



Fiscal Year 2027 Operating Budget
Social Services Administration- N00B

Response to Department of Legislative Services Analysis

Senate Budget and Taxation Committee
Health and Human Services
Senator Cory McCray
February 19, 2026

House Appropriations Committee
Health and Social Services
Delegate Emily Shetty
February 23, 2026

Honorable Chair and Members of the Subcommittee, on behalf of the Maryland Department of Human Services (DHS), I thank Governor Moore, Lieutenant Governor Miller, the Department of Budget and Management (DBM), and the Budget Committees for their support. We thank Department of Legislative Services Analyst Suveksha Bhujel for her analysis and assistance leading up to today's hearing. Joining me at the table is Dr. Alger Studstill, Jr., Executive Director of the Social Services Administration, and Chief Financial Officer Roman Napoli. We have senior members of our leadership team, including leaders from the Social Services Administration (SSA), and directors of our local departments of social services present in the audience as well.

Our vision for Maryland is one where all children and vulnerable adults are safe, children have permanent homes, and families thrive.

In service of that vision, the dedicated Social Services Administration staff administer programs designed to improve child welfare, including child protective services (abuse/neglect investigations), out-of-home care (foster care), support and reunification services, kinship care, and adoption. We also manage programs to improve the lives of adults, including respite care, adult protective services, social services, Project Home, and in-home aide services.

Since 2023, the Social Services Administration has been focused on making much needed, long-overdue changes that promote child and family well-being through family-centered, child-focused, community-based services.

We appreciate the opportunity to provide updates on the important progress that we have made in building the sustainable transformation that the Social Services Administration has long needed to better serve Marylanders. And today I can report that this progress continues in a number of critical areas including:

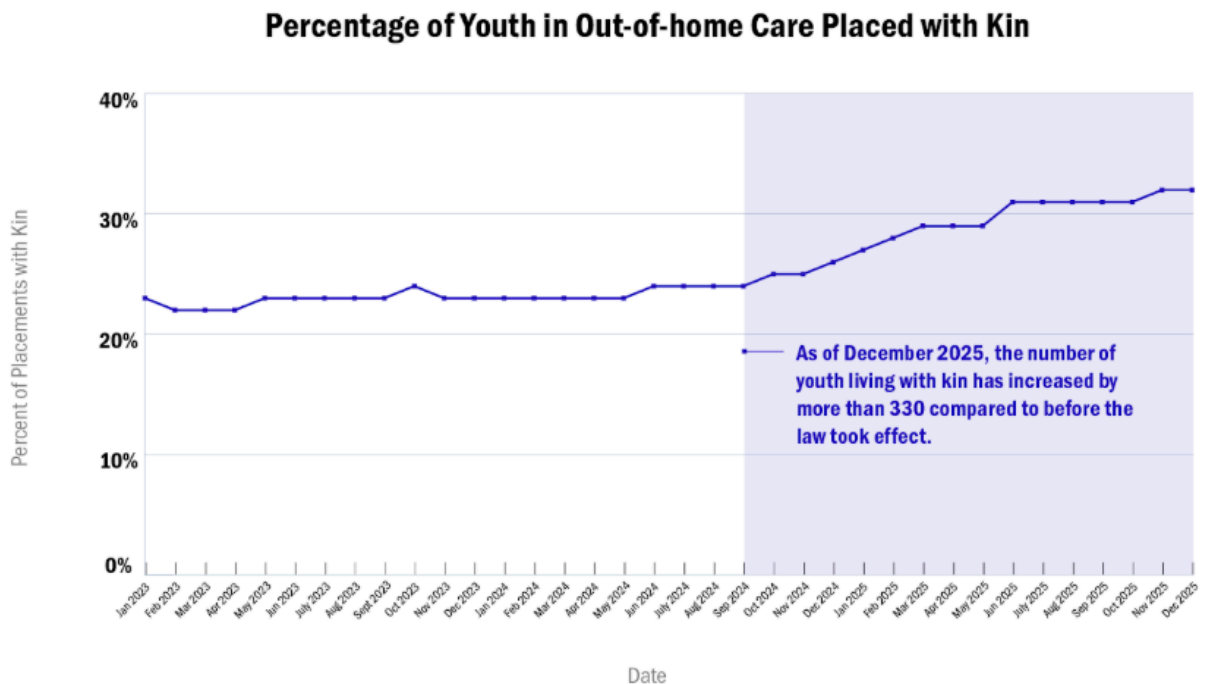
1. Putting kinship care first to strengthen families and best serve young people;
2. Making meaningful and sustainable reforms to put an end to long-standing problems;
3. Enhancing data integrity and transparency to streamline services and identify additional areas of need; and
4. Improving how we track spending to be better stewards of state funds

