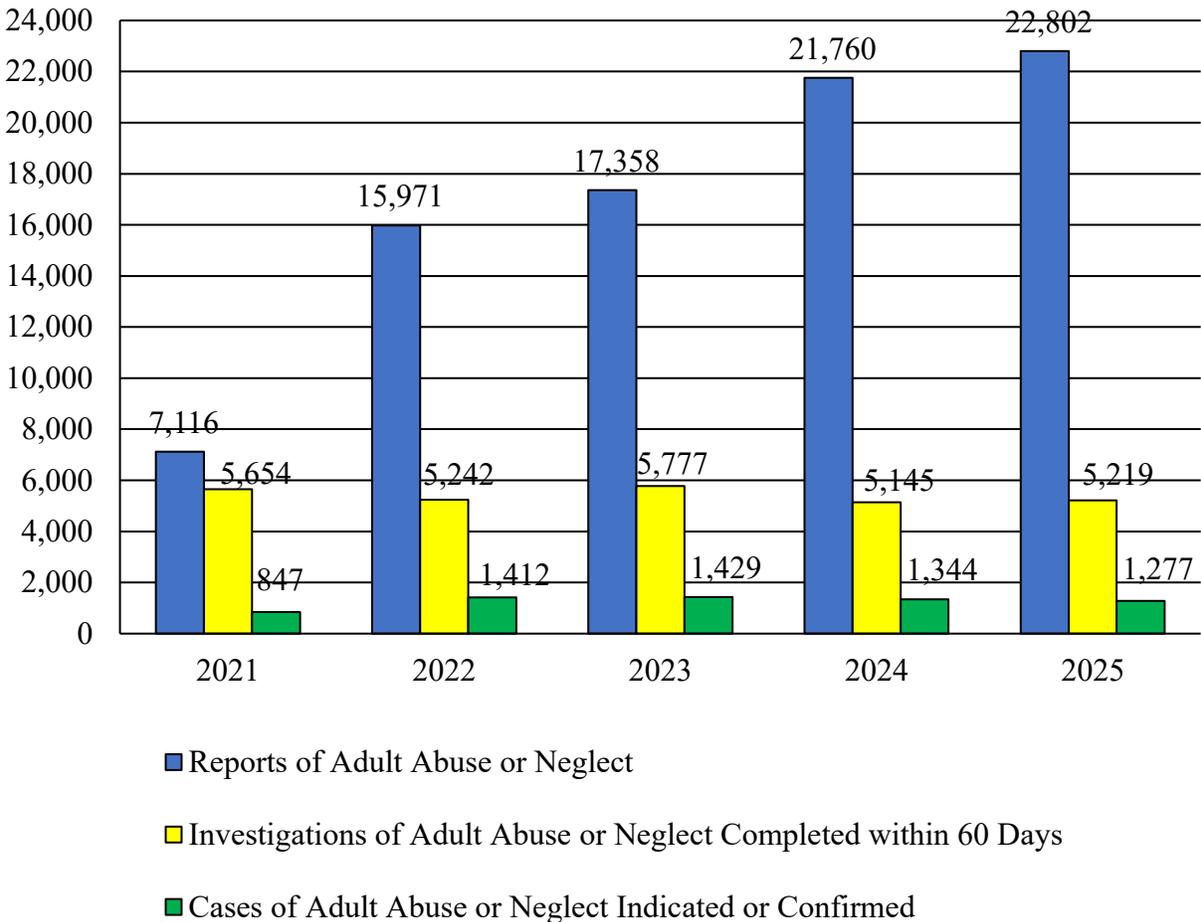


Source: Department of Human Services; Department of Budget and Management

4. Adult Protective Services Performance Measures

As shown in **Exhibit 4**, the number of reports of adult abuse or neglect increased by 4.8% in fiscal 2025. DHS attributes the increased numbers of reports of adult abuse reported to increased awareness of adult services and a growing population of adults age 60 and older. Although the number of reports of adult abuse or neglect has increased, the number of investigations completed within 60 days has not increased at the same rate. The total number of investigations completed increased by 1.4% in fiscal 2025. The total number of indicated or confirmed cases of adult abuse or neglect decreased by 5.0% in fiscal 2025.

**Exhibit 4
Vulnerable Adult Safety Measures
Fiscal 2021-2025**



Source: Department of Human Services; Department of Budget and Management

Language in the fiscal 2026 Budget Bill restricted funds pending submission of data on measures of child safety, child placements, and adult safety measures for fiscal 2024 and 2025. A report providing MFR data for fiscal 2024, which was due on July 1, 2025, was submitted on November 13, 2025. Fiscal 2025 MFR data was submitted with submission of fiscal 2027 budget. **The Department of Legislative Services (DLS) determined that the information provided complies with the language restricting the general funds, and DLS therefore recommends the release of \$100,000 in withheld general funds and will process a letter to this effect if no objections are raised during the budget hearings.**

Fiscal 2026

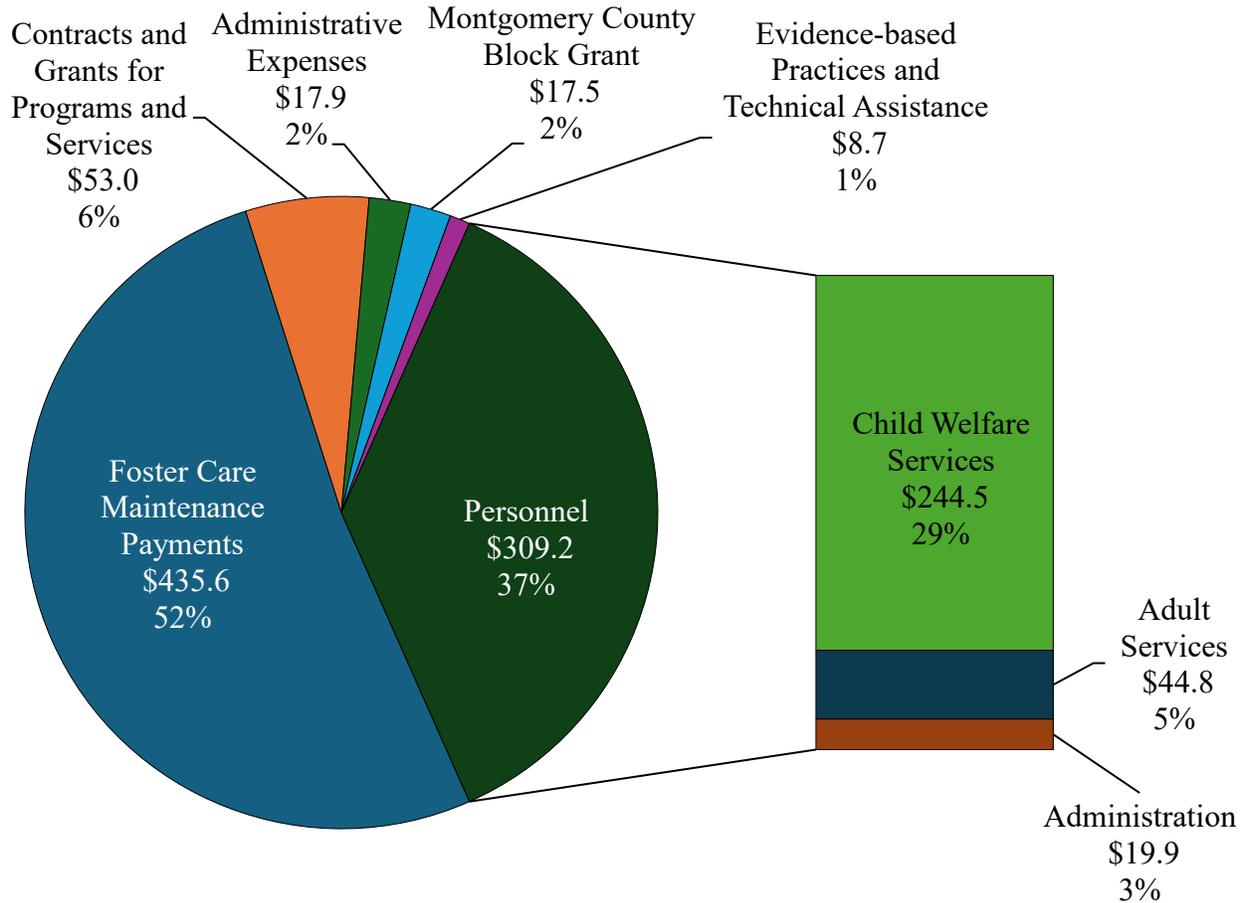
Proposed Deficiency

The fiscal 2027 Budget Bill includes three proposed deficiency appropriations for SSA totaling \$30.2 million. Of the total deficiency appropriations, \$15.8 million is in general funds, \$0.8 million is in special funds, and \$13.7 million is in federal funds. The vast majority of the proposed deficiency is associated with foster care shortfalls. The remaining two proposed deficiency appropriations provide \$8,007 in federal funds associated with the kinship care navigator contract and reduce federal funds by \$2,674 associated with the call center contract.

Fiscal 2027 Overview of Agency Spending

The fiscal 2027 allowance for SSA totals \$841.8 million. As shown in **Exhibit 5**, the Foster Care Maintenance Payments account for \$435.6 million, or 52%, of the fiscal 2027 allowance. This program funds both the placement costs and related costs for children in the State's foster care system. Outside of the Foster Care Maintenance Payments program, the remainder of the budget for SSA totals \$406.2 million. Personnel expenses total \$309.2 million, or 37%, of the fiscal 2027 allowance for SSA, most of which support personnel in local child welfare service programs. The Montgomery County Block Grant accounts for \$17.5 million of the fiscal 2027 allowance. Under State law, Montgomery County receives a block grant for child welfare, adult services, family investment, and administrative expenses rather than operating like other LDSS. The SSA budget includes the child welfare services and adult services components of the block grant. The fiscal 2027 allowance also includes \$8.7 million for evidence-based prevention services implemented by LDSS under the FFPSA and technical assistance to administer and evaluate the outcomes of these programs.

Exhibit 5
Overview of Agency Spending
Fiscal 2027 Allowance
(\$ in Millions)



Note: The fiscal 2027 allowance accounts for contingent reductions. The fiscal 2027 statewide salary adjustments are centrally budgeted in the Department of Budget and Management and are not included in this agency’s budget.

Source: Governor’s Fiscal 2026 Budget Books; Department of Legislative Services

Proposed Budget Change

As shown in **Exhibit 6**, the fiscal 2027 allowance for SSA increases by \$25.4 million, or 3.1%, compared to the fiscal 2026 working appropriation after accounting for proposed fiscal 2026 deficiency appropriations. The \$25.4 million increase is primarily due to an increase of \$11.2 million in employee and retiree health insurance. Personnel expenses for salaries and fringe benefits increase by \$5.6 million. Fiscal 2027 allowance also includes a \$7.7 million increase associated with foster care maintenance payments, reflecting estimated caseload increases.

Exhibit 6
Proposed Budget
Department of Human Services – Social Services Administration
(\$ in Thousands)

How Much It Grows:	General <u>Fund</u>	Special <u>Fund</u>	Federal <u>Fund</u>	Reimb. <u>Fund</u>	<u>Total</u>
Fiscal 2025 Actual	\$515,978	\$3,638	\$276,282	\$1,117	\$797,015
Fiscal 2026 Working	559,779	8,133	247,615	828	816,355
Fiscal 2027 Allowance	573,857	8,462	258,623	828	841,771
Fiscal 2026-2027 \$ Change	\$14,079	\$329	\$11,008	\$0	\$25,416
Fiscal 2026-2027 % Change	2.52%	4.04%	4.45%	0.00%	3.11%

Where It Goes:	<u>Change</u>
Personnel Expenses	
Employee and retiree health insurance	\$11,213
Salary increases and associated fringe benefits	5,606
Better align agency personnel funding with actual expenditures	1,658
Deferred compensation match due to statewide change in budgeting.....	617
Workers’ compensation premium assessment.....	528
Transfer of 4 positions to the Department of Information Technology due to the transfer of Maryland Benefits in fiscal 2026.....	-917
Turnover increased from 6.03% to 7.02%.....	-2,561
Other fringe benefit adjustments	9
Foster Care Maintenance Payments	
Foster care maintenance payments, reflecting estimated caseload increases, net of contingent reduction due to level funding provider rates	7,744
Flex funds	1,648

Where It Goes:	<u>Change</u>
Other	
Costs associated with vehicle replacement.....	220
Fuel and utilities	37
Office supplies	-20
Communication expenses	-40
Vehicle maintenance and gas and oil.....	-90
Rent.....	-620
Other	385
Total	\$25,416

Note: Numbers may not sum to total due to rounding. The fiscal 2026 working appropriation accounts for deficiencies and planned reversions. The fiscal 2027 allowance accounts for contingent reductions. The fiscal 2027 statewide salary adjustments are centrally budgeted in the Department of Budget and Management and are not included in this agency’s budget.

Budget Reconciliation and Financing Act

Budget Reconciliation and financing Act (BRFA) of 2026 includes a provision that prohibits, for fiscal 2027 only, the use of funds in the budget to pay for increases in provider rates over the IRC set rates in effect on January 21, 2026. The budget bill as introduced reduces \$5.1 million in general funds, \$64,473 in special funds, and \$1.3 million in federal funds associated with foster care maintenance payments, contingent on legislation prohibiting the rate increase. The BRFA of 2025 included a similar provision that prohibited IRC from increasing payment rates over the rates in effect on January 1, 2025.

Foster Care Maintenance Payments

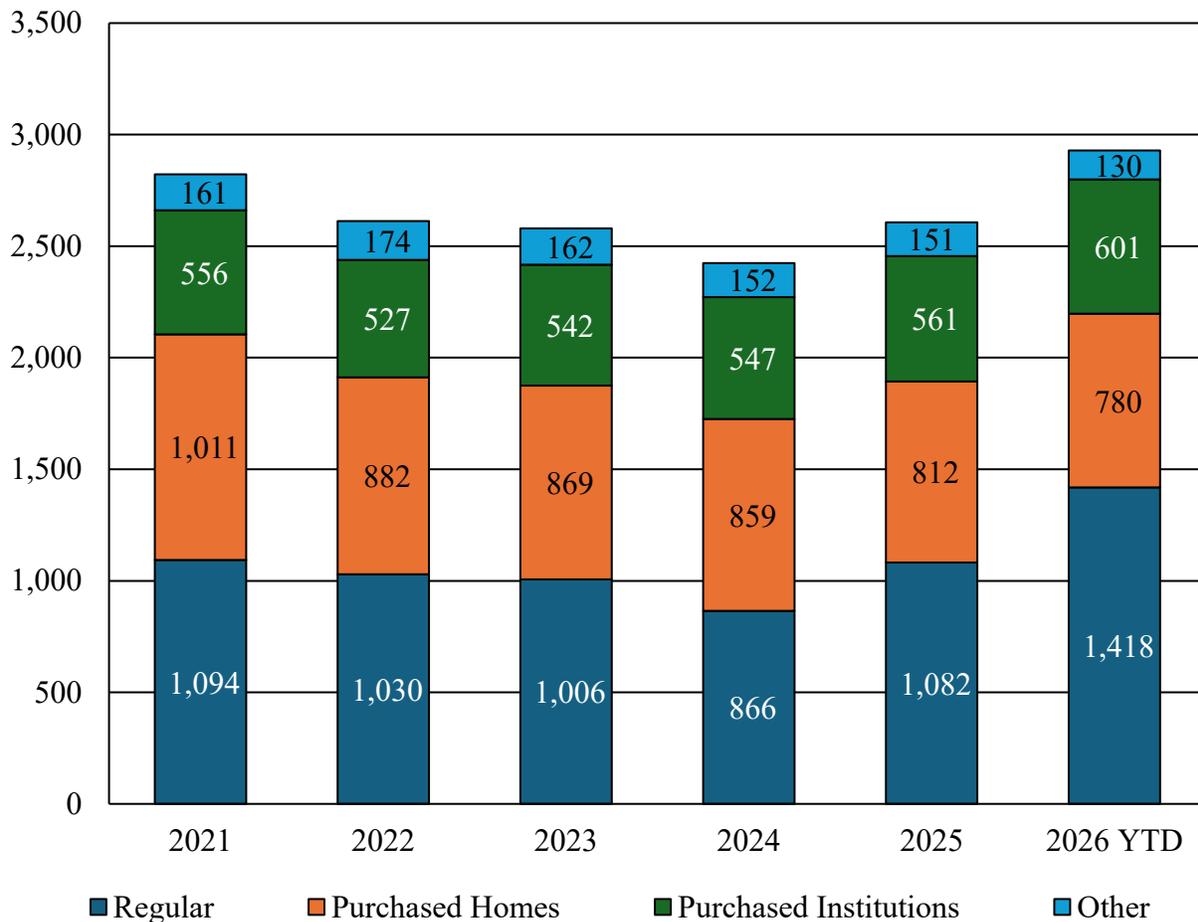
After accounting for contingent reductions, the fiscal 2027 allowance for Foster Care Maintenance Payments increases by \$9.9 million, or 2.3%, compared to the fiscal 2026 working appropriation. \$9.7 million of the total increase is supported by the General Fund.

