

Department of Legislative Services
 Maryland General Assembly
 2026 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 1181

(Delegate Bagnall, *et al.*)

Appropriations and Health

Judicial Proceedings

Family Law - Children in Out-of-Home Placement - Voluntary Placement Agreements

This bill alters provisions related to children placed in out-of-home placements under a voluntary placement agreement (VPA) with a local department of social services (LDSS). In determining the reasonable efforts to preserve and reunify families, a child’s parent or legal guardian need not exhaust all home- and community-based services. The Social Services Administration (SSA) must consult with the Maryland Department of Health (MDH) to provide specified annual training to LDSS staff. By October 1, 2026, the Child Support Administration (CSA) must file a motion to modify any child support order issued under a VPA. Annually beginning July 1, 2027, each LDSS must report specified information regarding VPAs to the Department of Human Services (DHS). Annually beginning December 1, 2027, DHS must publish aggregated statewide data on its website. By October 1, 2029, DHS and MDH must submit a joint report that contains specified information concerning children placed in an out-of-home placement under a VPA. **The bill takes effect July 1, 2026.**

Fiscal Summary

State Effect: DHS general fund expenditures increase by \$94,700 in FY 2027 for staff, as discussed below. MDH can collaborate with DHS to complete required annual training and complete the required joint report. To the extent less child support is collected under the bill, Child Support Foster Care Offset revenue may decrease beginning in FY 2027.

(in dollars)	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
SF Revenue	(-)	(-)	(-)	(-)	(-)
GF Expenditure	\$94,700	\$111,900	\$117,100	\$122,300	\$127,700
Net Effect	(\$94,700)	(\$111,900)	(\$117,100)	(\$122,300)	(\$127,700)

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

Local Effect: Montgomery County expenditures increase by approximately \$162,000 annually, as discussed below. No assumed effect on revenues.

Small Business Effect: Minimal.

Analysis

Bill Summary:

Voluntary Placement Agreements

The bill specifies that a LDSS may not seek legal *guardianship or* custody of a child under a VPA if the child has a developmental disability or a mental illness and the purpose of the VPA is to obtain treatment or care that the parent is unable to provide. A child may remain in an out-of-home placement, *including a residential placement*, under a VPA for more than 180 days if the child's disability necessitates care or treatment in the out-of-home placement, and a juvenile court makes a finding that continuation of the placement is in the best interests of the child.

If a LDSS receives a request for a VPA, it must (1) within five business days after receiving the request, schedule an assessment meeting with the child's family and treating provider and (2) within five business days after the assessment meeting, issue a written eligibility determination to the child's family and referring provider.

Each LDSS must report any delay in assessing the child and providing an eligibility determination to SSA, including reasons for the delay and corrective actions taken by the LDSS. This provision may not be interpreted to prevent a local care team from providing the child and family with alternative or interim services.

The bill repeals the requirement for a LDSS to, on receipt of a request for a VPA for a child with a developmental disability or mental illness, discuss the child's care at the next meeting of the local care team for the purpose of determining whether any alternative or interim services for the child and family may be provided by any agency.

A parent or legal guardian who enters into a VPA retains all legal and educational decision-making rights, unless otherwise agreed. A LDSS may not require a parent or legal guardian to relinquish custody or guardianship of a child to access services.

A LDSS must notify the parent or legal guardian of a child subject to VPA of the right to petition the court for a modification of an existing child support obligation. SSA may not refer a child's case to CSA if the child's family enters into a VPA. The local behavioral

health authority must be notified of a child with special needs who is the subject of a VPA request for psychiatric residential treatment and who is eligible to receive Medicaid.

Required Training

The bill specifies that the training that SSA must currently provide to staff at each LDSS who administer requests for VPAs for children with developmental disabilities or mental illnesses must (1) be provided in consultation with MDH and (2) include training on timeline and procedural compliance, trauma-informed family engagement, and interagency coordination.