Putting kinship care first to strengthen families and best serve young people

After advocating for changes to Maryland's child welfare system through the General Assembly in 2024, DHS launched "Family Matters" in 2025 to promote kin-first practices across the State.

One year into this broad reaching initiative, we're seeing significant progress.

As of December 2025, the number of youth living with kin has increased by more than **330** compared to before the law took effect. The kinship placement rate has increased by **33%** over that time period.



Eleven Maryland jurisdictions have doubled their kinship placement rates (Caroline, Carroll, Cecil, Dorchester, Garrett, Kent, Somerset, Talbot, Washington, Wicomico, and Worcester) and Baltimore City, the jurisdiction with the largest population of youth in out-of-home care, has seen an 18% increase.

As we focused on increasing kinship placements, we also increased the percentage of kinship caregivers who are licensed, from 25% in December 2024 to 86% in December 2025. Proper licensing ensures kinship caregivers have the tools and resources they need to care for young people, and makes them eligible for double the monthly financial support as those who are not licensed.

To build on and sustain this success, in September 2025, we launched our Family Matters Results Count program in partnership with the Annie E. Casey Foundation. This program brings together state and local staff, as well as young adults with lived experience, to accelerate progress on timely permanency and engagement of older youth in communities across Maryland. As part of our focus on family-centered, child-focused, community-based services, this program is helping make sure that the voices of those impacted by this work directly inform our strategy. We are grateful to Annie E. Casey for the partnership.

We're also partnering with Binti, a software company focused on improving child welfare – to further increase kinship placements. Putting Binti's "family finding" software in the hands of caseworkers will allow them to quickly search multiple databases to locate relatives and trusted adults of children in out-of-home care. Since we began using the tool in September 2025, caseworkers have identified over 4,300 potential connections for foster care placement, including relatives and close family friends.

On average, each search locates 26 connections per child, which provides caseworkers with more contacts, which means more placement options. The software helps caseworkers make timely, informed placement decisions by streamlining search efforts, which were previously conducted manually and could otherwise take days or weeks.

Making meaningful and sustainable reforms to put an end to long-standing problems

In addition to being the right thing to do for young people, expanding kinship care opens the doors to tackle long-standing problems that have plagued child welfare programs in Maryland and around the country for decades.

Ending the use of hotels and other unlicensed settings

We are heartbroken by the loss of Kanaiyah Ward in September 2025. The well-being of Maryland's young people is our top priority, and we will not rest until every child in our state is safe, thriving in a permanent home, and surrounded by loving family.

Ending hotel stays has been a top priority for this administration since the day we took office. After dramatically reducing the number of children in hotels through our first three years in office, we issued a directive in October 2025 to immediately stop facilitating stays in unlicensed settings and find more suitable placements for the children who remained in hotel stays by mid-November.

When we came into office in 2023 we recognized that hotel placements were inappropriate, but we also recognized that it was a complex issue that needed deliberate attention to avoid unintended consequences - like homelessness for youth. As our data show, we made steady progress on this issue throughout our time in office significantly reducing hotel stays while building the infrastructure to eliminate them through months of focused effort.

In 2023, there were more than 40 youth staying in hotels, and no central tracking of these stays. At that time, DHS began removing structural barriers by tracking data statewide, enhancing data collection, raising the standard of practice, improving communication, and working with the Maryland General Assembly to expand the array of available services and increase youth placement with kin.

In 2024, we worked with lawmakers to pass and enact Maryland's Kinship Law and rate reform to place more children with family by blood and by choice and to ensure those families received the support they needed to thrive. This work expanded safe and healthy placement options for children in out-of-home care as we worked to reduce stays in hotels and unlicensed settings.

In March 2025, we focused on winding down the use of hotel stays entirely. We issued a policy requiring that our leaders be directly notified of all hotel stays and a Rapid Response Review Team (RRRT) be convened immediately after any stay was initiated to develop a plan for a safer and more sustainable placement.