Caseload Trends and Estimates

Exhibit 7 presents annual average monthly foster care caseload data. The number of youths in out-of-home placements paid for by DHS increased by 7.5% in fiscal 2025, following a decrease each year between fiscal 2016 and 2024. In fiscal 2025, among individual placement types, regular foster caseloads increased by 24.9%, and purchased institution placements grew by 2.6%. However, purchased home placements declined by 5.5%. DHS reports that the increase in average monthly caseload for regular foster care is primarily associated with policy and administrative changes that prioritized placing children in need of out-of-home placement with kinship caregivers. Specifically, Chapter 429 required LDSS to give preference to placement with a kinship

caregiver when selecting a placement for a child in need of out-of-home placement. The chapter also required LDSS to make efforts to locate a kinship caregiver for initial placement of the child. Additionally, DHS also implemented new kinship licensing standards in December 2024. These revised standards allowed many kinship caregivers to meet licensure requirements. DHS notes that in December 2025, 86% of kinship caregivers were licensed, an increase from 25% that were licensed in December 2024. The licensed kinship caregivers fall under the paid placement category. DHS notes that although the children were already in the State’s care, the change in status of kinship placements to paid placements contributed to increased caseload counts.

Exhibit 7
Foster Care Caseloads
Fiscal 2021-2026 YTD (December 2025)



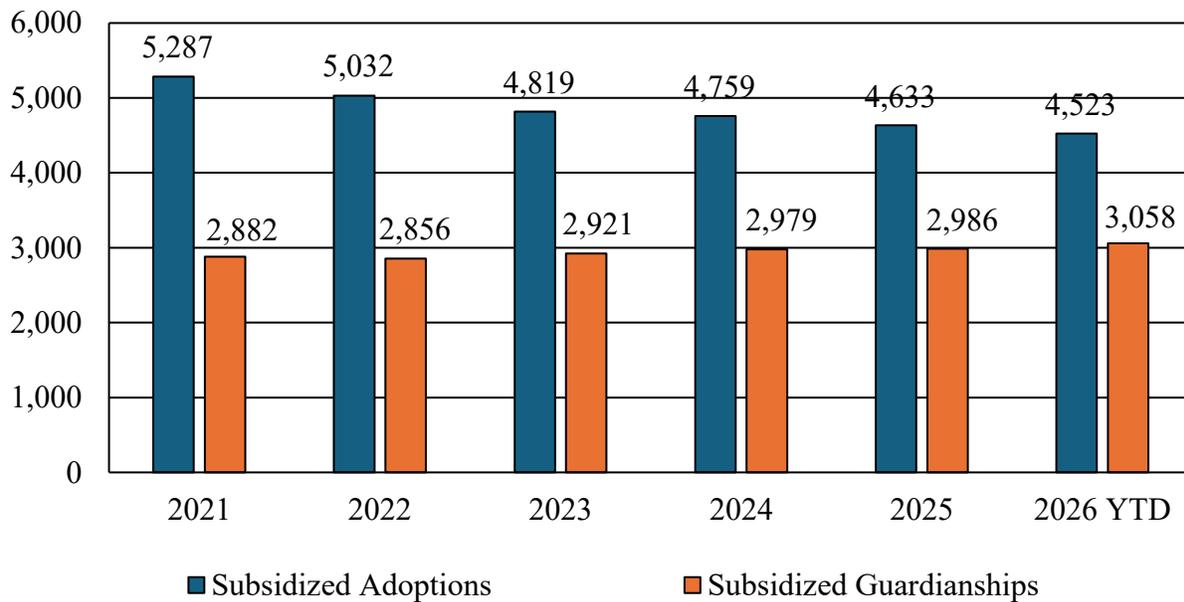
YTD: year to date

Source: Department of Human Services; Department of Legislative Services

Fiscal 2026 data (through December 2025) shows that the number of youths in out-of-home placements paid for by DHS continued to increase. Compared to fiscal 2025, in the first half of fiscal 2026, the overall caseload increased by 12.4%. Notably, regular foster care caseloads have increased by 31.1%, and purchased institution placements have increased by 7.1% through the first half of the fiscal year compared to fiscal 2025. However, purchased homes decreased by 3.9%.

The average monthly number of subsidized adoptions has declined each year since at least fiscal 2016. As shown in **Exhibit 8**, the average monthly number of subsidized adoptions decreased by 2.6% in fiscal 2025, compared to fiscal 2024 caseloads, and decreased by an additional 2.4% during the first half of fiscal 2026. The average monthly number of subsidized guardianships increased by 0.2% in fiscal 2025 compared to fiscal 2024 caseloads. The average monthly number of subsidized guardianships has continued to increase in the first half of fiscal 2025 by 2.4% compared with fiscal 2025.

Exhibit 8
Subsidized Adoptions and Guardianships
Fiscal 2021-2026 YTD (December 2025)



YTD: year to date

Source: Department of Human Services; Department of Legislative Services

Exhibit 9 presents data on the average monthly caseloads for fiscal 2025 and 2026 (through December 2025) as well as DLS estimates for the average monthly caseload for the full year for fiscal 2026 and 2027. DLS estimates that overall placements will increase by 2.9% in fiscal 2026

and will continue to increase in fiscal 2027 by 2.0% to a total of 10,741 cases. The allowance assumes the overall placements will total 10,425 in fiscal 2026 and 10,498 in fiscal 2027.

Exhibit 9
Caseload Projections by Placement Type
Average Monthly Caseload
Fiscal 2025-2027 Estimate

	2025	2026	2026	2027
	<u>Actual</u>	<u>Actual YTD</u>	<u>DLS Estimate</u>	<u>DLS Estimate</u>
Regular Foster Care	1,082	1,402	1,417	1,644
Purchased Home	812	774	780	764
Purchased Institution	561	599	606	621
Other Placements	151	133	135	141
Subsidized Adoptions	4,633	4,517	4,540	4,495
Subsidized Guardianships	2,986	3,050	3,046	3,076
Total Combined	10,225	10,475	10,524	10,741

DLS: Department of Legislative Services

YTD: year to date

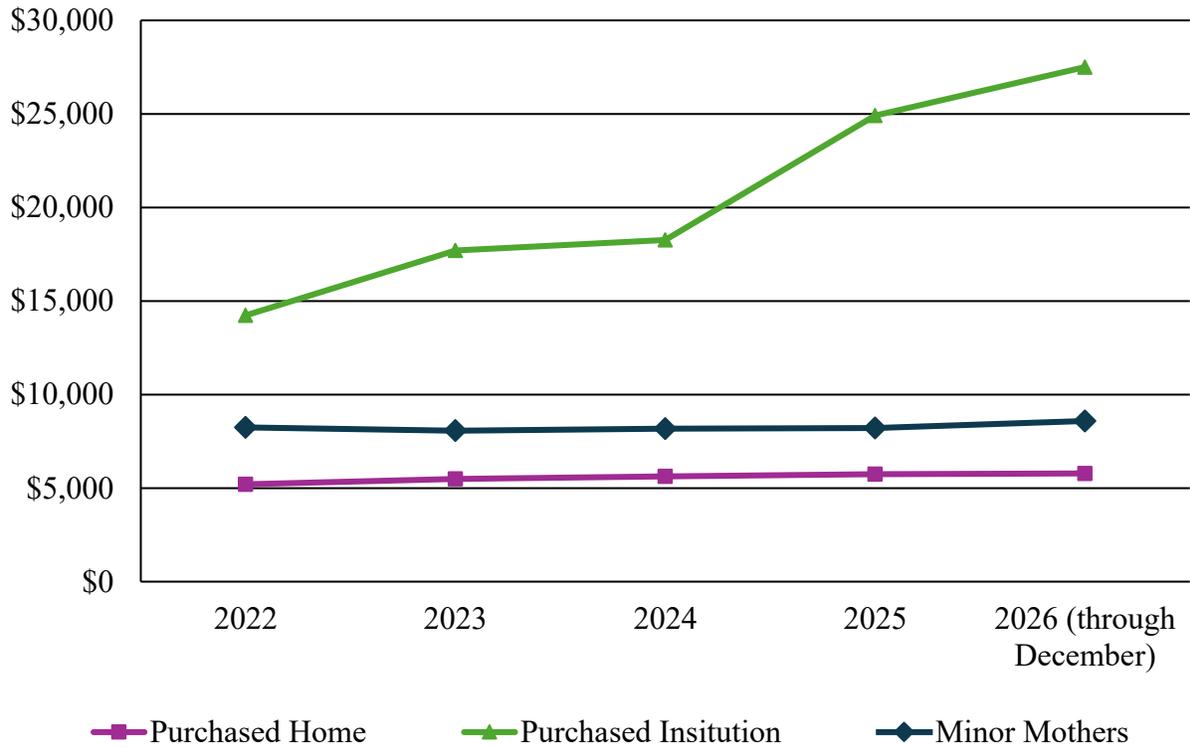
Note: Fiscal 2026 year-to-date data is through December 2025.

Source: Department of Legislative Services; Department of Human Services

Placement Costs

As shown in **Exhibit 10**, average monthly placement costs through December 2025 are highest among purchased institutions and purchased homes. Across all foster care placement types (excluding subsidized adoptions and guardianships), the average monthly placement costs increased by 16% during fiscal 2025 and have increased by 0.8% in fiscal 2026 (through December 2025). Average monthly placement costs for purchased institutions (the most expensive placement type) increased by 36.4% to \$24,908 in fiscal 2025 and increased by an additional 10.4% reaching \$27,503.0 during the first half of fiscal 2026. This increase can be attributed to implementation of a new foster care provider rate that applied to institutional providers in fiscal 2025. The new system replaced individual provider rates with a class-based system consisting of six residential intervention classes and two temporary classes. Compared to fiscal 2024 average rates, most provider classes experienced substantial increases, with daily class rate increases ranging from 12.3% to 217.7%.

Exhibit 10
Average Monthly Placement Costs for Select Placement Types
Fiscal 2022-2026 YTD



YTD: year to date

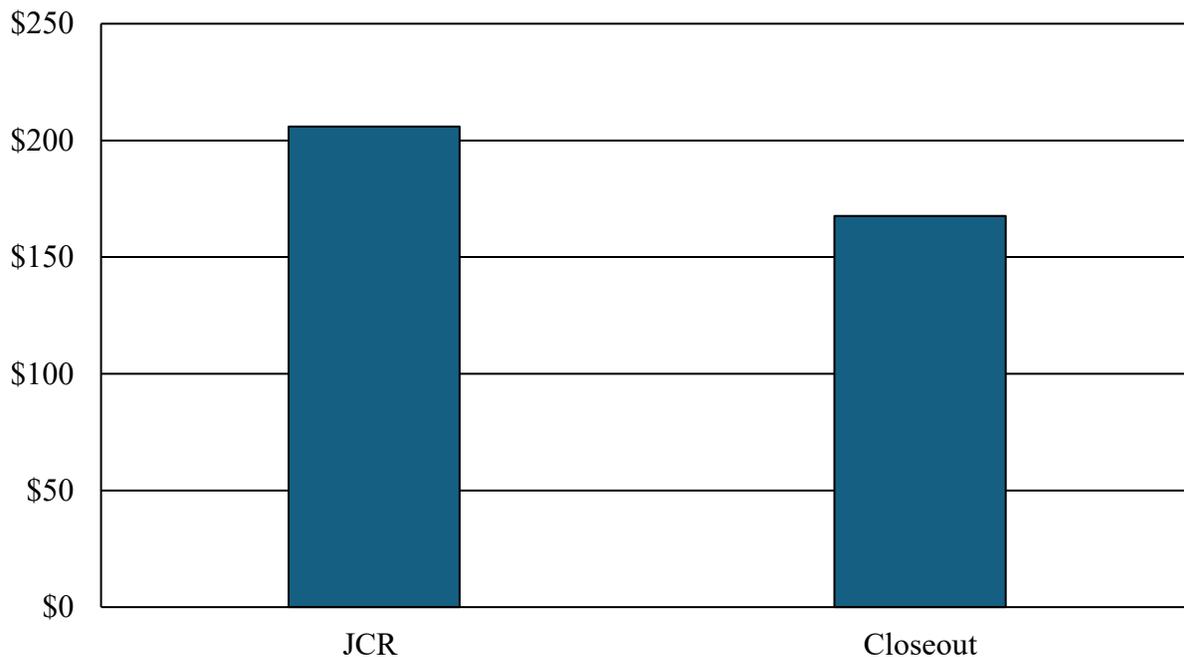
Source: Department of Human Services; Department of Legislative Services

Committee narrative in the 2025 *Joint Chairman’s Report (JCR)* required DHS to submit a report on implementation of the second phase of the rate reform, which would apply to treatment homes and independent living. The second phase of rate reform that was originally scheduled to be implemented in fiscal 2026 is now planned for a future year. The report provided draft daily rates for both treatment homes and independent living. Based on the draft rates, costs associated with these placements are expected to increase significantly when the rate reform is implemented. Additional discussion on the second phase of rate reform is included in Update 3 of this analysis.

Costs Associated with Purchased Institutions

In the report, DHS also included information on expenses associated with implementation of the first phase of the rate reform in fiscal 2025. As shown in **Exhibit 11**, the total expenditures for purchased institutions reported by DHS in the response to the committee narrative were \$38.3 million more than the total expenditure reported during the fiscal 2025 closeout. As of this writing, DHS has not provided additional information on this discrepancy. Expenditure forecasted by DLS for fiscal 2026 and 2027 take into account the numbers included in the closeout report. DLS notes that if the fiscal 2025 expenditures reported by DHS in the report were accurate, it is unclear whether the fiscal 2025 closeout captured the full level of payments for foster care in fiscal 2025. **DHS should discuss how it calculated the expenditures related to the rate report presented in the response and why it does not align with information reported as part of the fiscal 2025 closeout.**

Exhibit 11
Purchased Institution Expenditure Comparison
Fiscal 2025
(\$ in Millions)



JCR: *Joint Chairmen's Report*

Source: Department of Human Services

Status of the Medicaid State Plan Amendment

The revised foster care provider rate system includes two sets of rates for programs for direct and clinical care. Clinical care rates include costs for clinical, behavioral, therapeutic services, support, and interventions, which may vary based on the intensity of services provided. Federal Medicaid reimbursement is available for clinical care costs, and being able to claim Medicaid funds for these types of costs was a key reason for the initiation of rate reform in fiscal 2020.

DHS had previously reported that the Maryland Department of Health (MDH) would submit a State Plan Amendment (SPA) to the U.S. Centers for Medicare and Medicaid Services with an effective date of July 1, 2025. However, as of this writing, the SPA has not been submitted. The SPA would add coverage for residential interventions for children in DHS and Department of Juvenile Services (DJS) out-of-home placements and allow reimbursement for the clinical rates established by IRC for certain residential classes. This would reduce general fund expenditures, based on the availability of federal funds. Since no SPA has been submitted, the State is paying the higher cost of the reformed rates without the benefit of the increased federal dollars to support eligible costs. The fiscal 2027 allowance does not assume any funds through Medicaid for foster care costs. **DHS should comment on when the SPA is expected to be submitted and when Medicaid claims are anticipated to begin for residential interventions for children in out-of-home placements. DLS recommends adding a section that restricts funds in MDH and DHS pending submission of a report confirming submission of the SPA.**

Forecast

As shown in **Exhibit 12**, DLS forecasts a shortfall of \$18.6 million in fiscal 2026, of which the general fund share is \$16.7 million. In fiscal 2027, DLS projects a deficit of about \$17.4 million, of which the general fund share is \$16.4 million. The forecasted shortfall in fiscal 2026 and 2027 is mostly driven by purchased institutions costs as well as an estimated increase in the number of regular foster care cases. The actual size of any surplus or shortfall will be impacted by the extent to which caseloads increase or decrease in fiscal 2027, the extent of changes in placement costs due to provider rate reform and provider rate increases, and the extent to which federal Title IV-E funds are available.

Exhibit 12
Foster Care Maintenance Payments Program Expenditure Forecast
Fiscal 2026-2027
(\$ in Millions)

	<u>2026</u>	<u>2027</u>	<u>% Change</u> <u>2026-2027</u>
Budgeted Expenditures			
General Funds	\$336.4	\$346.1	2.9%
Special Funds	4.3	4.4	2.3%
Federal Funds	85.1	85.1	0.0%
Total Funds	\$425.8	\$435.6	2.3%
DLS Forecasted Expenditures			
General Funds	\$353.1	\$362.5	2.7%
Special Funds	2.4	2.4	0.0%
Federal Funds	88.9	88.0	-1.0%
Total Funds	\$444.4	\$452.9	1.9%
General Fund Surplus/Shortfall (Compared to Budget)	-\$16.7	-\$16.4	
Special Fund Surplus/Shortfall (Compared to Budget)	1.9	2.0	
Federal Fund Surplus/Shortfall (Compared to Budget)	-3.8	-2.9	
Total Surplus/Shortfall (Compared to Budget)	-\$18.6	-\$17.4	

DLS: Department of Legislative Services

Note: Fiscal 2026 budgeted expenditures account for the deficiency appropriation for fiscal 2026 expenses. Fiscal 2027 budgeted expenditures account for contingent reductions.