Data Collection and Reporting

By July 1, 2027, and annually thereafter, each LDSS must report to DHS: (1) the number of VPA requests received in the preceding year; (2) the average time it took for the LDSS to make a determination and placement; (3) the number of requests that were denied and the reasons for the denials; and (4) the average length of a hospital stay for a child awaiting a placement.

By December 1, 2027, and annually thereafter, DHS must publish on its website aggregated statewide data compiled from the LDSS reports.

Required Report

By October 1, 2029, DHS and MDH must submit a joint report to the Governor; the Joint Committee on Children, Youth, and Families; and the General Assembly that contains information concerning children placed in an out-of-home placement under a VPA, including (1) the impact on hospital discharge delays; (2) family outcomes and reunification rates; (3) the implementation status of VPA reform; and (4) recommendations for changes in the law.

Current Law: DHS, through SSA, has the primary responsibility for child welfare services throughout the State, which are provided primarily by the LDSS.

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

mental illness, as specified. An out-of-home placement may include family foster care, group and residential care, kinship care, and a treatment foster care home.

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

In establishing the out-of-home placement program, SSA must:

- provide time-limited family reunification services to a child placed in an out-of-home placement and to the parents or guardian of the child, to facilitate the child's safe and appropriate reunification within a timely manner;
- concurrently develop and implement a permanency plan that is in the best interests of the child; and
- provide training on an annual basis for the staff at each LDSS who administer requests for a VPA for children with developmental disabilities or mental illnesses.

Child in Need of Assistance

A child in need of assistance (CINA) is a child who requires court intervention because (1) the child has been abused or neglected, has a developmental disability, or has a mental disorder, and (2) the child's parents, guardian, or custodian is unable or unwilling to give proper care and attention to the child and the child's needs.

A former CINA may remain in an out-of-home placement under a VPA for more than 180 days if the former CINA continues to comply with the VPA and a juvenile court makes a finding that the continuation of the placement is in the best interest of the CINA.

Voluntary Placement Agreements

"Voluntary placement agreement" means a binding, written agreement that (1) is voluntarily entered into between a LDSS and the parent or legal guardian of a minor child or a former CINA whose commitment to the LDSS was rescinded after the individual reached age 18 but before the individual reached age 20 and 6 months and (2) specifies, at a minimum, the legal status of the child or former CINA and the rights and obligations of the parent or legal guardian, the child or former CINA, and the LDSS while the child or former CINA is in placement.

A LDSS may not seek legal *custody* of a child under a VPA if the child has a developmental disability or a mental illness and the purpose of the VPA is to obtain treatment or care that the parent is unable to provide. The child may remain in an out-of-home placement under a voluntary placement for more than 180 days if the child's disability necessitates care or treatment in the out-of-home placement, and a juvenile court makes a finding that continuation of the placement is in the best interests of the child.

On receipt of a request for a VPA for a child with a developmental disability or mental illness, the LDSS must discuss the child's care at the next meeting of the local care team for the purpose of determining whether any alternative or interim services for the child and family may be provided by any agency.

A child may not be committed to the custody or guardianship of the LDSS and placed in an out-of-home placement solely because the child's parent or guardian lacks shelter or has a disability or solely because the child's parents are financially unable to provide treatment or care for a child with a developmental disability or mental illness.

Reasonable Efforts

Pursuant to the Courts and Judicial Proceedings Article, a LDSS may ask the court to find that reasonable efforts to reunify a child with the child's parent or guardian are not required if the LDSS concludes that a parent or guardian has subjected the child to specified aggravated circumstances, has been convicted of specified crimes, or has involuntarily lost parental rights of a sibling of the child.

Unless a court orders that reasonable efforts are not required, reasonable efforts must be made to preserve and reunify families (1) prior to the placement of a child in an out-of-home placement, to prevent or eliminate the need for removing the child from the child's home and (2) to make it possible for a child to safely return home. In determining the reasonable efforts to be made, and in making the reasonable efforts, the child's safety and health must be the primary concern.