In June 2025 we issued a Statement of Need to engage additional residential service providers and prevent unlicensed stays in the first place.

With these structural changes in place, on October 22, 2025, we issued a directive requiring all Local Department of Social Services to immediately stop facilitating stays in unlicensed settings and to move all youth remaining in a hotel to a placement appropriate to their needs.

Since November 20, 2025, no youth in out-of-home care have experienced a hotel stay, finally bringing this inappropriate practice to an end. Doing so has allowed us to ensure that local departments of social services adhere to our published placement hierarchy and best meet the unique needs of each young person in our collective

care.

Dramatically reducing Hospital Overstays

Similarly, we have taken important and deliberate steps to drive down the number of children experiencing a hospital overstay by over 65% in the past year.

That's the result of direct, deliberate action.

When we took office, the state lacked a centralized means of tracking youth in hospital overstays. We also found a lack of communication and coordination between placement providers, hospitals, and DHS offices. Caseworkers and managers had also grown to accept placement providers refusing to care for children experiencing hospital overstays. And contracts with placement providers were not standardized across the state, and local Departments adhered to inconsistent practices and standards.

To address these challenges, we worked with hospitals to ensure they consistently alert MDH and DHS when any young person is in the hospital longer than medically necessary through the 211, press 4 notification system.

In 2025, we built a statewide tool to monitor all hospitalized youth in DHS care and custody. We initiated weekly case reviews to better address young people's placement and treatment needs and identify potential placements before discharge.

We created a hospital liaison team focused exclusively on coordinating with hospitals and driving down overstays.

And we worked with Chapin Hall to complete a comprehensive placement needs assessment and are working to implement their recommendations.

As of February 13, 2026, there are 7 DHS youth in hospital overstay status, with 5 of those youth already having pending placements identified.

Finally tackling rate reforms to increase placement capacity

As we work to eliminate longstanding practices that do not serve Maryland's youth, we are able to do so because of our progress in prioritizing kinship care, and because of our commitment to finally tackle much-needed rate reforms and increase placement provider capacity.

When we took office we found that out-of-home-care providers' services and their rates were not directly connected to the level of care they provided. In 2025, we changed that by beginning the first phase of a rate structure that better compensated providers offering innovative programming for youth with complex needs. We invested an initial \$27 million in rate reform, continued in the state fiscal year (FY) 2026 budget, to help us reset our provider relationships. We increased our

child placement agency capacity from 1,921 to 2,013 beds across the state, a net gain of 4.8%.

The new category-based compensation and service delivery model is already yielding positive outcomes, including a broader range of available services, which directly contributes to fewer out-of-state placements, reduced hospital admissions and overstay, and decreased reliance on hotel stays. Crucially, this phase implemented clear expectations for provider partners, ensuring accountability in timely referrals, accepting Maryland youth to prevent out-of-state care, and the delivery of innovative, evidence-based services, all aligned with the core values of the Moore-Miller Administration. And we continue to implement provider rate reform, which had been stalled for over a decade previously.

Furthermore, SSA is undertaking a comprehensive policy assessment, with the assistance of leading child welfare consultants, to align all current policies with national best practices and to identify and draft policies to fill any gaps. Key policy updates that will be released in February 2026 and become effective March 1st include:

- An updated policy to align with the roll-out of statewide one-on-one contracts; and
- A first-of-its-kind, comprehensive policy that will establish consistent Child Protective Services (CPS) investigative response practices statewide.

Additionally, SSA is working to improve statewide consistency in policy implementation by transitioning from the current local department screening practice to a centralized CPS/APS hotline intake system.

Enhancing data integrity, and transparency to streamline services and identify additional areas of need.

We have made important progress in improving how we manage, maintain, and put data to work to help Marylanders.

The Board of Public Works approved the contract for the Electronic Health Passport platform on December 3, 2025. This modernizes an archaic paper process and fulfills a legislative requirement that long predates this administration. The new system will give case workers, caregivers, and medical professionals immediate access to a child's medical and behavioral health record. Additionally, SSA and MD Benefits secured unanimous approval from Chesapeake Regional Information System for our Patients (CRISP) for bi-directional data exchange, which will feed medical information for youth 11 and under in Out-of-Home care directly into CJAMS.