Source: Department of Budget and Management; Department of Legislative Services

The DLS estimate mostly varies from the estimates used in budget development in the areas of regular foster care, purchased home, and purchased institution. **Exhibit 13** compares average caseloads and average payment assumed in the allowance and DLS estimates for these placement types. The year-to-date experience led to higher caseload growth rates for both fiscal 2026 and 2027 in the DLS estimates. DLS estimates 533 more regular foster care cases than that is assumed in the fiscal 2027 allowance. However, the DLS average payment estimate is \$47 less. DLS estimates 45 more purchased institution placement than the estimates used for the fiscal 2027 allowance. DLS also estimates the average payment will be \$1,449 higher to align with year-to-date experience. However, for purchased home, DLS estimates 70 fewer cases. DLS also estimates the average payment will be lower than what is assumed in the allowance.

Exhibit 13
Caseload and Average Payment Estimate
Fiscal 2027

	Allowance		DLS Estimate	
	<u>Caseload</u>	<u>Average Payment</u>	<u>Caseload</u>	<u>Average Payment</u>
Regular Foster Care	1,111	\$1,020	1,644	\$973
Purchased Home	834	\$6,015	764	\$5,780
Purchased Institution	576	\$26,070	621	\$27,519

DLS: Department of Legislative Services

Source: Department of Legislative Services; Department of Human Services

Furthermore, the DLS estimate for expenditures associated with flexible funds and expenditures that are not associated with out-of-home placements varies from the estimate in the budget. DLS estimates \$1.3 million less in associated expenditures compared to the allowance. Specifically, the DLS estimate assumes expenditures associated with flexible funds in fiscal 2027 to be \$69.6 million, \$3.7 million less than the fiscal 2027 allowance. DHS previously reported that the expense for the children placed in hotels is accounted for under flexible funds. Following DHS' directive to LDSS to end hotel stays, DLS assumes that costs associated with hotel stays will decrease, reducing flexible fund spending.

Committee narrative in 2025 JCR requested that DHS provide costs associated with youths in out-of-home placements placed in hotels for fiscal 2025 actual, fiscal 2026 working, and fiscal 2027 allowance in detail with submission of the fiscal 2027 allowance. Although DHS has started including costs associated with hotels in recent monthly reports, it did not include in its allowance submission fiscal 2025 actual, fiscal 2026 working, and fiscal 2027 allowance costs associated with hotel placements. Furthermore, the monthly data does not include costs associated with one-on-one services provided to children placed in hotels. **DLS recommends adding language restricting funds in the fiscal 2027 budget pending submission of data on the costs associated with hotel stays.**

Personnel Data

	FY 25	FY 26	FY 27	FY 26-27
	<u>Actual</u>	<u>Working</u>	<u>Allowance</u>	<u>Change</u>
Regular Positions	2,627.18	2,590.68	2,548.15	-42.53
Contractual FTEs	<u>14.11</u>	<u>2.50</u>	<u>2.50</u>	<u>0.00</u>
Total Personnel	2,641.29	2,593.18	2,550.65	-42.53

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	178.86	7.02%
Positions and Percentage Vacant as of 12/31/2025	172.80	6.67%
Vacancies Below Turnover	6.06	

- As of December 31, 2025, SSA had 172.80 vacant positions, or 6.7% of authorized positions. The largest number of vacant positions (132.80) is within the Child Welfare Services program, which is the largest share of positions authorized within SSA. Total vacant positions within SSA have decreased by 46.72 since December 31, 2024; however, a portion of this can be attributed to the abolition of vacant positions. As of September 2025, SSA had 341.5 more caseworkers than necessary to meet CWLA standards. Further discussion on child welfare staffing is included in Update 1 of this analysis.
- On October 22, 2025, the Board of Public Works approved the abolition of 502.7 positions statewide, including 170.7 vacant positions and 332.0 positions associated with the Voluntary Separation Program (VSP). In DHS SSA, 30.5 positions were abolished, of which 11.5 were vacant, and 19 were due to the VSP. Within SSA, 4.0 positions were abolished from General Administration, 21.5 from Child Welfare Services, and 5 from Adult Services.
- Overall, the number of positions in SSA decreased by 42.53 positions, reflecting internal transfers within DHS to better reflect the work the positions undertake.

Issues

1. Hospital Overstays for Children and Youth in Out-of-home Care

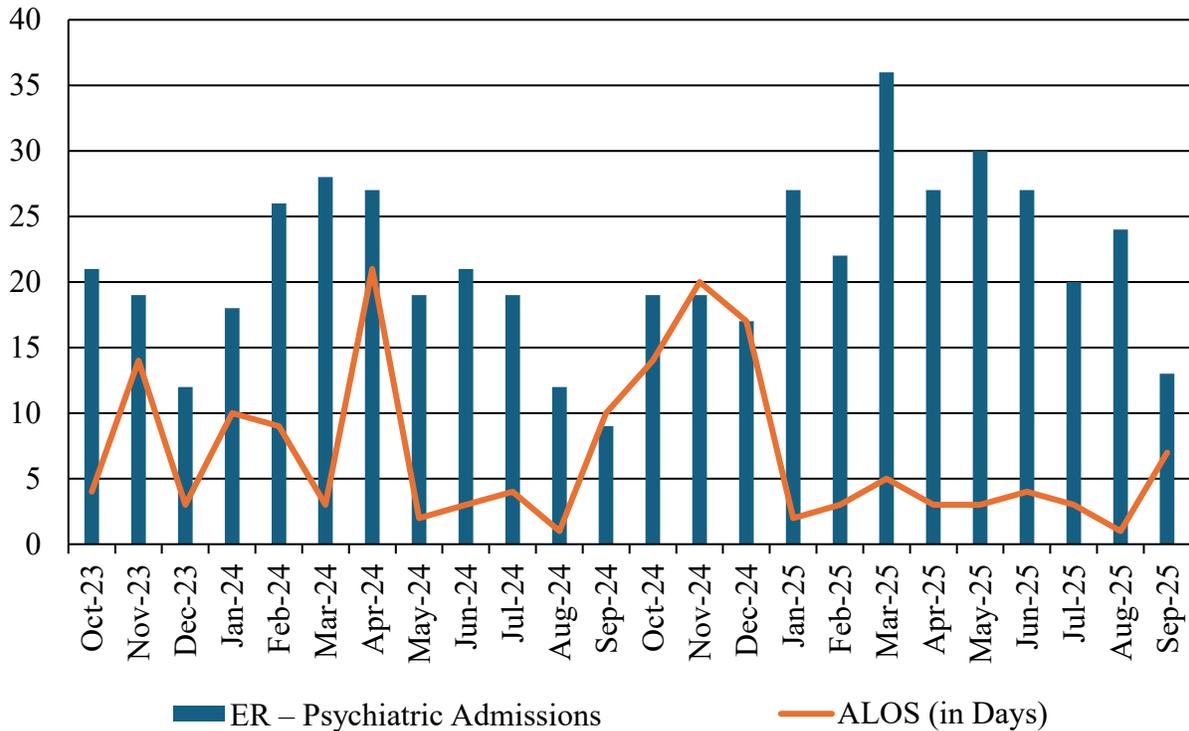
Issues related to the length of hospital stays and stays in emergency rooms by children and youth in State custody have been an ongoing concern for the General Assembly for the past several years. Of particular concern are youth who experience lengthy overstays in emergency rooms, psychiatric hospitals, or psychiatric units of general and medical hospitals that extend beyond what is deemed medically necessary while the youth is awaiting placement with an appropriate provider. These overstays generally occur due to difficulties in securing placements for children with complex behavioral or physical health needs due to a lack of providers meeting the needs of these children and limited capacity for providers that do.

In order to track the extent of the hospital overstay issue, in recent years, DHS has been requested to and submitted data on youth in out-of-home placements served in hospitals. Language in the fiscal 2026 Budget Bill restricted funds in DHS pending submission of the number of youth served in emergency rooms for psychiatric evaluation or crisis and the average length of stay (ALOS) by month, the number of youth in out-of-home placement served separately by medical hospitals and inpatient psychiatric hospitals and ALOS for these hospital stays, the length of stay beyond medical necessity for both hospital types, and data on placements after discharge from inpatient hospital, including identifying the number of youths placed out-of-state after discharge for fiscal 2024 and 2025.

Emergency Room Admissions for Psychiatric Evaluation or Crisis

DHS reported that between October 2023 and September 2025, there were a total of 512 emergency room admissions of youth in out-of-home placements through DHS for psychiatric evaluation or crisis. Between October 2023 and September 2024, there were a total of 231 emergency room admissions, which increased to 281 between October 2024 and September 2025. As shown in **Exhibit 14**, the number of emergency room admissions during this period ranged from a low of 9 in September 2024 to a high of 36 in March 2025. DHS indicated that improved reporting contributed to this increase, though it is unclear how much of the increase relates to reporting improvements versus overall increased visits, and DHS did not provide additional information on possible reasons for increased visits. For all emergency room visits between October 2023 and September 2025, the ALOS was 6.5 days but ranged from a low of 1 day in August 2025 to a high of 21 days in April 2024. In general, DHS reported a lower ALOS between October 2024 and September 2025 than in the prior year.

Exhibit 14
ER Admissions and ALOS for ER Visits for Psychiatric Evaluation or Crisis
October 2023 through September 2025



ALOS: average length of stay
 ER: emergency room

Note: ALOS is calculated based on the length of stay for a youth admitted to an emergency room in a given month.

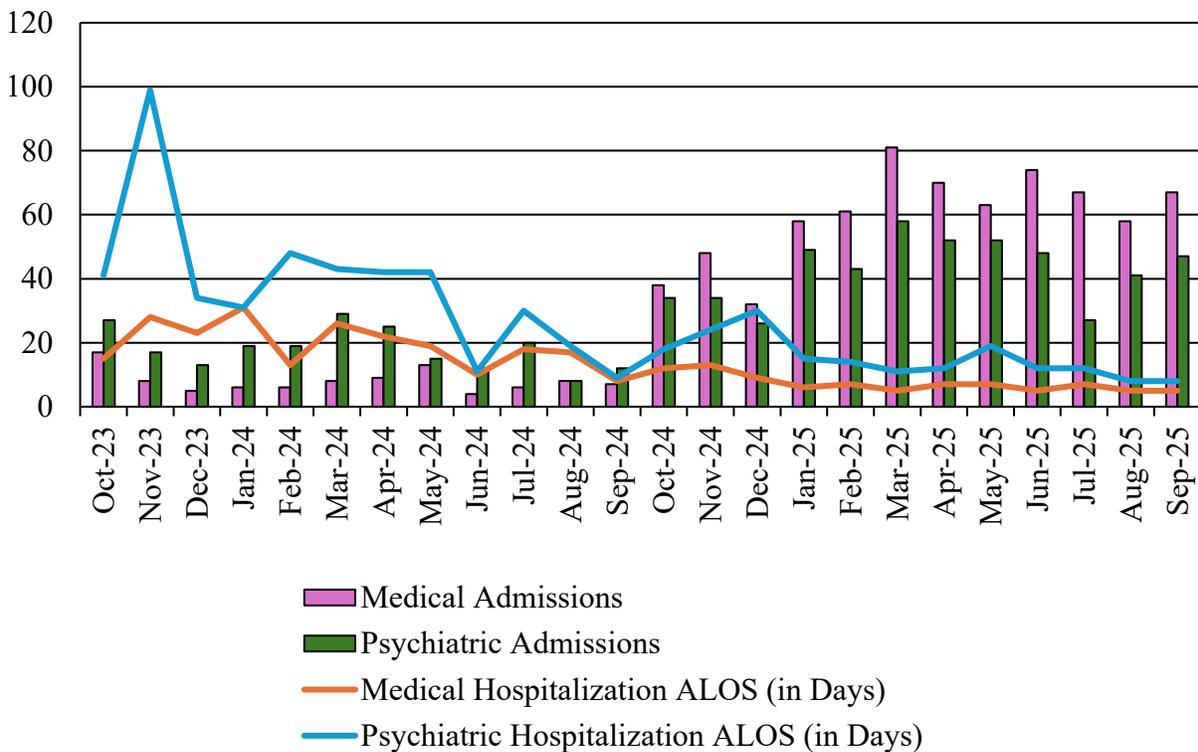
Source: Department of Human Services

ALOS for Medical and Psychiatric Hospital Admissions

Between October 2023 and September 2024, there were 97 admissions to medical hospitals and 216 admissions to psychiatric hospitals. Between October 2024 and September 2025, there were 717 admissions to medical hospitals and 511 admissions to psychiatric hospitals. Compared to the same period in the previous year, admissions to medical hospitals increased by 639.2%, and admissions to psychiatric hospitals increased by 136.6%. DHS indicated improved reporting contributed to this increase, though it is unclear how much of the increase relates to reporting improvements versus overall increased visits, and DHS did not provide additional information on possible reasons for increased admissions.

Exhibit 15 shows ALOS for these hospital stays for the October 2023 to September 2025 period. Overall, ALOS for youth admitted to the hospital from October 2023 to September 2024 averaged 19 days for medical hospitalizations and 37 days for psychiatric hospitalizations. ALOS ranged from a low of 8 days in September 2024 and a high of 31 days in January 2024 for medical hospitalizations and a low of 9 days in September 2024 and a high of 99 days in November 2023 for psychiatric hospitalizations. ALOS for youth admitted to the hospital between October 2024 and September 2025 averaged 7 days for medical hospitalizations and 15 days for psychiatric hospitalizations. ALOS ranged from a low of 5 days, which occurred in four different months, and a high of 13 days in November 2024 for medical hospitalizations and a low of 8 days in August and September 2025 and a high of 30 days in December 2024 for psychiatric hospitalizations.

Exhibit 15
Inpatient Medical and Psychiatric Hospitalizations and ALOS for These Hospitalizations
October 2023 through September 2025



ALOS: average length of stay

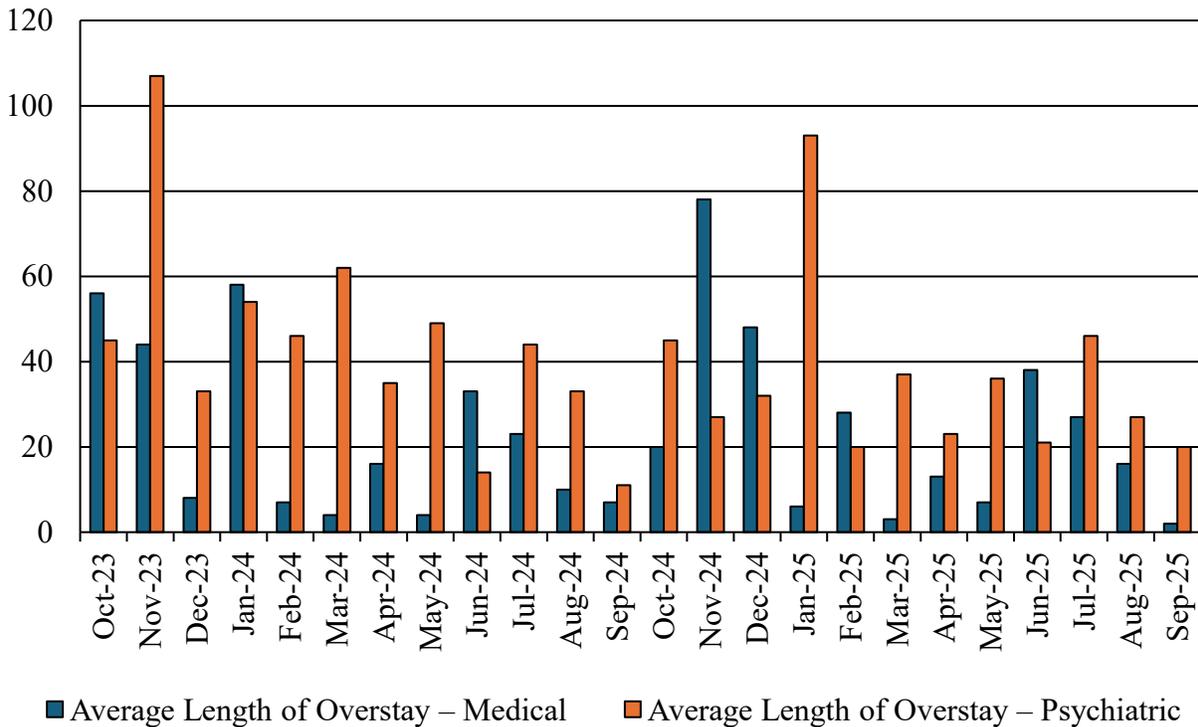
Note: ALOS is calculated based on the length of stay for youth admitted to a hospital in a given month.

