



Maryland

Department of Human Services

Treatment Foster Care Sufficiency Study

Completed pursuant to Chapter 528 (2025)

December 22, 2025



DEPARTMENT OF HUMAN SERVICES

Wes Moore, Governor · Aruna Miller, Lt. Governor · Rafael López, Secretary

December 22, 2025

The Honorable Joseline A. Peña-Melnyk
Speaker of the House
H-101 State House
100 State Circle
Annapolis, MD 21401

The Honorable Bill Ferguson
President of the Senate
H-107 State House
100 State Circle
Annapolis, MD 21401

Re: Senate Bill 833 – Study on State Supports for Private Treatment Foster Care Homes

Dear Speaker Peña-Melnyk and President Ferguson:

In accordance with [Senate Bill 833](#) (2025), the Maryland Department of Human Services (DHS) submits the enclosed report examining State supports available to private treatment foster care (TFC) providers, as specified in § 5–525.2 of the Family Law Article. With the passage of SB 833, the General Assembly directed DHS to assess whether financial or other forms of State support would be appropriate and beneficial to assist private TFC providers in carrying out their responsibilities.

To fulfill this requirement, DHS engaged Public Consulting Group, Inc. (PCG) to conduct the study. The analysis included a review of foster care payment structures, relevant federal and State cost benchmarks, and stakeholder input through the Quality Services Reform Initiative (QSRI) Subgroup, which includes representation from private providers, local departments of social services, and State agencies.

The study identified differences in access to child care support between public and private foster families. While both groups receive Board Payments as the foundational maintenance rate, public foster families and kinship caregivers may access child care assistance through the Child Care Scholarship (CCS) program. Private TFC families do not have access to CCS and instead rely on Difficulty of Care (DOC) payments, which are not specifically designed to offset child care expenses. Although ongoing Child Placement Agency (CPA) rate reform will increase Board Payments for both public and private foster homes, the study finds that these increases do not fully address the disparity in child care support.

Based on these findings, the report identifies several options for consideration, including expanding CCS eligibility to private TFC families, modifying DOC payments to more explicitly account for child care costs, or adopting a hybrid approach. Each option has fiscal and administrative implications that likely require further analysis and coordination with relevant State partners, including the Legislature.

DHS submits this report in fulfillment of the General Assembly's directive and will review the options identified and assess the feasibility of implementation, alignment with CPA rate reform, administrative capacity, and available resources.

If you should require additional information, please contact Justin Hayes, Acting Director of Government Affairs, at justin.hayes1@maryland.gov.

In service,

A handwritten signature in black ink, appearing to read 'Rafael López', written in a cursive style.

Rafael López
Secretary

cc: Carnitra White, Principal Deputy Secretary
Dr. Alger Studstill, Executive Director, Social Services Administration

Treatment Foster Care Sufficiency Study

Legislative Report



PUBLIC[™]
CONSULTING GROUP

BACKGROUND

In 2025, the Maryland General Assembly introduced Senate Bill 833 (SB833) in the State Senate. The original version of the bill proposed reallocating a portion of the Department of Human Services' (DHS) annual budget to provide child care stipends to certain private treatment foster care (TFC) homes. The purpose of these stipends was to help offset child care expenses for foster parents providing specialized services. Following consideration of testimony and stakeholder input, SB833 was revised to instead require DHS to conduct a comprehensive study to determine the types of State support, whether financial or otherwise, that would be appropriate and beneficial to assist private providers of treatment foster care homes, as defined in § 5–525.2 of the Family Law Article, in carrying out their responsibilities. The revised legislation was enacted on May 13, 2025.

To fulfill this mandate, DHS engaged its contracted consultant, Public Consulting Group, Inc. (PCG), to conduct the study. PCG was selected based on its ongoing partnership with DHS and its established role in supporting the Department's child welfare rate reform initiatives. Rate reform is a statewide effort to modernize payment methodologies for Child Placement Agencies (CPAs), including both public and private treatment foster care and residential providers. A central component of this initiative is the proposed increase to Board Payments for all foster homes. These increases reflect inflation-adjusted costs of housing, food, utilities, and other essential supports and represent an important step toward ensuring that payments are more closely aligned with the true cost of care.

PCG also facilitates the Quality Services Reform Initiative (QSRI) Subgroup, a body composed of key stakeholders, including representatives of private providers (both residential and CPAs), Local Departments of Social Services, and State leadership. The subgroup provided valuable expertise and feedback to ensure the study reflected both fiscal realities and the lived experiences of those providing services in the field.