Last year, during the budget hearing, we introduced the committee to our interactive public dashboards, which offered regularly updated information, a significant improvement over the static, periodically posted reports previously available on our website.

Since then, we implemented a rigorous, centralized review process to eliminate reporting errors and refined our public dashboards to increase transparency. We have continued to define internal performance measures and to create the tools and practices required to proactively manage DHS performance metrics. We are also centralizing reports via cloud-based solutions, which streamlines the user experience and accelerates workforce access to quality data.

This spring, we will launch our Family Matters Performance Cabinet to rapid-prototype how performance and data can be managed at a macro level across the 24 Local Departments of Social Services, SSA and the Office of the Secretary. Our intended outcomes are to enhance outcomes for children and families via data-informed decision making and enhanced accountability at the statewide and local level as well as build an agency-wide culture of learning and accountability to understand what is working and not working.

2026 Goals

Structured Approach to Performance Management and Accountability

In October 2025, we testified before the Joint Audit and Evaluation Committee (JEAC) in response to the Office of Legislative Audit report regarding the Social Services Administration for the period of May 1, 2020 through May 31, 2024. Our entire team is committed to the charge of ensuring Maryland's vulnerable children and adults are protected from abuse and neglect. Since 2023, we have been committed to continuous improvement across three areas where significant deficiencies have been observed: 1) People, 2) Practice, and 3) Policy.

We released a [supplemental audit response document](#) to the JEAC which outlined several actions that have already been taken as well as actions that will be taken to address the audit findings. Since the audit hearing, we have taken proactive steps to ensure that we are addressing all audits with a strong cadence of accountability across the Administrations and 24 Local Departments. The purpose of the Audit Resolution Committee is to identify the root causes of findings and scalable solutions for recent audits and to design mechanisms to implement and monitor the progress of approved priority implementation plans in partnership with the Office of the Secretary and relevant Administrations.

SSA is currently transitioning its Audit, Compliance, and Quality Improvement (ACQI) team from a compliance-driven model to a comprehensive Quality Assurance (QA)

framework. This expansion includes adding regionally-based staff who will offer real-time feedback on the quality and practice of both child welfare and adult services casework.

Enhanced Partnership with Judiciary and Legal Partners

The DHS Family Matters Legal Partners workstream, hosted three listening sessions on September 10, 2025 (morning and afternoon session) and October 1, 2025. These listening sessions gathered children's attorneys, county DSS counsel/staff, judiciary/Court Improvement Program, DHS leaders and Annie E. Casey Foundation partners. The objectives of the listening sessions were to:

- Deepen shared understandings of Family Matters and Maryland's legal landscape;
- Identify bright spots as well as challenges legal partners experience in child welfare practice, including permanency for older youth; and
- Strengthen collaboration and communication between legal partners and DHS.

Across the three listening sessions a total of 33 legal partners identified a number of issues and concerns as barriers to achieving consistently positive child welfare outcomes statewide. In addition, participants expressed enthusiasm for partnership with DHS to advance the Family Matters vision for Maryland's children and families.

There were several local departments that were elevated during these listening sessions as having strong collaboration and practice that could be replicated statewide, as well as, areas of improvement in practice, data, and effective communication. As a team we have already begun to take action on many of these areas and look forward to continuing our partnership with the judiciary and legal community.

Reimagining our Engagement with Emerging Adults

Our Family Matters approach and philosophy extends to every youth in our system, especially those approaching adulthood. We remain steadfast in our commitment to the goal of eliminating the need for any youth to "age out" of care without a permanent, legal connection to family. To accelerate this work, we have launched the Results Count™ Emerging Adults Permanency Cohort, which utilizes specialized data tools to identify kin and lifelong connections for older youth who have historically lacked permanency.

We recognize the individuals most impacted by our services are the experts in refining them. To appropriately value their time and critical insights, we are developing a process to compensate young adults and families who serve on our

advisory boards and policy workgroups. This compensation initiative removes financial obstacles, ensuring authentic and equitable engagement. By formally structuring this compensation, in collaboration with our public-private partners, we are cultivating an agency environment that elevates lived experience to the status of a professional asset, guaranteeing that our policies and strategies are directly shaped by the voices of those we serve.