Source: Department of Human Services

Hospital Overstays

Exhibit 16 shows the average length of overstay data separately for youth placed in medical and psychiatric hospitals. Overall, the average length of overstays for youth admitted to the hospital between October 2023 and September 2024 was 23 days for medical hospitalizations and 46 days for psychiatric hospitalizations. Similarly, average length of overstays for youth admitted to the hospital between October 2024 and September 2025 was 23 days for medical hospitalizations and 34 days for psychiatric hospitalizations. However, these averages mask substantial variations by month, with average overstays by month ranging from a low of 2 days to a high of 78 days for medical hospitalizations and a low of 11 days to a high of 107 for psychiatric hospitalizations. DHS identified lack of appropriate placements, such as therapeutic foster homes, refusal by youth to stay in certain placements, and processing time for certain placement types as contributing factors for hospital overstays.

Exhibit 16
Medical and Psychiatric Hospital Stays Longer Than Medically Necessary
October 2023 through September 2025 (in Days)

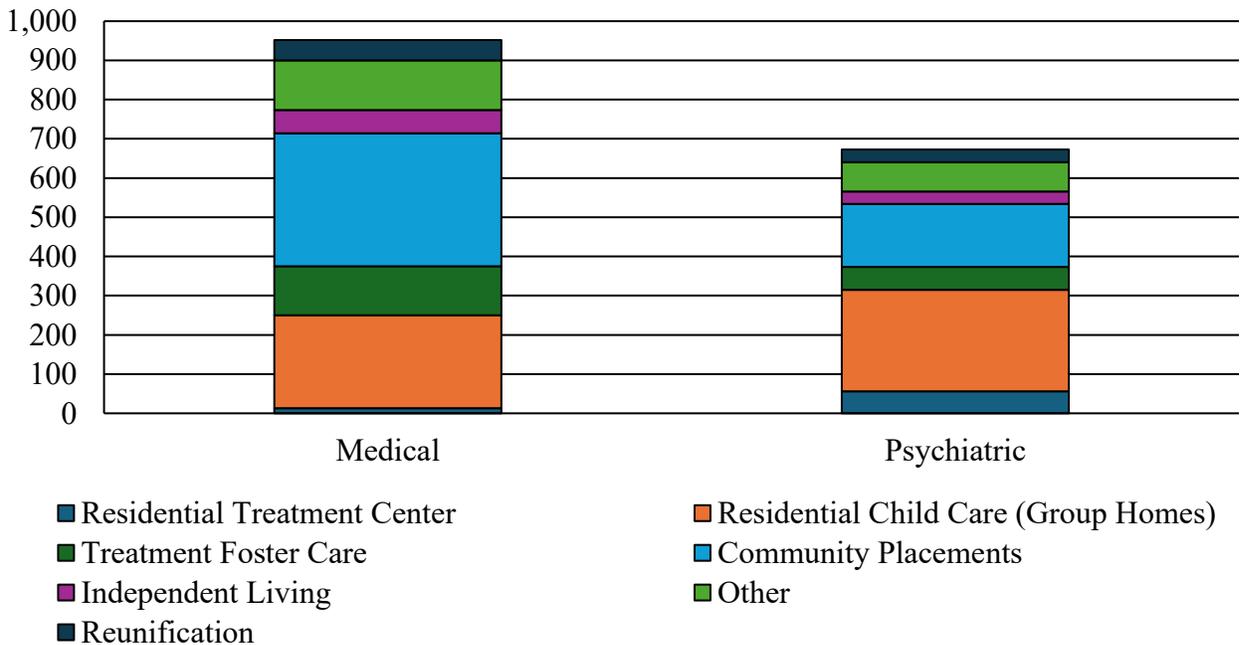


Source: Department of Human Services

Placement After Discharge

There were a total of 1,426 children and youth served in medical or psychiatric hospitals between October 2023 and September 2025, with 1,644 discharges, indicating some youth experienced multiple admissions. As shown in **Exhibit 17**, the most common placement types after discharge were residential (group home) childcare and community placements, which included more than half of total placements after discharge for all discharges. A total of 19 placements with out-of-state providers occurred during the reporting period, all of which were made at an out-of-state residential treatment center. For medical discharges, residential childcare was the most common placement type between October 2023 and September 2024. Between October 2024 and September 2025, the most common placement type shifted to community placements. For psychiatric discharges, residential childcare was the most common placement type between October 2024 and September 2025.

Exhibit 17
In-state Placement Types Following Discharge from
Inpatient Medical and Psychiatric Hospitalizations
October 2023 through September 2025



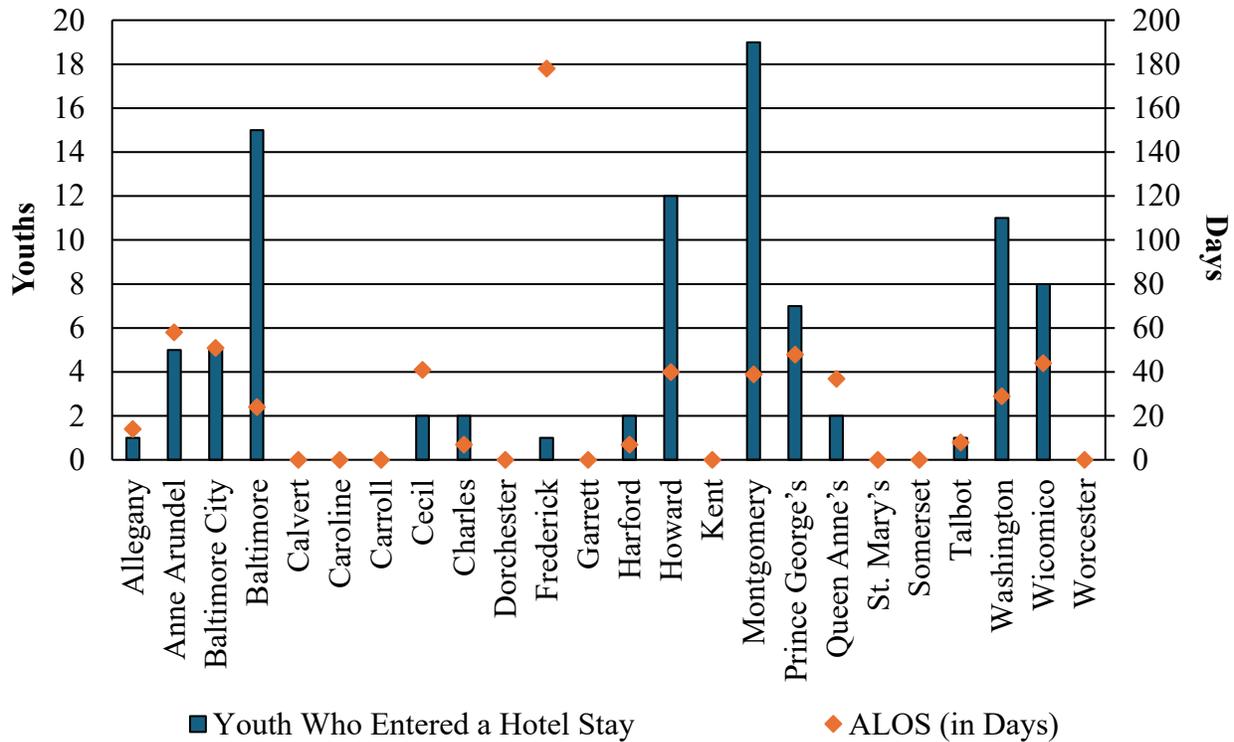
Note: Other includes placements into Adult Developmental Disabilities Administration Facilities, Adult Detention Centers, Juvenile Detention Centers, Inpatient Substance Abuse Programs, and discharge to another hospital.

Source: Department of Human Services

2. Children and Youth in Out-of-home Care Placed in Hotels

Language in the fiscal 2026 Budget Bill restricted funds in DHS pending submission of data on youth in out-of-home placement who experienced stays in hotels between October 2024 and September 2025. During this period, 93 children and youths experienced 147 hotel stays, indicating some youths experienced multiple stays in hotels. **Exhibit 18** displays the number of children in foster care placed in hotels between October 2024 and September 2025 broken down by jurisdiction – 15 jurisdictions had at least 1 child that was placed in a hotel during this period. Montgomery County had the highest number of children placed in hotels with 19 youths, whereas Frederick County had the highest ALOS at 178 days. The overall ALOS during this period was 38 days. DHS notes that due to reporting changes beginning July 1, 2025, data prior to this date could be incomplete.

Exhibit 18
Placements in Hotels
 October 2024 through September 2025

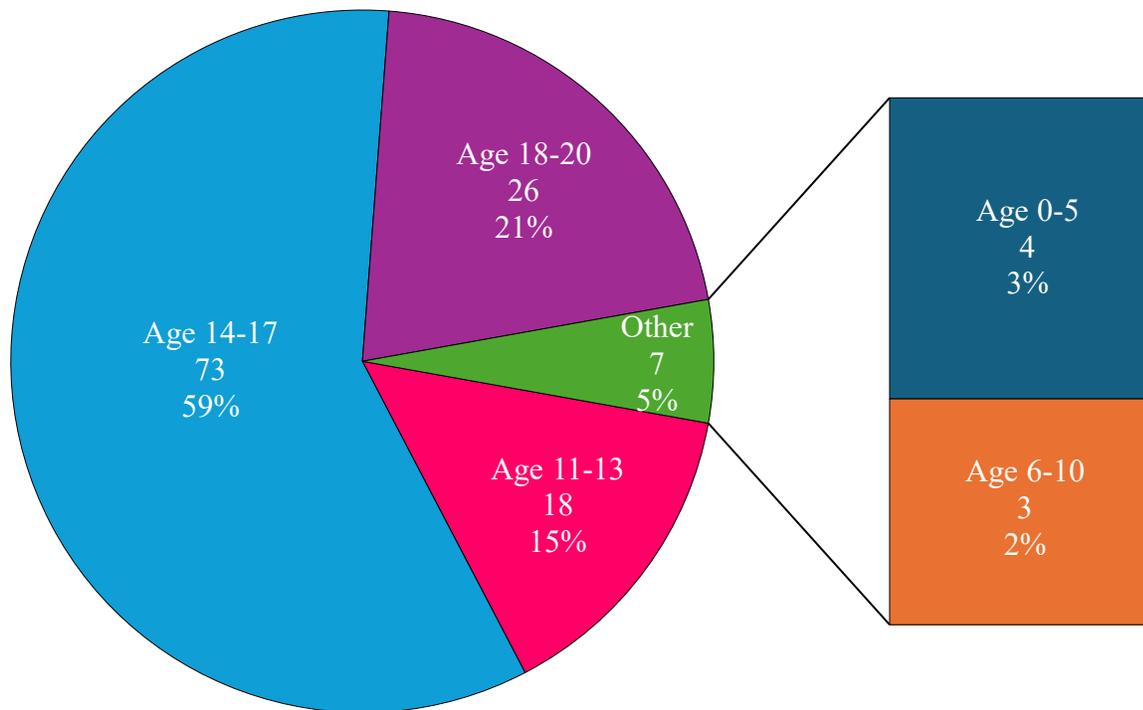


ALOS: average length of stay

Source: Department of Human Services

The report also provides information on children and youths who experienced hotel stays categorized by age. As shown in **Exhibit 19**, Children between ages 14 and 17 represented 59% of the total children placed in hotels, with 66 children, followed by youths between age 18 and 20 at 21%. Children under age 10, comprising 7 children, represented 5% of the total. DHS notes that when children under the age of 11 were placed in a hotel, it was primarily done to keep siblings together.

Exhibit 19
Children and Youths in Hotels by Age
October 2024 through September 2025



Source: Department of Human Services

On January 2026, the Office of Program Evaluation and Government Accountability (OPEGA) released a report with a scoping evaluation of SSA. The evaluation primarily examined foster care, with emphasis on foster children who had been staying in hotels. One observation found that most of the foster children living in hotels had a history of child protective services involvement, and nearly all foster children who stayed in hotels had experienced at least one placement in a higher-level care setting. OPEGA sampled 21 children, of which 18 had at least one child protective services case documented. Of the sample, 19 foster children who stayed in

hotels had experienced at least one placement in a higher-level care setting, including treatment foster care, therapeutic group homes, and residential treatment centers. OPEGA found that although most of the children in the sample were limited to one hotel stay, the duration of that one stay ranged from 1 to 433 days. Eight children had more than one hotel stay, where one child had three hotel stays totaling 462 days. Children stayed in hotels for various reasons, including lack of appropriate placement options, guardians' inability to provide care due to health reasons, emergency court-ordered removal, and youth's refusal to enter certain placement types. OPEGA notes that some of these reasons were likely beyond the ability of DHS to prevent.

In September 2025, OLA released a fiscal compliance audit for DHS SSA. One of the audit findings found that 280 foster care children were placed in a hotel under the supervision of a one-on-one vendor between fiscal 2023 and 2024, including 82 that remained in hotels for between three months and two years. The audit also reported that SSA could not document its efforts to identify appropriate placements for these children. SSA expenditures associated with these 280 children totaled approximately \$10.4 million, consisting of \$942,000 for the hotel costs and \$9.5 million for one-on-one services.

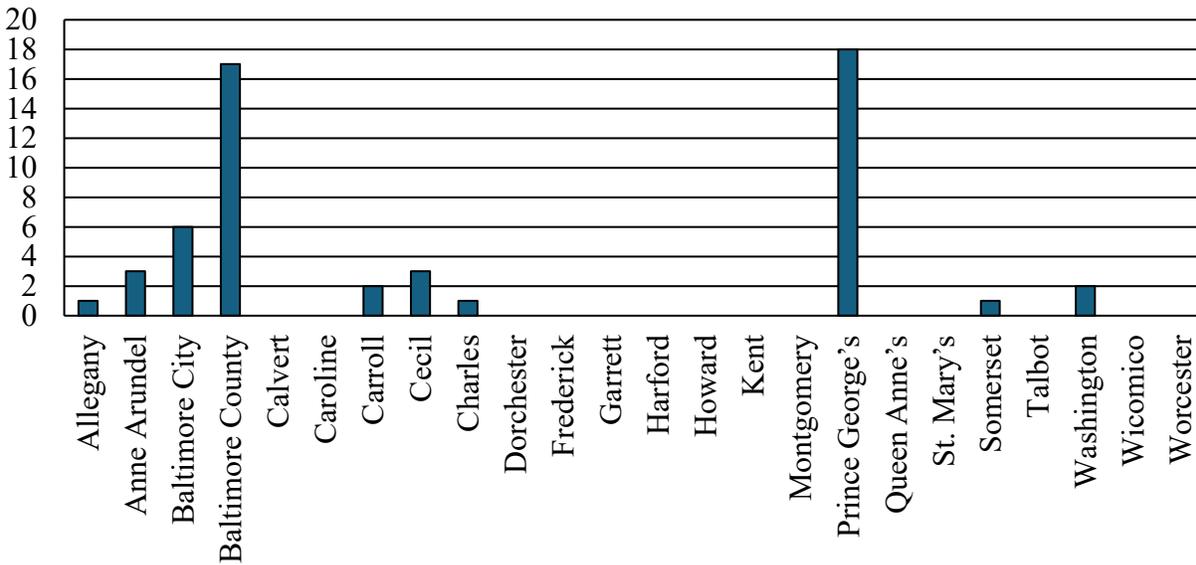
The audit also found that SSA did not have a procedure established to ensure that individuals with disqualifying criminal backgrounds did not interact with children under its care; this included lack of criminal background checks for vendors providing one-on-one services to children placed in hotels. The audit found that these vendors were not subject to LDSS or DHS oversight. OLA matched State wage data from the Maryland Department of Labor and conviction records from the Department of Public Safety and Correctional Services between October 2020 and December 2023 that disclosed that one vendor employed an individual who was previously convicted of murder. SSA was not aware of the conviction and could not readily determine if the individual had or continued to have unsupervised access to children. Further discussion of the audit is included in Issue 4 of this analysis.

Following the death of a youth in DHS' care who was placed in a hotel, DHS directed LDSS to stop facilitating stays in unlicensed settings immediately. The directive, which was issued on October 22, 2025, also required LDSS to move all youth in a hotel stay to an appropriate placement by November 24, 2025.

Children Placed in other Unlicensed Settings

Between October 2024 and September 2025, 50 unique youths experienced stays in unlicensed settings other than kinship care, semi-independent living arrangements, higher education institutions, or reported as stays in hotels or hospitals. As shown in **Exhibit 20**, there were 54 total stays in other unlicensed settings, of which 17 were in Baltimore County, and 18 were in Prince George's County. The ALOS for youth in other unlicensed settings ranged between 11 days in September 2025 to a high of 56 days in December 2024. The overall ALOS was 39 days.

