

Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1181 (Delegate Bagnall)
Appropriations and Health

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 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. Annually beginning July 1, 2027, each LDSS must report specified information regarding voluntary placement agreements to the Department of Human Services (DHS), and annually beginning September 1, 2027, DHS must publish aggregated statewide data on its website. The bill alters the duties of the Workgroup on Children in Unlicensed Settings and Pediatric Hospital Overstays and requires the workgroup to report its fundings and recommendations by October 1, 2026. 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 voluntary placement agreement. **The bill takes effect July 1, 2026.**

Fiscal Summary

State Effect: **Sufficient information was not provided by DHS in time to fully analyze the fiscal impact of this legislation.** However, this analysis assumes 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.

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 voluntary placement agreement if the child has a developmental disability or a mental illness and the purpose of the voluntary placement agreement 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 voluntary placement agreement 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 voluntary placement agreement, 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.

The bill repeals the requirement for a LDSS to, on receipt of a request for a voluntary placement agreement 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 voluntary placement agreement 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 voluntary placement agreement of the right to petition the court for a modification of an existing child support obligation. SSA and the Child Support Administration must collaborate to establish uniform criteria for waiving or reducing child support obligations for low-income families who enter into a voluntary placement agreement. A child with special needs who is the subject of a voluntary placement agreement request for psychiatric residential treatment and who is eligible to receive Medicaid must be referred directly to the local behavioral health authority.

Required Training

The bill specifies that the training that SSA must currently provide to staff at each LDSS who administer requests for voluntary placement agreements 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 voluntary placement agreement 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 September 1, 2027, and annually thereafter, DHS must publish on its website aggregated statewide data compiled from the LDSS reports.

Workgroup on Children in Unlicensed Settings and Pediatric Hospital Overstays

The bill requires the workgroup to (1) study voluntary placement agreements for children with a developmental disability or mental illness and (2) recommend statutory and budgetary changes necessary to transfer funding from DHS to MDH.

By October 1, 2026, the workgroup must report its findings and recommendations to the Governor; the Joint Committee on Children, Youth, and Families; and the General Assembly.

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 voluntary placement agreement, including (1) the impact on hospital discharge delays; (2) family outcomes and reunification rates; (3) the implementation status of voluntary placement agreement 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 voluntary placement agreement; (2) who are abused, abandoned, neglected, or dependent, if a juvenile court has determined that continued residence in the child's home is contrary to the child's welfare and has committed the child to the custody or guardianship of a local department; or (3) who, with the approval of DHS, are placed in an out-of-home placement by a local department under a voluntary placement agreement regarding a child with a developmental disability or a mental illness, as specified. An out-of-home placement may include family foster care, group and residential care, kinship care, and a treatment foster care home.

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 voluntary placement agreements 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 voluntary placement agreement for more than 180 days if the former CINA continues to comply with the voluntary placement agreement 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 voluntary placement agreement if the child has a developmental disability or a mental illness and the purpose of the voluntary placement agreement 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 voluntary placement agreement 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.

Workgroup on Children in Unlicensed Settings and Pediatric Hospital Overstays

Chapters 479 and 480 of 2025 established the Workgroup on Children in Unlicensed Settings and Pediatric Hospital Overstays to:

- complete an assessment of 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;
- develop a comprehensive and sustainable resource development plan designed to increase the number of licensed settings and end the use of pediatric overstays and unlicensed settings;
- develop an implementation plan with comprehensive data to inform the plan; and
- determine the anticipated timeline for when the practice of placing children in unlicensed settings will cease.

Pursuant to Chapters 479 and 480, "child in an unlicensed setting" means an individual younger than age 21 in an out-of-home placement who is residing in a hotel, an office building, a shelter, or any other unlicensed setting. "Child in an unlicensed setting" does not include an individual younger than age 21 who is receiving a self-independent living stipend, living with kin awaiting approval for a placement, or on aftercare with a parent.

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 voluntary placement agreement 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 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

Fiscal Note History: First Reader - March 1, 2026
caw/jc

Analysis by: Amberly E. Holcomb

Direct Inquiries to:
(410) 946-5510
(301) 970-5510