METHODOLOGY

The study sought to identify and compare the support available to public and private foster care families in Maryland, with a particular focus on child care expenses. The analysis began with a comprehensive review of existing payment structures for foster care, identifying both the base Board Payments and supplemental supports. Board Payments, often referred to as room and board, serve as the foundation of foster parent compensation and are designed to cover essential costs such as housing, food, clothing, utilities, transportation, and other household expenses.

To establish fair and representative Board Payment levels, the QSRI Subgroup and PCG developed categories of expenses grounded in federal guidance and data sources, including HUD Fair Market Rents, USDA food cost data, and BLS Consumer Expenditure Surveys. These benchmarks were then adjusted to Fiscal Year 2024 dollars using cost adjustment factors derived from Maryland's gross domestic product for Health Care and Social Assistance. When preliminary models were presented to the Subgroup, stakeholders emphasized that certain costs such as diapers and child care had not been sufficiently accounted for. The model was subsequently revised to include diaper costs and to incorporate a review of child care funding mechanisms.

The study further examined the Child Care Scholarship (CCS) program, which is available to public foster families and formal kinship caregivers, and compared it to the Difficulty of Care (DOC) payments provided to private TFC families. Data sources included the 2024 Maryland Market Rate Survey conducted by the Maryland State Department of Education (MSDE), which provided detailed information on average weekly tuition costs across child care settings. These costs were compared to DOC payments reported in Fiscal Year 2024 model budgets submitted by private providers.

Finally, the study incorporated qualitative feedback from stakeholders in the QSRI Subgroup. This engagement ensured that the analysis reflected not only quantitative financial data but also the practical realities and challenges experienced by providers and foster families.

FINDINGS

The analysis revealed important differences between the support available to public and private foster families. Both groups receive a Board Payment as the basic maintenance rate. However, public foster families and kinship caregivers are additionally eligible for the CCS program, which provides targeted financial support for child care under specific conditions, such as employment or participation in training. The subsidy rates are based on Maryland's Market Rate Survey, which reported average weekly tuition costs ranging from \$251.07 to \$314.32. For this study, \$282.70 was used as the benchmark for average weekly child care costs.

Private foster families, by contrast, do not have access to CCS. Instead, they rely on the Difficulty of Care payment, which is included in the overall rate issued to CPAs by MSDE. While DOC is meant to recognize the added costs of caring for children with more complex needs, it is not designed specifically for child care. Fiscal Year 2024 data showed DOC payments ranging from \$150.43 to \$477.79 per week. Of the 44 providers receiving DOC payments, only seven received payments above the \$282.70 benchmark, and those providers primarily served medically fragile youth or teen mothers.

This creates a significant inequity between public and private foster care. Public foster parents benefit from targeted child care subsidies, while private foster parents must stretch DOC stipends across a wide array of needs. Many private foster families experience financial strain, which may undermine placement stability and discourage providers from serving children with more complex needs.

It is important to note that the concurrent CPA rate reform effort will raise Board Payments for both public homes and private TFC homes, reflecting inflation-adjusted costs of care. These reforms represent meaningful progress toward aligning payments with actual costs. However, rate reform does not resolve the inequity in access to child care supports. Without further State intervention, private providers will remain at a disadvantage despite the overall increases in Board Payments.

RECOMMENDATIONS

Based on the findings, PCG and in consultation with the QSRI Subgroup, recommends that the State consider reforms that build on CPA rate reform to ensure equitable support across foster care systems. One option is to expand the CCS program to include private foster families affiliated with CPAs, thereby aligning child care funding mechanisms across placement types. This would require coordination with MDSE to assess the impact of this transition both to the cost of the CCS program cost, but also the costs of the additional administrative burden.

Another option is to enhance the DOC payment structure to more explicitly account for child care costs. This would allow DOC payments to continue recognizing extraordinary expenses while closing the funding gap for child care. A hybrid approach—expanding CCS eligibility for standard child care while reserving DOC for extraordinary needs—may offer the most effective and equitable path forward. Implementing the additional cost to DOC is dependent on the overall CPA rate reform funding and cost of child care would need to be evaluated after implementation of the other portions of CPA rate reform.

CONCLUSION

The Maryland General Assembly tasked DHS with conducting this study to determine what types of State support would best assist private TFC providers. With technical assistance from PCG and collaboration from the QSRI Subgroup, the study has identified a persistent inequity: public foster families may access

child care subsidies through CCS, while private foster families cannot, leaving them dependent on DOC stipends that are often insufficient.

Accordingly, PCG concludes that expanding CCS eligibility, enhancing DOC payments to explicitly cover child care, or adopting a hybrid solution would complement the State's broader rate reform efforts. Implemented together, these actions would bring greater equity to foster care support, strengthen provider capacity, and improve outcomes for children and families across Maryland.