**Exhibit 20
Placements in Other Unlicensed Settings
October 2024 through September 2025**



Source: Department of Human Services

Workgroup on Children in Unlicensed Settings and Pediatric Overstay

Chapter 480 of 2025 established a Workgroup on Children in Unlicensed Settings and Pediatric Overstay. The workgroup was required to assess the number, type, and cost of the additional beds and supportive services needed to place all children in pediatric overstays and other unlicensed settings in the least restrictive settings. The workgroup was also required to develop a plan designed to increase licensed settings and end unlicensed settings and overstays. In January 2026, the workgroup submitted its interim brief to the General Assembly. The brief identified following four priorities: expanding behavioral health and child welfare capacity; ensuring State agency accountability and collaboration; improving data tracking and sharing; and implementing previously passed legislation. The final findings and recommendations are scheduled to be distributed in April 2026.

3. Child Fatalities Involving Child Abuse and Neglect

Although DHS had previously annually provided a listing by jurisdiction of the number of child fatalities that involved child abuse and/or neglect, DHS had not provided such information

for periods after calendar 2021. As a result, committee narrative in the 2025 JCR requested that DHS provide this data. **Exhibit 21** displays data provided by the department for calendar 2023, 2024, and 2025 (through June). During this period, a total of 126 child fatalities were determined to have child abuse and/or neglect as a contributing factor in the fatality, with similar levels in calendar 2023 and 2024 (52 and 53 such deaths, respectively). Through June of calendar 2025, the number of child fatalities involving child abuse and/or neglect was 21.

Exhibit 21
Child Fatalities Reported to DHS Where Abuse or Neglect Are Determined by
DHS Staff to Be a Contributing Factor
Calendar 2023-2025 (through June)

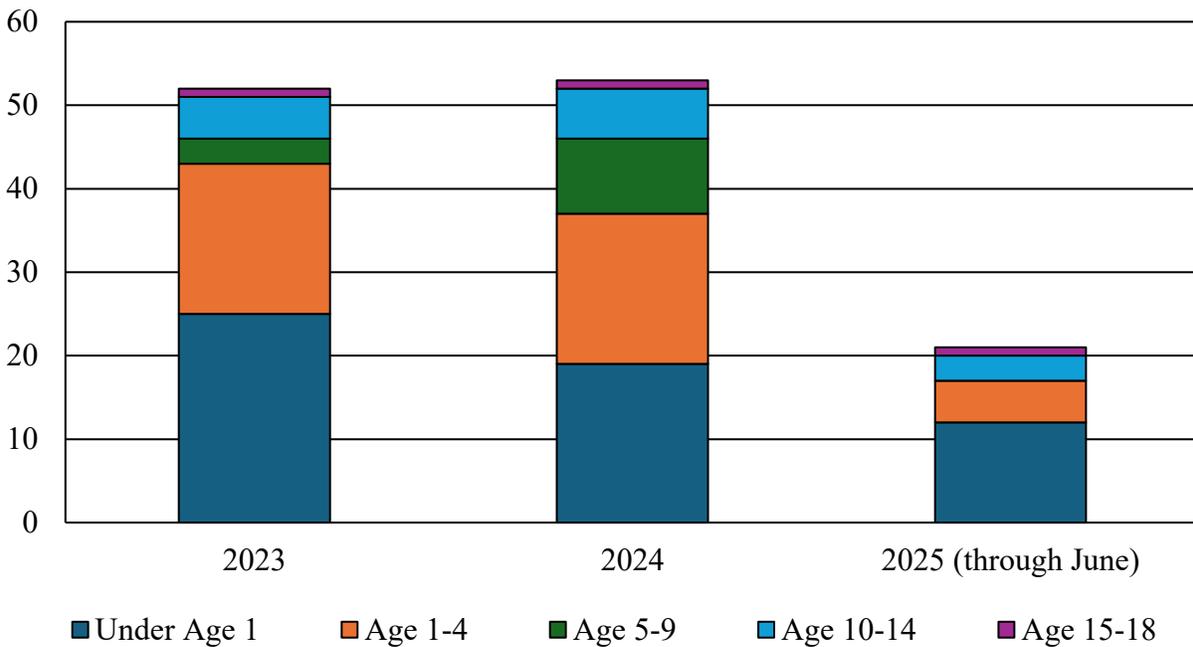
	<u>2023</u>	<u>2024</u>	<u>2025 (through June)</u>	<u>Total 2023-2025</u>
Allegany	3	2	0	5
Anne Arundel	2	6	1	9
Baltimore City	15	14	3	32
Baltimore	7	5	6	18
Calvert	1	1	1	3
Caroline	1	0	0	1
Carroll	2	0	0	2
Cecil	3	4	0	7
Charles	2	1	1	4
Dorchester	1	0	0	1
Frederick	2	0	1	3
Garrett	1	1	0	2
Harford	1	1	1	3
Howard	0	3	1	4
Kent	1	0	0	1
Montgomery	1	2	1	4
Prince George’s	4	3	1	8
Queen Anne’s	0	2	0	2
St. Mary’s	0	3	1	4
Somerset	0	1	0	1
Talbot	0	0	0	0
Washington	2	3	2	7
Wicomico	3	0	0	3
Worcester	0	1	1	2
Total	52	53	21	126

DHS: Department of Human Services

Source: Department of Human Services

As shown in **Exhibit 22**, 44% of the total fatalities involving abuse and/or neglect involved infants. DHS identifies this population as one of the populations at greatest risk of maltreatment. The most prevalent cause of death in this population was unsafe sleep environments. In order to improve infant safety and help prevent future fatalities, DHS has implemented various safe sleep initiatives, including educational materials, interagency training, professional development for child welfare staff, and the provision of infant-safe cribs to families. DHS also collaborates with other State agencies, including the MDH Maternal and Child Health Program to improve public awareness in all areas of child safety, including safe sleep.

Exhibit 22
Child Fatalities Where Abuse or Neglect Are Determined to
Be a Contributing Factor by Age
Calendar 2023-2025 (Through June)



Source: Department of Human Services

Children between ages 1 and 4 represent 33% of the total fatalities where abuse and neglect were determined to be a contributing factor. DHS reports that children in this age group are more susceptible to fatal overdose from illegal substances. In both 2023 and 2024, eight deaths were attributed to drug toxicity for children in this age category. In the first half of 2025, two fatalities were a result of drug toxicity. In these cases, children often accidentally ingest illegal substances. **DLS recommends adopting committee narrative requesting DHS provide data on child fatalities.**

State Child Fatality Review Team

The State Child Fatality Review Team is a multidisciplinary and multiagency review team that reviews child deaths to identify causes and prevention strategies with the goal of preventing child fatalities. During the 2025 session, it was evident that the review team had not met, and required reports, including the child fatality data, had not been updated. Language in the fiscal 2026 Budget Bill restricted funds in DHS and MDH pending submission of a report that indicated the State Child Fatality Review Team had met publicly. The report submitted in January 2026 indicates that between September 2024 and 2025, the State Child Fatality Review Team met five times. The review team is responsible for submitting annual Child Fatality Legislative Report. The 2022 legislative report was released in July 2025, and the anticipated release date of the 2023 report is early 2026. The review team is exploring alternate data sources to ensure timely submission of the report.

DLS determined that the information provided complies with the language restricting the general funds, and DLS therefore recommends the release of \$250,000 in withheld general funds in DHS and \$250,000 in withheld general funds in MDH. DLS will process a letter to this effect if no objections are raised during the budget hearings.

4. Fiscal Compliance Audit

In September 2025, OLA released a fiscal compliance audit for DHS SSA covering the period May 1, 2020, through May 31, 2024. The audit identified 14 findings – of which 6 were repeat findings. OLA noted that certain findings have been repeated since 2008. The audit concluded that SSA's overall compliance remained unsatisfactory for the third consecutive audit.

Findings Related to Procedures

The audit found that SSA did not implement a comprehensive, effective quality assurance framework to ensure that LDSS were properly administering foster care, adoption, guardianship, and child protective services program. In response to similar concerns in the prior two audits, SSA developed procedures to monitor LDSS compliance; however, OLA notes that these procedures did not ensure proper administration of these programs by LDSS.

As discussed earlier, the audit disclosed that SSA did not have comprehensive procedures to ensure that individuals with disqualifying criminal backgrounds did not have access to children under its care. SSA was not aware of the seven registered sex offenders that had the same address as an approved guardianship home housing 10 children as of August 2024. SSA also did not have a process to reconcile Maryland Sex Offender Registry to its record of providers and vendors to identify any sex offenders with potential access to children.

Finding Related to Data Accuracy

One finding stated that SSA did not ensure that data on the Child, Juvenile, and Adult Management System (CJAMS) used to monitor LDSS was accurate. CJAMS is used as the official record of all social services program activities. The audit reports that although SSA performed semi-annual reviews to verify that appropriate documentation was recorded in CJAMS, it did not ensure that instances of missing or inaccurate documentation identified by these reviews were corrected. For instance, SSA determined there was no documentation supporting that initial health exams were performed for 59 of the 453 foster children tested during its December 2023 review. However, SSA could not provide information on its efforts to correct this missing information.

Findings Related to Investigations and Placements

OLA's report included seven findings associated with foster care, adoption, and guardianship. These audit findings include the following.

- SSA did not ensure that foster children received required medical and dental care, lawful placements, and proper financial protections. Specifically, as of May 2024, 640 children had not received a medical exam within the past year, including 110 children who had not received a medical exam for between two to six years. In addition, 1,635 children had not received a dental exam within the last six months, including 278 children who had not received a dental exam for between two and almost seven years and 140 children who had never received a dental exam.
- SSA did not ensure LDSS properly established and funded trust accounts for foster children receiving federal benefits. State law requires a portion of any federal benefits received on behalf of children age 14 and older to be conserved in a trust account and transferred to the child after they exit the State's care. OLA found that SSA did not have procedures in place to ensure establishment of the trust account as well as to ensure proper amounts were conserved. OLA's test of 10 children disclosed the LDSS had not established a trust account for 1 child resulting in approximately \$20,000 in federal benefits received between January 2022 and September 2024 not being conserved, and trust accounts for 2 other children were underfunded by approximately \$13,500.
- SSA did not have procedures to investigate and recover overpayments for foster care, guardianship, and adoption subsidies. Although CJAMS reports flagged potential overpayments, SSA did not investigate transactions identified on these reports to determine if the funds should be or have been recovered. CJAMS reports for fiscal 2020 through 2024 identified overpayments totaling approximately \$34.5 million. OLA tested 15 overpayments from this period totaling \$1.5 million, which disclosed that SSA had not taken action to recover 5 overpayments totaling \$80,600.
- SSA did not meet federal foster care service performance requirements, resulting in penalties totaling \$698,296 being assessed.

The audit included two findings related to child protective services. One stated that SSA did not address instances when LDSS did not conduct timely investigations of reports of abuse and neglect. The other noted that SSA failed to report child abuse and neglect investigations that were not completed within 60 days to the General Assembly, as required.

Findings Related to Fiscal Procedures

The audit included two findings associated with federal funding. In one, OLA found that SSA had failed to complete timely and accurate Title IV-E eligibility determinations for 2,100 children, resulting in the potential loss of \$22.5 million in federal reimbursement. OLA tested initial or most recent redetermination for 45 children, including 24 children that SSA determined to be ineligible for Title IV-E funding, which disclosed that 6 children were improperly determined to be ineligible for some or all Title IV-E funding because of data entry error or missing information. SSA also did not ensure that determinations were completed within required timeframes. In the second, the report found that SSA did not request federal reimbursement for all eligible QRTP and evidence-based practices expenditures, resulting in the failure to obtain federal reimbursement for at least \$2.6 million.

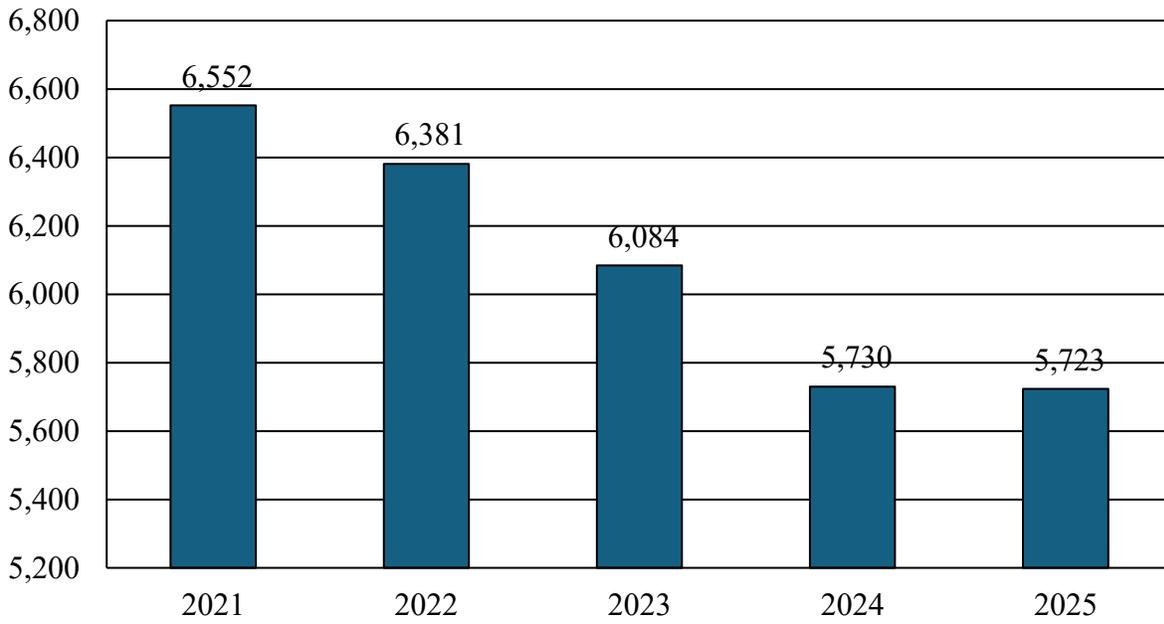
One finding stated that SSA did not ensure payments made to a State university were well supported and reasonable. OLA tested 20 invoices totaling \$2.4 million submitted during fiscal 2024, which disclosed that the records SSA obtained to support these invoices did not detail the actual time spent by each employee on SSA projects. OLA also found that SSA paid \$144,800 in fiscal 2024 for 11 individuals who were not included in the agreements.

5. Out-of-home Placements Across All Agencies Continue to Decline

The Governor’s Office for Children (GOC), on behalf of the Maryland Children’s Cabinet and its member agencies, publishes the annual State of Maryland Out-of-home Placement and Family Preservation Resource Plan. This report contains annual data on out-of-home placements across child-placing agencies and an analysis of strategies of child-serving agencies to meet the needs of children experiencing out-of-home placement or at risk of placement.

As reported by GOC, there were a total of 5,723 children and youth in placement in fiscal 2025, and a total of 13,562 different placements were made across all child-serving agencies during the fiscal year. Approximately 90% of children and youths in placement during fiscal 2025 were placed through DHS; however, this data also reflects children and youth placed by, or in placements funded through, DJS, the MDH Behavioral Health Administration, the Developmental Disabilities Administration, and the Maryland State Department of Education. As shown in **Exhibit 23**, the number of children in out-of-home placements across all agencies declined by 14.5% between fiscal 2021 and 2025.

Exhibit 23
Children and Youth in Out-of-home Placements
Fiscal 2021-2025



Note: Data for prior years has been revised to reflect counts of those years presented in the current submission of the report.

Source: Governor’s Office of Crime Prevention and Policy; Governor’s Office for Children

Out-of-home Placements by Placement Category

As shown in **Exhibit 24**, the majority of children and youth in placement across all agencies in fiscal 2025 experienced placements in family homes (4,397). Community-based placements, the second most common placement category among these children and youth, totaled 1,246 in fiscal 2025. These placements include independent living programs, group home placements, or other residential childcare programs. Across all placement types, the average age at entry was 9.1 years, and the average length of placement was 195 days.

Exhibit 24
Out-of-home Placements by Category
Fiscal 2025

	<u>Total Youth¹</u>	<u>Average Age at Entry</u>	<u>Average Days in Placement</u>
Family Home	4,397	7.1	221.3
Community-based Placement	1,246	13.1	252.1
Noncommunity based Placement ²	750	13.1	150.5
Hospitalization	544	9.5	73.3
Residential IEP Placement	18	17.8	-
Other/Unknown	450	13.9	138.7

IEP: Individualized Education Program

¹ Data reflects individual placements in each category and does not sum to the total number of children and youth placed due to some children and youth experiencing multiple placements during the fiscal year.