We are committed to ensuring a successful transition to adulthood for all eligible young people in Maryland through the statewide expansion of the Jim Casey Youth Opportunities Initiative. A core component of this effort is the "Opportunity Passport," a financial capability and asset-building program. By integrating best practices in youth engagement with strong community partnerships, this program provides practical resources and a vital financial foundation. This initiative empowers youth to manage their finances, invest in their futures, and ultimately achieve independence and self-sufficiency, leading to improved outcomes in housing, education, and overall economic stability.

Response to DLS Analysis

- 1. 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. (pg. 9 of the DLS Analysis)***

DHS Response: We concur and thank the committees.

- 2. 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. (pg. 18 of the DLS Analysis)***

DHS Response: The FY 2025 closeout 'Long Sheet' total for the Purchased Institution category is the correct total for FY 2025 expenditures. While the Table 8 from the JCR represents only part of the fiscal year (October 1, 2024 through June 30, 2025), it also includes other costs which are related but not strictly for Purchased Institution, which were included in error. A revised 2025 Report on the Implementation of the Foster Care Provider Rate Reform: Second Phase of Rate Reform was submitted to DLS on February 12, 2026 and made available to the analyst with the noted corrections.

- 3. 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. (pg. 19 of the DLS Analysis)**

DHS and MDH Response: At this time, there is no State Plan Amendment (SPA) in development, and therefore no anticipated submission date or timeline for the initiation of Medicaid claiming for residential interventions for children in out-of-home placements. Given current budget constraints and unresolved policy considerations, the Administration is not planning to pursue a SPA at this time. In particular, additional work would be required to assess whether the extent of services and expectations contemplated by DHS would qualify as a permissible use of Medicaid funds under federal law. DHS and MDH remain committed to continued coordination and dialogue to explore potential future options, should fiscal conditions and federal policy considerations allow.

- 4. DLS recommends adding language restricting funds in the fiscal 2027 budget pending submission of data on the costs associated with hotel stays. (pg. 21 of the DLS Analysis)**

DHS Response: We concur in part, for providing partial data for FY 2026 going forward, and respectfully do not concur in the request for FY 2025 fiscal data.

The technical changes to the Child, Juvenile, and Adult Management System (CJAMS) to require the standardized collection of hotel costs data were completed in July 2025. As a result, incomplete fiscal data was collected in the first quarter FY 2026 as we migrated and trained DHS staff statewide to collect this information. In October 2025, as part of the [Directive on the Use of Unlicensed Settings](#), we directed all finance staff to review any hotel expenditure, payment, or request for payment for an unlicensed setting. This has further improved the accuracy of our fiscal data concerning hotels for second quarter FY 2026. FY 2025 actual information is not available as hotel costs were not documented by local departments in a standardized manner as they may have been accounted for under flexible funds or other funding sources. Hotel costs data is already provided on a monthly basis to DLS. There are no planned funds for hotel placements in FY 2027, so no data would be provided.

In its analysis, DLS noted a request for data on costs associated with one-on-one services provided to children placed in hotels. The Maryland Board of Public Works approved one-on-one services contracts for Anne Arundel County and Baltimore City on September 10, 2025, with those awarded vendors supplying services beginning on

October 1, 2025. As a result, fiscal expenditures data for those two jurisdictions will be available beginning the second quarter of FY 2026. As of February 14, 2026, we have been informed by the Department of General Services that the one-on-one provider contracts for the other 22 jurisdictions will likely be on the March 4, 2026 or later Board of Public Works agenda for its consideration. Should these contracts be approved, we anticipate that the awarded vendors will begin supplying services beginning on April 1, 2026, with fiscal expenditure data becoming effective for the fourth quarter of FY 2026. Fiscal data on one-on-one services provided to children placed in hotels is not available for FY 2025 as these costs were not documented by local departments in a standardized manner as they may have been accounted for under flexible funds or other funding sources.

5. *DLS recommends adopting committee narrative requesting DHS provide data on child fatalities. (pg. 33 of the DLS analysis)*

DHS Response: We concur.

6. *DLS determined that the information provided [by the State Child Fatality Review Team] 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. (pg. 34 of the DLS analysis)*

DHS Response: We concur.

7. *DLS recommends 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. (pgs. 39-40 of the DLS analysis)*

DHS Response: We concur.