Reasonable efforts to place a child for adoption or with a legal guardian may be made concurrently with the reasonable efforts to preserve and reunify families. If continuation of reasonable efforts to reunify the child with the child's parents or guardian is determined to be inconsistent with the permanency plan for the child: (1) reasonable efforts must be made to place the child in a timely manner in accordance with the permanency plan, including consideration of both in-State and out-of-state placements, and to complete the steps to finalize the permanent placement of the child; and (2) in a case in which the parent of the child is receiving treatment in a residential substance use disorder treatment program with beds or services for patients' children and the child is in the presence of the child's

parent for the duration of the child’s parent’s treatment, the LDSS must file a specified report with the court.

State Fiscal Effect: The bill requires DHS to (1) provide specified annual training to LDSS staff, in consultation with MDH; (2) file a motion to modify any child support order issued under a VPA by October 1, 2026; (3) annually receive specified information regarding VPAs from each LDSS beginning July 1, 2027, and compile and post on its website aggregated statewide data annually beginning December 1, 2027; and (4) submit a joint report with MDH that contains specified information concerning VPAs by October 1, 2029. Additionally, DHS must ensure that each LDSS, after receiving a request for a VPA, meet specified timeframes for scheduling an assessment meeting and issuing a written eligibility determination. DHS advises that current staff resources are not sufficient to meet the bill’s requirements.

Thus, DHS general fund expenditures increase by \$94,709 in fiscal 2027, which accounts for a 90-day start-up delay from the bill’s July 1, 2026 effective date. This estimate reflects the cost of hiring one program manager to ensure compliance with the bill’s VPA requirements, oversee the bill’s annual training requirements, and complete the annual reports. It includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Position	1.0
Salary and Fringe Benefits	\$85,568
Operating Expenses	<u>9,141</u>
Total FY 2027 State Expenditures	\$94,709

Future year expenditures reflect a full salary with annual increases and employee turnover as well as annual increases in ongoing operating expenses.

Local Fiscal Effect: Most LDSS employees are State employees, except in Montgomery County where most social services staff are county employees. Based on the current number of VPA requests the department currently receives, Montgomery County advises that the Montgomery County Department of Health and Human Services requires two additional social workers and technology system upgrades to meet the bill’s requirements, with annual expenditures of approximately \$162,000.

Additional Comments: DHS advises that a parent must pay monthly child support in accordance with Maryland Child Support Guidelines when a child is placed in an out-of-home placement under a [VPA](#). Pursuant to the federal [Adoption Assistance and Child Welfare Act of 1980](#), DHS must take steps to secure an assignment of child support, *where appropriate*, on behalf of each child receiving Title IV-E foster care maintenance payments. Specifically, Title IV-E agencies [must](#) consider the best interests of the child,

family circumstances, and reunification efforts when determining whether to assign child support rights. According to DHS, existing guidance related to the determination of “where appropriate” is already narrowly construed in order to ensure that only cases that have been thoroughly reviewed and would not disrupt family reunifications are referred to a state child support enforcement agency.

The bill, however, broadly prohibits SSA from referring a child’s case to CSA if the family enters a VPA. DHS advises that should the bill place Maryland out of compliance with Title IV-E requirements to consider the best interests of the child when assigning child support rights, Title IV-E funds may no longer be available for children in out-of-home placements under VPAs. To the extent Title IV-E funds are no longer available to children in out-of-home placements under VPAs, general fund expenditures may increase accordingly to provide care to such children. In calendar 2025, \$751,912 in federal Title IV-E funds covered the cost of care for youth in VPAs.

Additional Information

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

Designated Cross File: None.

Information Source(s): Montgomery County; Judiciary (Administrative Office of the Courts); Maryland Department of Health; Department of Human Services; Department of Legislative Services

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