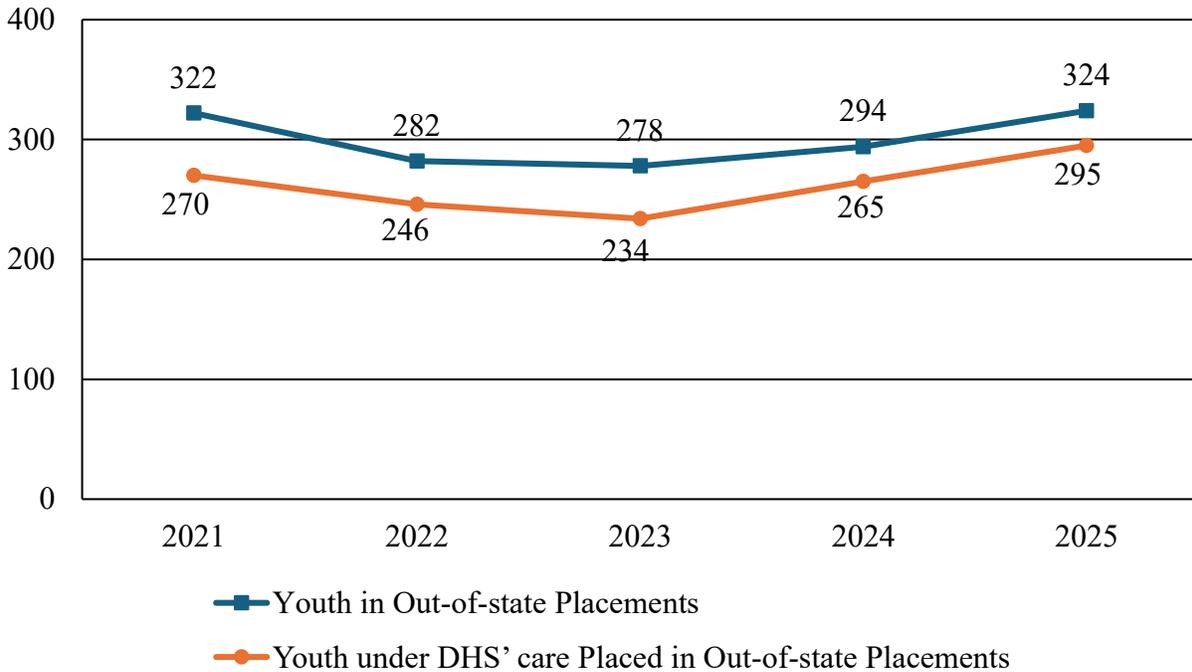
² Includes placements in a residential treatment center, juvenile detention center, or other residential treatment programs.

Source: Governor’s Office of Crime Prevention and Policy

Out-of-state Placements

A total of 324 children and youth experienced an out-of-state placement during fiscal 2025, with the majority of these placements located in Washington, DC (70); Pennsylvania (46); Delaware (32); and Florida (31). The most common placement categories for out-of-state placements in fiscal 2025 were family homes (177 children and youth) and hospitalization (82 children and youth). As shown in **Exhibit 25**, the total number of children and youth in an out-of-state placement increased by 10.2% in fiscal 2025. Of the total out-of-state placements in fiscal 2025, 91.0% were associated with children under the care of DHS.

Exhibit 25
Out-of-state Placements
Fiscal 2021-2025



DHS: Department of Human Services

Source: Governor’s Office of Crime Prevention and Policy

Out-of-home Placements through DHS

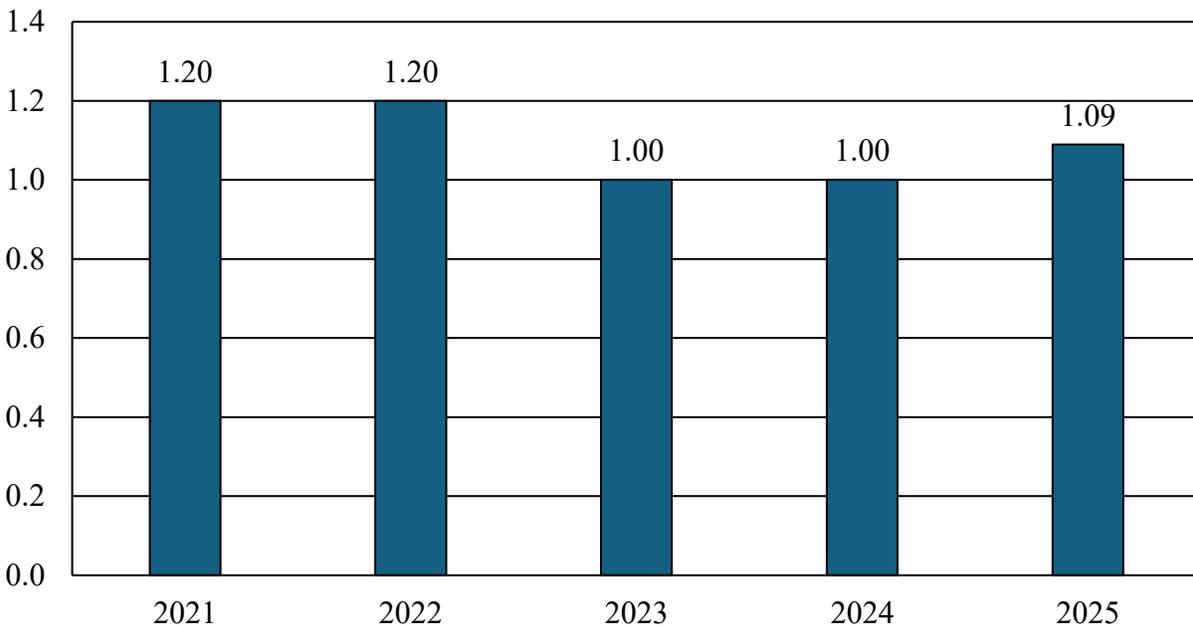
In addition to data on out-of-home placements across State agencies reported by GOC, DHS has previously published monthly out-of-home placement data on its website for the children and youth in its care. The data included information on child maltreatment for children and youth in out-of-home placements and the type of responses exercised, findings for completed investigations, children in out-of-home placements through DHS, and in-home family preservation services provided by DHS. The most recently posted data available is through December 2023. This data allows analysis of trends in out-of-home placements of children and youth in DHS’ care. Although DHS has been submitting monthly out-of-home placement data in fiscal 2026 in response to committee narrative in the 2025 JCR, DLS finds that the submitted data does not include all the information that was previously published on the DHS website. In addition, though DHS has been developing a data dashboard for child welfare data, this data does not include the same level of data or in a format easily usable for data analysis. **DLS recommends adding**

language restricting funds in fiscal 2027 pending submission of a letter confirming the monthly out-of-home placement data have been published on the DHS website.

Rates of Removal and Reentry into Out-of-home Care

As part of its annual MFR submission, DHS reports on the rates of removal and reentry into care. DHS has a goal of a rate of removal into out-of-home care of no more than 1.5 per 1,000 children under age 18. As shown in **Exhibit 26**, DHS has met this goal in each of the past five fiscal years. In fiscal 2025, the rate of removal was 1.09 per 1,000 children under age 18. While declines in the rate of removal in fiscal 2021 and 2022 can be attributed to impacts of the COVID-19 pandemic, including reduced overall levels of child maltreatment reporting and lower entries into care, declines throughout the period are also reflective of the focus by DHS in recent years to reduce the number of children entering foster care by preventing unnecessary out-of-home placements through the provision of alternative in-home services. These services include traditional family preservation services and newer evidence-based prevention practices that focus on strengthening the parent-child relationship and improving overall family functioning.

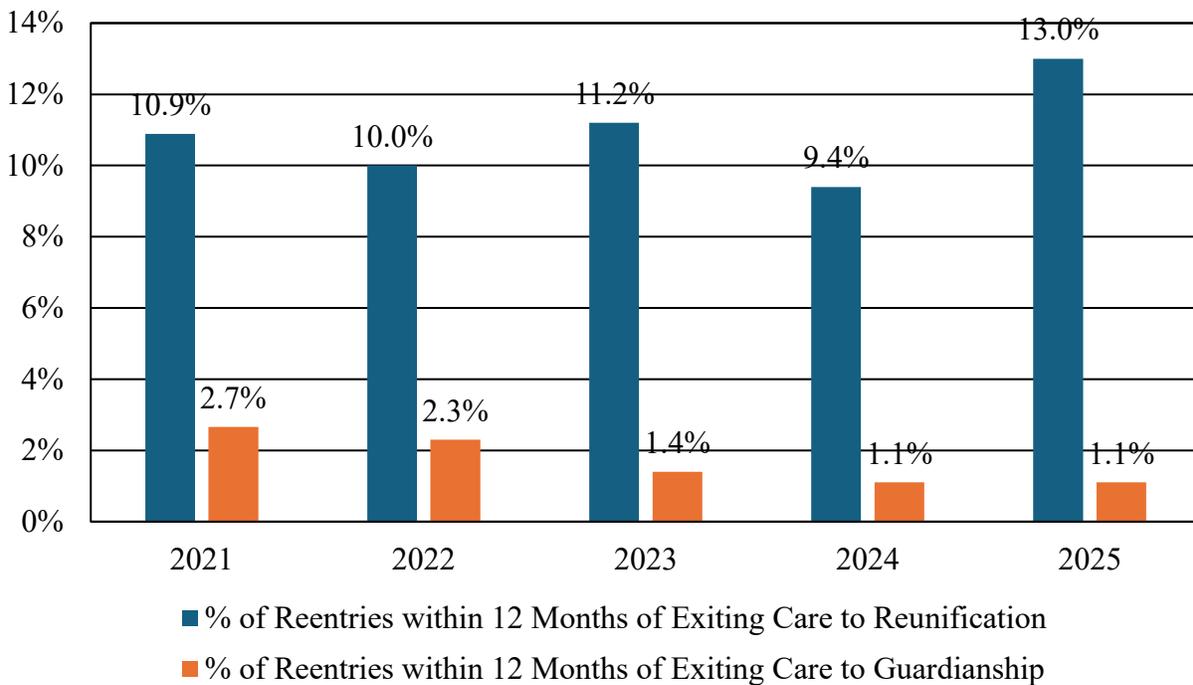
Exhibit 26
Rate of Removal into Out-of-home Care
Fiscal 2021-2025
(Per 1,000 Children)



Source: Department of Human Services

Exhibit 27 presents rates of reentry into out-of-home care for children within 12 months following exiting care to reunify with the child’s family of origin or exiting to guardianship. In fiscal 2025, the percentage of reentries into care within 12 months of exiting was 13.0% from exits to reunification and 1.1% from exits to guardianship. The rate of reentry from exits to reunification increased by 3.6 percentage points in fiscal 2025. The rate of reentry from exits to guardianship remained constant in fiscal 2025 following a decrease of 1.6 percentage points since fiscal 2021. **DHS should comment on the reasons for this increase and efforts that it is taking to reduce the rate of reentry into foster care for children exiting to reunification.**

Exhibit 27
Rates of Reentry into Out-of-home Care within 12 Months of Exiting
Fiscal 2021-2025



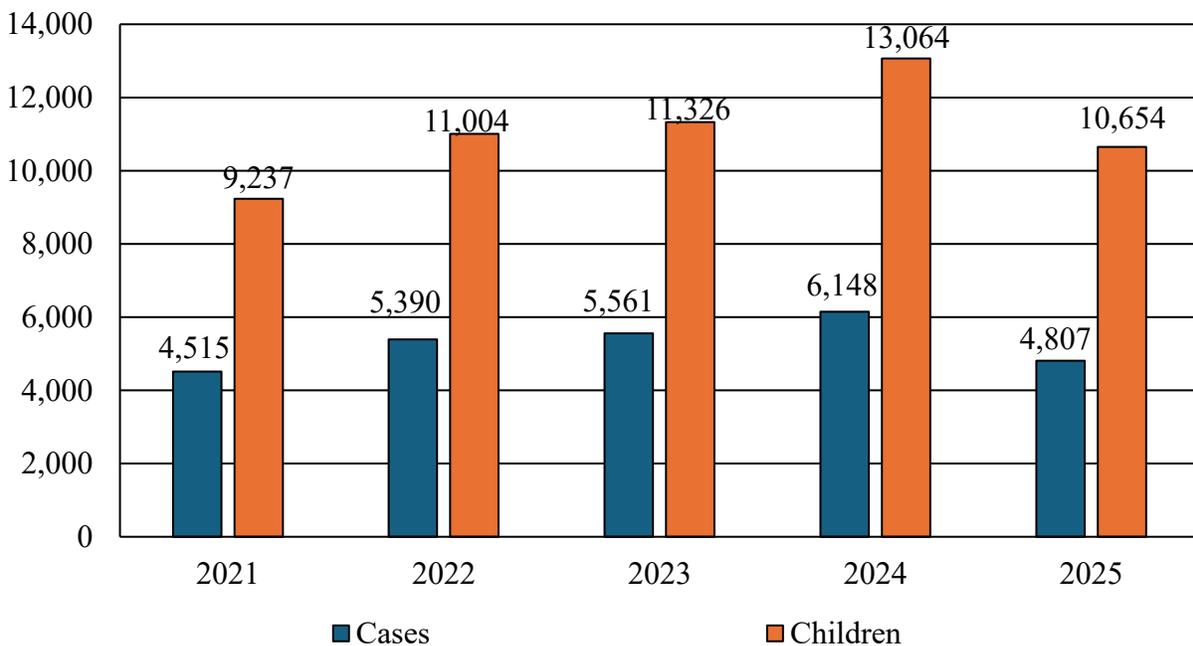
Source: Department of Human Services

Family Preservation Services

DHS provides in-home family preservation services to children and families at risk of child maltreatment and/or out-of-home placement through each LDSS. These services seek to support families in caring for their children in order to reduce the risk of maltreatment and, subsequently, the need for out-of-home placements. As reported by GOC in its annual out-of-home placement

report, in fiscal 2025, the number of cases decreased by 21.8%, and the number of children served decreased by 18.4%. As shown in **Exhibit 28**, a total of 4,807 cases received in-home family preservation services during fiscal 2025, which included 10,654 children. However, DLS notes that, excluding fiscal 2020 and 2021, which were likely impacted by the COVID-19 pandemic, these figures represent the lowest levels since at least fiscal 2019. **DHS should discuss the decrease in in-home family preservation services provided in fiscal 2025.**

Exhibit 28
In-home Family Preservation Cases
Fiscal 2021-2025



Source: Governor’s Office of Crime Prevention and Policy

The outcomes for the effectiveness of in-home family preservation services are measured through the percentage of children who have experienced an indicated finding of child maltreatment through a child protective services investigation or otherwise required an out-of-home placement either during or within one year of receiving family preservation services. As shown in **Exhibit 29**, 303 children, or 3.0%, of children served through in-home family preservation services during fiscal 2025 experienced an indicated finding for child maltreatment from a child protective services investigation during the time of family preservation services. However, 943 children, or 7.0%, of children served through in-home family preservation services during fiscal 2024 experienced an indicated finding of child maltreatment from a child protective

services investigation within one year following the closure of the family preservation case, which is an increase of 5 percentage points compared with fiscal 2023.

Exhibit 29
Indicated Child Protective Services Findings
Fiscal 2020-2025

	During Services		Within One Year of Case Close	
	<u>Children</u>	<u>Percent</u>	<u>Children</u>	<u>Percent</u>
2020	236	2.0%	350	4.0%
2021	254	3.0%	342	4.0%
2022	272	3.0%	464	4.0%
2023	248	2.0%	571	2.0%
2024	331	3.0%	943	7.0%
2025	303	3.0%	n/a	n/a

n/a: not available

Source: Governor’s Office of Crime Prevention and Policy

As shown in **Exhibit 30**, 357 children, or 3.0%, of children served through in-home family preservation services during fiscal 2025 required an out-of-home placement during the time of family preservation services. The percentage of children requiring an out-of-home placement within one year of closure of a family preservation case in 2024 was 269 or 2.0%, an increase of 1 percentage point compared with fiscal 2023 (109 children).

Exhibit 30
Children Requiring Out-of-home Placements
Fiscal 2020-2025

	During Services		Within One Year of Case Close	
	<u>Children</u>	<u>Percent</u>	<u>Children</u>	<u>Percent</u>
2020	378	4.0%	135	1.0%
2021	380	4.0%	120	1.0%
2022	494	5.0%	177	2.0%
2023	383	3.0%	160	1.0%
2024	385	3.0%	269	2.0%
2025	357	3.0%	n/a	n/a

n/a: not available

Source: Governor’s Office of Crime Prevention and Policy

Operating Recommended Actions

1. Add the following language to the general fund appropriation:

, provided that these funds are to be used only for the purposes herein appropriated, and there shall be no budgetary transfer to any other program or purpose except that funds may be transferred to program N00G00.01 Foster Care Maintenance Payments. Funds not expended or transferred shall revert to the General Fund.

Explanation: This annual language restricts general funds appropriated for the Child Welfare Services program to that use only or for transfer to N00G00.01 Foster Care Maintenance Payments.

2. Add the following language to the general fund appropriation:

Further provided that these funds are to be used only for the purposes herein appropriated, and there shall be no budgetary transfer to any other program or purpose. Funds not expended shall revert to the General Fund.

Explanation: This annual language restricts general funds appropriated for foster care maintenance payments to that use only. This restriction prevents a transfer of general funds to other programs that might create or increase a deficit in spending in the Foster Care Maintenance Payments program (N00G00.01).