8. *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. (pg. 41 of the DLS analysis)*

DHS Response: Our data suggest that part of the increase in foster care re-entry in FY 2025 is due to significant dip in re-entries in FY 2024. However, we experienced a higher than average foster care re-entry rate in FY 2025. The higher rate in FY 2025 could be a regression toward the mean.

Based on our review, children reenter out-of-home care for a range of reasons, which may not have been child safety issues at the time of the prior removal, including: parental substance use, abandonment, child behaviors, inadequate access to mental health services, child substance use, runaway behaviors, neglect, physical abuse, sex trafficking, and parental death.

DHS employs a range of efforts to reduce the rate of reentry into foster care. We utilize a trial home visit as an opportunity to assess a parent's ability to safely protect their children. Efforts also include ensuring families are connected with the appropriate community services to meet their ongoing needs and promote family stability.

Stakeholder meetings and a recent Community Partnership and Services Survey completed by the University of Maryland for all 24 local departments identified several consistent challenges in accessing community services: long waiting lists, inconsistent program scheduling, and a limited number of providers in the area. Some of the services noted as a challenge were housing and mental health services for both children and adults in the household

9. DHS should discuss the decrease in in-home family preservation services provided in fiscal 2025. (pg. 42 of the DLS analysis)

DHS Response: Based on our review to date, there is no direct causal evidence supplied by the data for the decrease in in-home family preservation services for FY 2025. We are undertaking an initial assessment of the data that would require additional analysis to confirm whether the decline is directly related to lower CPS volume or influenced by other factors, such as changes in service pathways, types of cases, and/or refined case acceptance practices across local jurisdictions. In addition, our Family Matters (kinship placement) work may have impacted this number.

Child Protective Services (CPS) is the only referral source for Family Preservation Services. When CPS case numbers decline, it can naturally result in fewer families being identified for or referred to Family Preservation. Specifically, there has been an annual increase in the number of CPS reports screened out since 2023. This outcome means these reports did not meet criteria for a CPS response for various reasons, making it less likely for the families involved to be directed into the Family Preservation pathway. As overall CPS involvement decreases, the number of cases eligible for ongoing Family Preservation support may also decrease.

Response to DLS Operating Recommended Actions (pg. 45 of the DLS Analysis)

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.

DHS Response: We concur.

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 [Foster Care Maintenance Payments program (N00G00.01)], and there shall be no budgetary transfer to any other program or purpose. Funds not expended shall revert to the General Fund.

DHS Response: We concur.

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;***
- (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.

DHS Response: We concur, but request a report due date deadline of December 1, 2026 in order to receive complete data through September 30, 2026. Although CWLA appears to continue its work in updating its guidelines, as noted in our [FY 2025 JCR response](#), this CWLA effort appears to have had decreased visible progress in 2025 after a recent leadership transition.

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 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.

DHS Response: We concur, but request a report due date deadline of December 1, 2026 as end of September 2026 data will not be available and validated until November 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.

DHS Response: We concur. We continue to take corrective action on the items identified in the September 2025 report for the 2020-2024 review period and provide regular status updates.

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.

DHS Response: We concur

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.

DHS and MDH Response: We respectfully do not concur, for the reasons noted above in Narrative response #3 (pg. 19 of the DLS analysis). Should this recommended language be accepted, it will become a de facto budget reduction to critically needed services and staffing.

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.

DHS Response: We concur in part for FY2026 actual expenditures, FY 2027 and FY 2028 estimates, as they become available. We respectfully request a due date of December 15, 2026 for the submission of FY 2026 actual expenditures as the budget closeout process may not be completed until then. We do not concur for FY 2025 actual expenses, as discussed in DLS narrative response #4 (pg. 11 of the DLS Analysis). This information does not exist in a standardized form.

9. Legislative Report: Update on the implementation of provisions of the federal FFPSA Due Date November 1, 2026

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 (Q RTP) 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 Q RTP 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*

DHS Response: We concur.

10. Legislative Report: Report on child fatalities Due Date January 11, 2027

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.

DHS Response: We concur.

11. Add the following language to the general fund appropriation [Foster Care Maintenance Payments program (N00G00.01)]:

, 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.

DHS Response: We respectfully do not concur. While we concur with the intent of this language, in practice this language prevents any additional recouped funds after maximizing federal match from being reinvested to better support families.