

Department of Legislative Services
 Maryland General Assembly
 2026 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 628
 Appropriations

(Delegate Acevero, *et al.*)

Finance and Budget and Taxation

Human Services - Foster Care Transition Grant Program - Establishment

This bill establishes a Foster Care Transition Grant Program in the Department of Human Services (DHS). Beginning in fiscal 2028, the program must provide a foster care transition grant of \$1,000 per month for a period of one year for specified individuals aging out of the out-of-home placement program. By October 1, 2028, and annually thereafter, DHS must submit a specified report about the program to the General Assembly. **The bill terminates September 30, 2031.**

Fiscal Summary

State Effect: General fund expenditures increase by \$479,500 in FY 2027 for contractual staff and one-time only information technology (IT) costs, as discussed below. Future years reflect annualization, elimination of one-time costs, and a rolling number of individuals receiving the foster care transition grant, as discussed below. Revenues are not affected.

(in dollars)	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	479,500	4,077,900	3,169,100	3,173,700	3,178,500
Net Effect	(\$479,500)	(\$4,077,900)	(\$3,169,100)	(\$3,173,700)	(\$3,178,500)

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

Local Effect: The bill does not materially affect local government operations or finances.

Small Business Effect: None.

Analysis

Bill Summary: Beginning in fiscal 2028, an individual must be eligible for a foster care transition grant of \$1,000 per month for one year if (1) the individual resided in an out-of-home placement on the individual's eighteenth birthday, regardless of the age at which the individual entered out-of-home placement and (2) the individual's eighteenth birthday is on or after October 1, 2026.

Foster care transition grants may not be considered income or resources for the purpose of determining the individual's eligibility to receive benefits (or the amounts of benefits received), as permitted by federal law, for Medicaid, the Maryland Earned Income Tax Credit, or State and federal financial aid and college support programs.

By October 1, 2028, and annually thereafter, DHS must submit a report to the General Assembly that contains descriptive information and outcome measures of program recipients during the previous year, including, at minimum (1) the starting income of each recipient, exclusive of a foster care transition grant; (2) geographic information about each recipient, including county, city, and zip code of residence; (3) the employment status of each recipient before receiving a foster care transition grant; and (4) the housing status of each recipient before receiving a foster care transition grant.

Current Law: DHS is required to establish a program of out-of-home placement for minor children (1) who are placed in the custody of a local department of social services, 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 treatment foster care.

Foster youth are generally allowed to remain in care up until age 21, as long as the youth is in school, enrolled in a training program or other program or activity to promote or remove barriers to employment, employed at least 80 hours per month, or disabled. Independent living after-care services are available for youth exiting care after turning age 18 but before turning age 21, including financial assistance, assistance with utilities and room and board, educational and employment services, counseling, and other services to assist with self-sufficiency. These services are available for up to 180 days but may be extended, and youth may reapply for services until age 21.

Since January 2014, former foster care adolescents who were in foster care on their eighteenth birthday are eligible for Medicaid up until the age of 26.

State Expenditures: DHS general fund expenditures increase to provide foster care transition grants for specified individuals, hire contractual staff to oversee the program, and for IT costs, as discussed below.

Foster Care Transition Grants

The bill requires DHS, beginning in fiscal 2028, to provide a foster care transition grant to individuals who (1) resided in an out-of-home placement on their eighteenth birthday and (2) turned 18 on or after October 1, 2026. DHS must provide eligible individuals with a monthly grant of \$1,000 for a period of one year. DHS advises that there is an average of 3,800 individuals in foster care in the State per year, and approximately 790 individuals in foster care each year are between age 18 and 21. This estimate assumes:

- because eligibility for the program includes individuals who turn 18 on or after October 1, 2026, and based on the ages and birth dates of individuals in foster care as of March 2026, 189 individuals are eligible to begin receiving the grant on July 1, 2027 (the start of fiscal 2028);
- an average of 21 individuals in foster care will turn 18 each month and enroll into the program on a rolling basis; and
- program enrollment stabilizes at an estimated total of 252 individuals beginning on July 1, 2028 (fiscal 2029) until the program terminates September 30, 2031.

Thus, DHS general fund expenditures increase by approximately \$3.9 million in fiscal 2028, which reflects provision of grants beginning July 1, 2027, (and excludes staffing and administrative costs discussed below). The cost to provide the foster care transition grant decreases to \$3.0 million for fiscal 2029 through fiscal 2031 (during which initial entrants to the program from July 2027 begin to exit the program). Although outside the five-year fiscal estimate of this analysis, grant costs for fiscal 2032 are estimated at \$756,000 for the final three months of the program, which terminates September 30, 2031.

The Department of Legislative Services (DLS) notes that, due to bill's termination date, individuals who enroll in the program on or after October 1, 2030, will not receive a transition grant for a full year as required under the bill.

Staffing and Administrative Costs

DHS advises that existing staff are unable to absorb the bill's requirements. Accordingly, DHS general fund expenditures increase by at least an additional \$101,530 in fiscal 2027. This estimate reflects the cost of hiring two full-time contractual positions (one program

manager and one administrative specialist) to determine eligibility for and oversee the grant program and to complete the required reports. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses (including system maintenance). This analysis assumes that both positions begin on January 1, 2027 (six months prior to issuance of the foster care transition grants), and the administrative specialist position terminates on December 31, 2027 once the program is fully operational.

Contractual Positions	2.0
Salaries and Fringe Benefits	\$84,637
Operating Expenses	<u>16,893</u>
FY 2027 State Administrative Expenditures	\$101,530

This estimate does not include any health insurance costs that could be incurred for specified contractual employees under the State’s implementation of the federal Patient Protection and Affordable Care Act.

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

Additionally, DHS advises that one-time only programming costs of approximately \$378,000 are required in fiscal 2027 only to update and maintain the Enrollment and Eligibility System (E&E) to manage the monthly distribution of funds to eligible individuals. Oversight of, and all funds associated with, E&E is handled by the Maryland Department of Information Technology (DoIt). Thus, this analysis assumes that DoIT general fund expenditures increase by \$378,000 in fiscal 2027; maintenance costs of approximately \$37,800 are incurred annually beginning in fiscal 2028.

Additional Comments: The bill specifies that foster care transition grants may not be considered income or resources for the purpose of determining the individual’s eligibility to receive benefits for Medicaid or federal financial aid and college support programs. However, DLS notes that the bill cannot waive federal program requirements.

Additional Information

Recent Prior Introductions: Similar legislation has been introduced within the last three years. See HB 849 of 2024 and HB 108 of 2023.

Designated Cross File: None.

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

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