3. Add the following language to the general fund appropriation:

Further provided that \$250,000 of this appropriation made for the purpose of administrative expenses may not be expended until the Department of Human Services (DHS) submits a report to the budget committees on the number of child welfare services cases and positions required based on the caseload to meet the Child Welfare League of America (CWLA) caseload standards, by jurisdiction, for the following caseload types, as of September 1, 2026:

- (1) intake screening;
- (2) child protective investigation;
- (3) consolidated in-home services;
- (4) interagency family preservation services;
- (5) services to families with children – intake;

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- (6) foster care;
- (7) kinship care;
- (8) family foster care;
- (9) family foster homes – recruitment and new applications;
- (10) family foster homes – ongoing and licensing;
- (11) adoption;
- (12) interstate compact for the placement of children; and
- (13) caseworker supervision.

The report shall also include a discussion of specific actions taken by the department and local departments of social services to reallocate positions, including the number of positions reallocated by type (caseworker or supervisor) between jurisdictions and identifying the jurisdictions that these positions were transferred from and to, in order to ensure that all jurisdictions can meet the standards for both caseworkers and supervisors.

The report shall also include an update on the status of work done by CWLA to develop new workload standards for child welfare staffing, the completion by DHS of its child welfare workforce analysis, and broader efforts by DHS to improve recruitment and retention of caseworkers.

The report shall be submitted by November 1, 2026, and the budget committees shall have 45 days to review and comment. Funds restricted pending the receipt of a report may not be transferred by budget amendment or otherwise to any other purpose and shall revert to the General Fund if the report is not submitted.

Explanation: The General Assembly believes that maintaining an adequate child welfare workforce is essential to improving outcomes for children entering State care. In order to maintain oversight over this issue, this language withholds funding until a report with data related to the CWLA caseload standards is submitted, which contains current data as of September 1, 2026.

Information Request	Author	Due Date
Report on caseload data and filled positions assigned by jurisdiction for specified caseload types	DHS	November 1, 2026

4. Add the following language to the general fund appropriation:

, provided that \$500,000 of this appropriation made for the purpose of administrative expenses may not be expended until the Department of Human Services submits a report to the budget committees that provides data on children and youth in out-of-home placements experiencing stays in hospitals, hotels, and other unlicensed settings for each month of the period October 2025 through September 2026. The report should include:

- (1) the number of youth in out-of-home placements served in emergency rooms for psychiatric evaluation or crisis and the average length of stay (ALOS) by month;
- (2) the number of youth in out-of-home placements served separately by medical hospitals and inpatient psychiatric hospitals and ALOS by month;
- (3) the number of days that youth in out-of-home placements served in hospitals were in the hospital longer than was deemed medically necessary by either the hospital or a judicial finding separately by type of hospital; and
- (4) the placement type after discharge separately by type of hospital, including identifying the number of youths placed out of state after discharge for fiscal 2026.

In addition, the report shall include, for each month of the period October 2025 through September 2026:

- (1) the number of unique and total youth in out-of-home placements placed in hotels, by jurisdiction;
- (2) the ALOS for youth in out-of-home placements placed in hotels; and
- (3) summary information on youth placed in hotels by age category.

The report shall also include for each month of the period October 2025 through September 2026:

- (1) the number of unique and total youth in out-of-home placements placed in other unlicensed settings, other than kinship care, placements supported by Semi-independent Living Arrangement subsidy payments, college, or reported as placements in hotels or hospitals;
- (2) the ALOS for youth in out-of-home placements placed in unlicensed settings; and
- (3) summary information on youth placed in unlicensed settings by age category.

The report shall be submitted by November 1, 2026, and the budget committees shall have 45 days from the date of the receipt of the report to review and comment. Funds restricted

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pending the receipt of a report may not be transferred by budget amendment or otherwise to any other purpose and shall revert to the General Fund if the report is not submitted.

Explanation: The General Assembly continues to be interested in monitoring data about children and youth experiencing stays in hospitals, hotels, and other unlicensed settings. This language withholds funding until a report with data related to stays in hospitals, hotels, and other unlicensed settings, which contains current data as of September 1, 2026.

Information Request	Author	Due Date
Report on stays in hospital, hotel and other unlicensed settings	Department of Human Services	November 15, 2026

5. Add the following language to the general fund appropriation:

, provided that since the Department of Human Services (DHS) Social Services Administration has had four or more repeat audit findings in the most recent fiscal compliance audit issued by the Office of Legislative Audits (OLA), \$100,000 of this agency's administrative appropriation may not be expended unless:

- (1) DHS has taken corrective action with respect to all repeat audit findings on or before November 1, 2026; and
- (2) a report is submitted to the budget committees by OLA listing each audit finding along with a determination that each repeat finding was corrected. The budget committees shall have 45 days from the receipt of the report to review and comment to allow for funds to be released prior to the end of fiscal 2027.

Explanation: The Joint Audit and Evaluation Committee has requested that budget bill language be added for each unit of State government that has four or more repeat audit findings in its most recent fiscal compliance audit. Each agency is to have a portion of its administrative budget withheld pending the adoption of corrective action by the agency and a determination by OLA that each finding was corrected. OLA shall submit a report to the budget committees on the status of repeat findings.

Information Request	Author	Due Date
Status of corrective actions related to the most recent fiscal compliance audit	OLA	45 days before the release of funds

6. Add the following language to the general fund appropriation:

Further provided that \$250,000 of this appropriation made for the purpose of administrative expenses may not be expended until the Department of Human Services (DHS) submits a letter confirming that it has added Child Welfare Services data to its website for each month from January 2024 through December 31, 2026. The data shall include, by jurisdiction:

- (1) the number of child maltreatment reports for children and youth in out-of-home placements and type of response exercised (investigative and alternative);
- (2) findings for completed investigations;
- (3) indicated and unsubstantiated findings for completed investigations;
- (4) findings for completed investigations: physical abuse; sexual abuse; neglect; and mental injury (abuse and neglect);
- (5) unsubstantiated findings for completed investigations: physical abuse; sexual abuse; neglect; and mental injury (abuse and neglect);
- (6) in-home family preservation services provided by DHS: new and closed cases;
- (7) children in out-of-home placements through DHS;
- (8) out-of-home placements of children in family homes: formal kinship care; restricted foster care; regular foster care; treatment foster care – private; treatment foster care – public; and adoptive homes;
- (9) out-of-home placements of children in: residential treatment centers, independent living, other placements, and trial homes;
- (10) out-of-home placement exits: reunification; adoption; guardianship; aged out; and other;
- (11) family foster homes: new homes and closed homes; and
- (12) formal Kinship Providers

The data shall be added to the website by December 31, 2026. By January 15, 2027, DHS shall submit a letter confirming the data for the period from January 1, 2024, through December 31, 2026, has been added to the website. Funds shall be available to be released pending receipt of the letter confirming the submission of data. The budget committees shall have 45 days from the date of the receipt of the letter to review and comment. Funds restricted pending the receipt of data may not be transferred by budget amendment or

otherwise to any other purpose and shall revert to the General Fund if the letter is not submitted to the budget committees.

Explanation: The General Assembly is interested in monitoring the Child Welfare Services data. Through calendar 2023, DHS uploaded monthly data on its website providing information by jurisdiction on reports of maltreatment, along with other data related to investigation outcomes and placements. DHS has not posted new data for the period beginning with calendar 2024. Although DHS has since developed a data dashboard, the dashboard does not provide the same level of information. This language withholds funding until a letter is submitted confirming the addition of the data to the DHS website.

Information Request	Author	Due Date
Letter confirming the posting of monthly Child Welfare Services data	DHS	January 15, 2027

7. Add the following section:

Section XX Medicaid State Plan Amendment

SECTION XX. AND BE IT FURTHER ENACTED, That \$100,000 of the general fund appropriation of the Department of Human Services (DHS) Social Services Administration and \$100,000 of the general fund appropriation for the Maryland Department of Health (MDH) Medical Care Programs Administration may not be expended until MDH and DHS submit a joint letter confirming the Medicaid State Plan Amendment has been submitted to the U.S. Department of Health and Human Services Centers for Medicare and Medicaid Services that would allow for reimbursement of clinical care services for children in DHS and Maryland Department of Juvenile Services out-of-home placements in residential child care settings. The report shall be submitted by December 1, 2026, and the budget committees shall have 45 days from the date of the receipt of the report to review and comment. Funds restricted pending the receipt of a report may not be transferred by budget amendment or otherwise to any other purpose and shall revert to the General Fund if the report is not submitted.

Explanation: The General Assembly is interested in receiving updates on the submission of the State Plan Amendment (SPA). This language withholds funds in DHS and MDH pending submission of a joint letter confirming submission of the SPA that allows for reimbursement of clinical care services for children in DHS and the Department of Juvenile Services out-of-home placements in residential child care settings.

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Information Request	Author	Due Date
Letter confirming submission of a Medicaid SPA	DHS MDH	December 1, 2026

8. Add the following language to the general fund appropriation:

Further provided that \$100,000 of this appropriation made for the purpose of administrative expenses may not be expended until the Department of Human Services (DHS) submits information on the costs associated with children and youths in out-of-home placements placed in hotels. DHS shall provide, by subprogram detail, payments and anticipated payments for youth in out-of-home placements placed in hotels paid through the Foster Care Maintenance Payments program for fiscal 2025 and 2026 actual, fiscal 2027 working, and fiscal 2028 allowance. Costs reported shall include both costs paid for the hotel and any other costs associated with the stay including one-on-one service provision. Data for the fiscal 2025 and 2026 actual expenditures shall be submitted by September 30, 2026, and fiscal 2027 and 2028 estimated costs shall be submitted with the fiscal 2028 budget. The budget committees shall have 45 days from the date of the receipt of the last report to review and comment. Funds restricted pending the receipt of the reports may not be transferred by budget amendment or otherwise to any other purpose and shall revert to the General Fund if the reports are not submitted

Explanation: The General Assembly is interested in monitoring costs associated with placing children and youth experiencing stays in hotels. DHS did not provide costs associated with placing children and youth in hotels, as requested by a committee narrative in 2025 Joint Chairmen’s Report. This language withholds funding until costs associated with hotel stays are submitted for fiscal 2025 and 2026 actual, fiscal 2027 working, and fiscal 2028 allowance.

Information Request	Author	Due Date
Costs associated with children and youths in out-of-home placements placed in hotels	DHS	September 30, 2026 With submission of the fiscal 2028 allowance

9. Adopt the following narrative:

Implementation of Provisions of the Family First Prevention Services Act (FFPSA): The committees are interested in continuing to receive updates on the implementation of evidence-based prevention practices and other services under provisions of the federal FFPSA and the outcomes of those programs and services for families and

children served. The committees request that the Department of Human Services (DHS) submit a report including:

- a list of all evidence-based practices being implemented through fiscal 2026, including data on jurisdiction and the number of families and children served during the fiscal year;
- any new evidence-based practices being implemented during fiscal 2027;
- the status of the updated five-year Title IV-E prevention services plan;
- data on the effectiveness of implemented evidence-based practices at preventing occurrences of subsequent maltreatment and out-of-home placements from occurring as well as an evaluation of any other outcomes related to parent and child well-being;
- the current number of providers in the State that have received designation as a Qualified Residential Treatment Program (QRTP) to allow for federal reimbursement under the FFPSA, including if any additional providers received this designation during fiscal 2025 and if future solicitations of applications for QRTP designation are planned; and
- the status of the approval of the State’s revised cost allocation plan, including a discussion of the current ability of DHS to seek federal reimbursement for evidence-based prevention practices

Information Request	Author	Due Date
Update on the implementation of provisions of the federal FFPSA	DHS	November 1, 2026

10. Adopt the following narrative:

Child Fatalities Where Abuse or Neglect Are Determined to Be a Contributing Factor:
The committees are interested in receiving updates on the number of child fatalities that involved child abuse and/or neglect. The committees request that the Department of Human Services (DHS) submit a report that provides data for calendar 2025 and 2026 separately by jurisdiction. In addition, the data should be provided by age category.

Information Request	Author	Due Date
Report on child fatalities	DHS	January 11, 2027

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11. Add the following language to the general fund appropriation:

, provided that these funds are to be used only for the purposes herein appropriated, and there shall be no budgetary transfer to any other program or purpose. Funds not expended or transferred shall revert to the General Fund.

Explanation: This language restricts general funds appropriated for foster care maintenance payments provided through a deficiency appropriation to that use only consistent with language annually added to the appropriations for the program. This restriction prevents a transfer of general funds to other programs that might create or increase a deficit in spending in the Foster Care Maintenance Payments program (N00G00.01).

Updates

1. Child Welfare Caseloads and Staffing Report

CWLA-recommended caseload-to-staffing ratios are a series of ratios based on the type of case or work being undertaken. For example, intake has a ratio of 1 worker per 122 cases, while investigations, out-of-home placements foster care, and out-of-home kinship care have a ratio of 1 worker per 12 cases. Therefore, the total number of caseworkers needed by jurisdiction and year to year will vary based on the mix of cases as well as the number of cases. DLS has historically focused on the cumulative number of caseworkers needed to meet the ratios compared to filled positions both departmentwide and in individual jurisdictions. By looking at the cumulative level, it is possible to determine whether the department (jurisdiction) has enough filled positions (or total available positions) to meet the standards. The actual meeting of individual caseload ratios by type and if there are enough filled positions is a management function in the department and/or LDSS.

Positions Needed to Meet Standards Decrease, Filled Positions Increase

Although, overall entries into care and foster care caseloads increased in fiscal 2025, the caseloads since fiscal 2021 have been noticeably lower compared to caseloads prior to the onset of the COVID-19 pandemic. As a result of overall workload declines, SSA has maintained overall statewide CWLA standards even in years when the number of filled positions decreased.

In response to language in the fiscal 2026 Budget Bill restricting funds pending submission of data, DHS submitted a report with the number of child welfare services cases and positions required to meet the CWLA caseload standard. As shown in **Exhibit 31**, SSA had 341.5 more caseworker positions and 58.6 more supervisor positions than necessary to meet CWLA standards based on September 1, 2025 personnel data. The total number of filled caseworker positions (1,203.7) increased by 2.2 filled positions since the previous year and, at the same time, the number of filled caseworker positions needed to meet CWLA standards (862.2) decreased by 23.2 positions. September 2025 is the second consecutive year in which filled caseworker positions needed to meet CWLA standards decreased. As a result, the statewide surplus in caseworker positions as of September 1, 2025, has increased by 25.4 positions since the previous year.

All jurisdictions met the CWLA caseworker standard, while two jurisdictions failed to meet the CWLA supervisor standard. In comparison, in the previous year, two jurisdictions failed to meet the caseworker standard, and seven jurisdictions failed to meet the supervisor standard. Only one of the jurisdictions that failed to meet the supervisor standard had sufficient vacant supervisor positions to meet the standard if filled though for each the shortfall is less than one position.

Exhibit 31
Child Welfare Position Status by Local Department
September 2024 to August 2025 Caseload Data and September 1, 2025 Position Status

	<u>Filled Worker Positions Needed to Meet CWLA</u>	<u>Filled Worker Positions</u>	<u>Surplus/Shortfall</u>	<u>Vacant Caseworker Positions</u>	<u>Filled Supervisor Positions Needed to Meet CWLA</u>	<u>Filled Supervisor Positions</u>	<u>Surplus/Shortfall</u>	<u>Vacant Supervisors</u>
Allegany	15.1	36.0	20.9	0.0	3.0	5.0	2.0	0.0
Anne Arundel	55.2	74.0	18.8	15.5	11.0	18.0	7.0	0.0
Baltimore	125.6	126.0	0.4	10.0	25.1	25.0	-0.1	1.0
Baltimore City	265.3	395.5	130.2	24.0	53.1	70.0	16.9	9.0
Calvert	13.0	19.5	6.5	1.0	2.6	4.0	1.4	0.0
Caroline	7.6	19.0	11.4	1.0	1.5	3.0	1.5	1.0
Carroll	16.5	23.0	6.5	2.0	3.3	6.0	2.7	0.0
Cecil	22.5	31.2	8.7	10.5	4.5	7.0	2.5	1.0
Charles	17.4	27.0	9.6	4.0	3.5	7.0	3.5	0.0
Dorchester	10.4	16.0	5.6	2.0	2.1	3.0	0.9	0.0
Frederick	24.5	40.5	16.0	1.5	4.9	9.0	4.1	0.0
Garrett	11.9	14.0	2.1	1.0	2.4	3.0	0.6	0.0
Harford	40.1	61.0	20.9	3.0	8.0	11.0	3.0	0.0
Howard	25.6	30.5	4.9	5.0	5.1	5.0	-0.1	0.0
Kent	5.9	7.0	1.1	0.0	1.2	3.0	1.8	0.0
Prince George's	101.0	110.0	9.0	10.0	20.2	22.0	1.8	1.0
Queen Anne's	4.6	11.0	6.4	0.0	0.9	3.0	2.1	0.0
Somerset	13.4	15.5	2.1	0.0	2.7	3.0	0.3	0.0
St. Mary's	12.7	22.0	9.3	4.8	2.5	3.0	0.5	1.0
Talbot	5.6	15.0	9.4	0.0	1.1	3.0	1.9	1.0
Washington	40.9	60.0	19.1	1.0	8.2	9.0	0.8	1.0
Wicomico	16.1	33.0	16.9	4.0	3.2	5.0	1.8	0.0
Worcester	11.5	17.0	5.5	3.0	2.3	4.0	1.7	0.0
Statewide	862.2	1,203.7	341.5	103.3	172.4	231.0	58.6	16.0

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CWLA: Child Welfare League of America

Note: Montgomery County is excluded from the data because positions are not part of the State Personnel System.

Source: Department of Human Services; Department of Legislative Services; Statewide Personnel System

Reallocation of Positions

DHS reports that no positions were reallocated in fiscal 2025. DHS is currently conducting a child welfare workload assessment, which will be used to determine if staff reallocation is required. The assessment will also help develop evidence-based standards that accurately reflect the demands of child welfare practice. DHS reports that it is currently working on making revisions and finalizing the assessment.

Recruitment and Retention Efforts

In fiscal 2025, DHS reports that the turnover rate for caseworker and supervisory caseworker positions in child welfare increased from 12.2% to 13.5%, with 405 separations. During the same period, DHS filled 546 positions, reducing the vacancy rate from 8.9% to 7.0%. DHS attributes the decrease in the vacancy rate to their continued focus on recruitment and retention strategies. DHS notes that in an effort to fill vacant positions and retain staff, the department has taken following steps: increased participation in job fairs; opened new recruitment pipelines to foster youth and others receiving DHS services; and leveraged social media. DHS also focused on training for supervisory positions to assist with staff support and retention. Additionally, DHS also has partnership with Morgan State University; Salisbury University; and the University of Maryland, Baltimore Campus through the Title IV-E Work Study Program. In fiscal 2025, DHS hired 48 graduates from the program across their local departments.

2. FFPSA Evidence-based Practices

The FFPSA was included in the Bipartisan Budget Act of 2018 and signed into law in February 2018. Among other provisions, the FFPSA altered the allowable uses of Title IV-E funding by expanding the eligibility of states to receive reimbursement for prevention services in addition to the traditional use of such funds for administration and the placement costs for eligible youth in out-of-home placements, subsidized adoptions, and subsidized guardianships. Prevention services may include substance abuse prevention and treatment services, parent skill-based programs, and mental health prevention and treatment services. Services eligible for federal reimbursement must be rated by the Title IV-E Prevention Services Clearinghouse as either well supported, supported, or promising.

To receive federal reimbursement for prevention services under the FFPSA, the services must be trauma informed and evidence based, and a state must have an approved Title IV-E Prevention Services Plan. DHS submitted the five-year Title IV-E Prevention Plan in September 2025. The updated plan includes three additional evidence-based practices including Motivational Interviewing, Sobriety Treatment and Recovery Teams, and Family Centered Treatment. DHS reported that these practices were strategically selected by prioritizing programs that were already operational in the State and have demonstrated encouraging results. Following initial review, DHS received feedback in November 2025. DHS is currently working to finalize revisions and plans to resubmit the prevention plan.

Committee narrative in the 2025 JCR requested that DHS provide an update on the evidence-based practices being implemented by jurisdiction, the number of families served, and how the outcomes of these programs are evaluated. The four evidence-based practices currently implemented by at least one jurisdiction include Healthy Families America (HFA), Parent-child Interaction Therapy (PCIT), Functional Family Therapy (FFT), and Multisystemic Therapy (MST). During fiscal 2025, DHS reported that 20 jurisdictions had implemented at least one of these practices, and a total of 459 families were served.

Evaluation of Outcomes for Participating Families

Using data from fiscal 2025, DHS reviewed positive outcomes in areas including family and child well-being, parenting skills, educational attainment, and delinquency education. DHS found that the vast majority of families participating in either FFT or MST had improvements in several of these areas for both adults and children. For PCIT, participant outcomes are measured using an inventory related to the intensity and perceived problem levels of a child’s behavior. DHS reports that PCIT completion rates among families have been notably low with only 15% of the families successfully completing the program. However, pre- and post-program participation assessment data shows positive improvements in child behavior for families who participated in only a portion of the program. None of the 18 families referred to PCIT in fiscal 2025 required an out-of-home placement during this time period. Fiscal 2025 was the first-time data on HFA was collected. HFA providers in Kent, Queen Anne’s, Somerset, and Talbot counties reported no child abuse or neglect findings among families enrolled in the program. In Talbot County, results from the Healthy Family Parenting Inventory indicated that 83% of families completing reassessment demonstrated increased self-sufficiency.

QRTPs

The FFPSA also included provisions amending the eligibility for federal Title IV-E reimbursements for certain nonfamily placements to promote the placement of children in the least restrictive, ideally family-based setting appropriate to their individual needs. In order to be eligible for federal reimbursement under the FFPSA, nonfamily placements in childcare institutions are limited to two weeks unless the program is designated as a QRTP or is designated as one of the following programs:

- a placement for pregnant or parenting youth;
- a supervised independent living program for youth ages 18 and older;
- a specialized placement for children who are at risk of being or are victims of sex trafficking; or
- a family-based residential treatment facility for substance abuse disorders.

The JCR also requested that DHS provide an update on new providers who received QRTP designation during fiscal 2025. Two new providers received QRTP designation during fiscal 2025. As of October 2025, there are seven providers with QRTP designation. In efforts to increase the number of QRTP providers, DHS issued a Statement of Need for Residential Child Care providers in June 2025 emphasizing provider readiness and their ability to achieve QRTP designation.

3. Rate Reform

The second phase of rate reform that was originally scheduled to be implemented in fiscal 2026 is now planned for a future year. The rate reform will include Child Placement Agency rates, which include Treatment Foster Care (TFC) and Independent Living Programs (ILP). DHS developed draft administrative cost of care rates for both these programs.

The administrative rates for TFC include costs related to administrative, business, and oversight activities. The rate reform will establish three administrative classes for TFC programs, including TFC, TFC – Medically Fragile (MF) and TFC-Parent/Baby program. **Exhibit 32** shows comparison of the proposed and current daily administrative rate costs. The proposed daily rate for TFC is 58% more than the current rate; for TFC-MF, the proposed rate is 52% more than the current rate; and for TFC-Parent/Baby program the proposed rate is 74% higher. Board rates for each of the TFC categories are expected to at least double.

Exhibit 32
Treatment Foster Care Administrative Cost Rate Comparison

<u>Class</u>	<u>Proposed Daily Rate</u>	<u>Current Average Daily Rate</u>	<u>Change</u>	<u>Proposed Board Rate</u>	<u>Current Board Rate</u>	<u>% Change</u>
TFC	\$173.76	\$109.64	58%	\$57.99 to \$73.99	\$29.16 to \$29.66	98.9% to 149.5%
TFC – MF	185.06	121.65	52%	52.05 to 71.88	29.16 to 29.66	78.5% to 142.4%
TFC –Parent/Baby	217.94	125.21	74%	57.99 to 73.99	29.16 to 29.66	98.9% to 149.5%

TFC: Treatment Foster Care
MF: Medically Fragile

Source: Department of Human Services

The rate reform will establish three administrative classes for ILP, including ILP-1, ILP-2, and Independent Living Mother-Baby (ILP-MB). As shown in **Exhibit 33**, the proposed daily rate for ILP-1 is 11.1% more than the current rate. For ILP-MB, the proposed rate is 24% more than the current rate. IPL-2 is a new class developed to provide support to older youth preparing for adulthood.

Exhibit 33
Independent Living Program Administrative Cost Rate Comparison

Class	<u>Proposed Daily Rate</u>	<u>Current Average Rate</u>	<u>Change</u>
ILP-1	\$164.49	\$147.99	11.1%
ILP-2	325.98	n/a	-
ILP-MB	317.34	255.87	24.0%

IPL: Independent Living Program

IPL-MB: Independent Living Mother-Baby

Source: Department of Human Services

Appendix 1 2025 Joint Chairmen’s Report Responses from Agency

The 2025 JCR requested that DHS SSA prepare 18 reports. Electronic copies of the full JCR responses can be found on the DLS Library website.

- ***Report on Hospital and Hotel Stays and Unlicensed Settings:*** A report was submitted providing partial data on children placed in hospitals and hotels, followed by a supplemental report including data on children placed in hospital, hotels and other unlicensed settings. Further discussion of data related to hospital stays can be found in Issue 1 of this analysis, and stays in hotels and other unlicensed settings can be found in Issue 2 of this analysis.
- ***Report on Caseload Data and Filled Positions Assigned by Jurisdiction for Specified Caseload Types:*** A report was submitted providing updated child welfare caseload ratios needed to meet CWLA’s caseload standards. The report also included discussion on efforts to improve recruitment for vacant positions. Funds restricted pending submission of this report were released on December 23, 2025. Further discussion of the data can be found in Update 1 of this analysis.
- ***MFR Data for Fiscal 2024 and 2025:*** A report was submitted for fiscal 2024 MFR data, and fiscal 2025 MFR was submitted with the fiscal 2027 budget. Further discussion on MFR data can be found in the MFR section of this analysis.
- ***Child Fatalities Where Abuse or Neglect Are Determined to Be a Contributing Factor:*** A report was submitted with data on child fatalities where abuse or neglect were determined to be a contributing factor. Further discussion of this report can be found in Issue 3 of this analysis.
- ***Monthly Data on Out-of-home Placement of Children and Youth:*** Starting September 2025, DHS has submitted monthly data on the out-of-home placement of children and youth. As of this writing, three monthly reports have been submitted. Further discussion of this report can be found in Issue 4 of this analysis.
- ***Implementation of the Provisions of the FFPSA:*** A report was submitted providing an update on evidence-based practices implemented by local jurisdictions and the number of families served in fiscal 2025. Additionally, the report included an update on the QRTP provider designation process. Further discussion of this report can be found in Update 2 of this analysis.
- ***Implementation of the Foster Care Provider Rate Reform:*** A report was submitted providing updates on the second phase of rate reform that involves TFC and ILP. The report also provided total expenditure associated with the first phase of the rate reform for fiscal 2025. Further discussion of this report can be found in Update 3 of this analysis.

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- ***Costs Associated with Youths in Out-of-home Placements Placed in Hotels:*** DHS was requested to include fiscal 2025, fiscal 2026 working, and fiscal 2027 allowance data associated with hotel placements with the submission of fiscal 2027 budget. DHS did not provide the requested data.

**Appendix 2
Audit Findings**

Audit Period for Last Audit	June 30, 2021– to June 30, 2024
Issue Date	September 2025
Number of Findings	14
Number of Repeat Findings:	6
% of Repeat Findings:	42.9%
Rating	Unsatisfactory

Finding 1: SSA had not implemented comprehensive quality assurance processes and effective oversight of the State’s LDSS administration of child welfare programs.

Finding 2: SSA did not have comprehensive procedures to ensure that individuals with disqualifying criminal backgrounds did not interact with children under its care. As a result, SSA did not identify multiple individuals with disqualifying convictions that were in positions to interact with children.

Finding 3: SSA did not have a process to periodically reconcile the Maryland Sex Offender Registry to its records of SSA providers and vendors to identify any sex offenders with potential access to children.

Finding 4: SSA did not ensure that data on its CJAMS used to monitor the LDSS was accurate and supported.

Finding 5: SSA did not ensure that LDSS provided foster care children the required medical and dental exams. OLA identified numerous foster children who did not receive exams within the timeframes required by State regulations.

Finding 6: SSA did not ensure that LDSS placed foster care children in settings authorized in State law. OLA identified 280 children placed in hotels under the supervision of providers that were not licensed and at a significantly higher cost to the State.

Finding 7: SSA did not ensure that LDSS established and maintained required trust accounts for foster children.

Finding 8: SSA did not have comprehensive procedures to identify and recover overpayments to public foster care providers, guardians, and adoption subsidy recipients.

Finding 9: SSA did not meet federal foster care service performance requirements resulting in penalties totaling \$698,296 being assessed on the State.

Finding 10: SSA did not sufficiently address instances when LDSS did not conduct child abuse and neglect investigations timely.

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Finding 11: SSA did not report child abuse and neglect investigations that were not completed within 60 days to the General Assembly as required by State law. In addition, SSA could not support its explanations for untimely investigations, certain of which appeared questionable.

Finding 12: **SSA did not have an effective process for ensuring the propriety and timeliness of Title IV-E eligibility determinations and redeterminations, resulting in lost federal funds potentially totaling \$22.5 million.**

Finding 13: SSA did not request federal reimbursement for all eligible qualified QRTP and evidence-based practice expenditures, resulting in the failure to obtain federal reimbursement for at least \$2.6 million.

Finding 14: **SSA did not ensure that certain payments made to a State university for three interagency agreements were adequately supported, were reasonable in relation to the tasks performed, and were made in accordance with the terms of the agreements.**

*Bold denote item repeated in full or part from preceding audit report.

Appendix 3
Object/Fund Difference Report
Department of Human Services – Social Services Administration

<u>Object/Fund</u>	<u>FY 25 Actual</u>	<u>FY 26 Wrk Approp</u>	<u>FY 27 Allowance</u>	<u>FY 26 - 27 \$ Change</u>	<u>% Change</u>
Positions					
01 Regular	2,627.18	2,590.68	2,548.15	-42.53	-1.6%
02 Contractual	14.11	2.50	2.50	0.00	0.0%
Total Positions	2,641.29	2,593.18	2,550.65	-42.53	-1.6%
Objects					
01 Salaries, Wages, and Fringe Benefits	\$301,919,185	\$291,456,544	\$307,608,775	\$16,152,231	5.5%
02 Technical and Special Fees	1,576,741	2,212,662	2,219,397	6,735	0.3%
03 Communications	1,133,489	1,768,657	1,728,780	-39,877	-2.3%
04 Travel	1,029,612	881,483	883,508	2,025	0.2%
06 Fuel and Utilities	614,041	803,556	840,996	37,440	4.7%
07 Motor Vehicle Operation and Maintenance	953,941	2,107,952	2,238,882	130,930	6.2%
08 Contractual Services	131,176,908	83,408,657	84,465,550	1,056,893	1.3%
09 Supplies and Materials	950,640	1,072,774	1,052,804	-19,970	-1.9%
10 Equipment – Replacement	56,493	350,000	350,000	0	0.0%
11 Equipment – Additional	132,897	0	0	0	N/A
12 Grants, Subsidies, and Contributions	345,194,805	421,584,984	436,750,385	15,165,401	3.6%
13 Fixed Charges	12,276,581	10,707,596	10,121,714	-585,882	-5.5%
Total Objects	\$797,015,333	\$816,354,865	\$848,260,791	\$31,905,926	3.9%
Funds					
01 General Funds	\$515,978,051	\$559,778,532	\$578,993,449	\$19,214,917	3.4%
03 Special Funds	3,638,432	8,133,470	8,526,758	393,288	4.8%
05 Federal Funds	276,281,610	247,615,144	259,912,865	12,297,721	5.0%
09 Reimbursable Funds	1,117,240	827,719	827,719	0	0.0%
Total Funds	\$797,015,333	\$816,354,865	\$848,260,791	\$31,905,926	3.9%

Note: The fiscal 2026 appropriation includes proposed deficiency appropriations. The fiscal 2027 allowance does not include contingent reductions or statewide salary adjustments budgeted within the Department of Budget and Management.

Appendix 4
Fiscal Summary
Department of Human Services – Social Services Administration

<u>Program/Unit</u>	<u>FY 25 Actual</u>	<u>FY 26 Wrk Approp</u>	<u>FY 27 Allowance</u>	<u>FY 26 - 27 \$ Change</u>	<u>% Change</u>
04 General Administration-State	\$40,362,153	\$37,430,879	\$41,829,274	\$4,398,395	11.8%
01 Foster Care Maintenance Payments	411,216,625	425,781,512	442,053,771	16,272,259	3.8%
03 Child Welfare Services	289,087,966	296,135,313	304,390,428	8,255,115	2.8%
04 Adult Services	56,348,589	57,007,161	59,987,318	2,980,157	5.2%
Total Expenditures	\$797,015,333	\$816,354,865	\$848,260,791	\$31,905,926	3.9%
General Funds	\$515,978,051	\$559,778,532	\$578,993,449	\$19,214,917	3.4%
Special Funds	3,638,432	8,133,470	8,526,758	393,288	4.8%
Federal Funds	276,281,610	247,615,144	259,912,865	12,297,721	5.0%
Total Appropriations	\$795,898,093	\$815,527,146	\$847,433,072	\$31,905,926	3.9%
Reimbursable Funds	\$1,117,240	\$827,719	\$827,719	\$0	0.0%
Total Funds	\$797,015,333	\$816,354,865	\$848,260,791	\$31,905,926	3.9%

Note: The fiscal 2026 appropriation includes proposed deficiency appropriations. The fiscal 2027 allowance does not include contingent reductions or statewide salary adjustments budgeted within the Department of Budget and Management.