


**DEPARTMENT OF HUMAN RESOURCES  
SOCIAL SERVICES ADMINISTRATION  
311 WEST SARATOGA STREET  
BALTIMORE, MARYLAND 21201**

**DATE** February 1, 2015

**POLICY #** SSA-CW # 15-12

**TO:** Directors, Local Departments of Social Services  
Assistant Directors of Social Services  
Local Departments of Social Services  
Resource Unit Administrators and Staff

**FROM:**   
Deborah Ramelmeier, Acting Executive Director  
Social Services Administration

**RE:** Verification for Non-reimbursable Expenses Incurred by  
Public Resource Parents and Approved Kinship Parents  
for Potential Maryland Tax Benefits (H.B. 699)

**PROGRAMS AFFECTED:** Out-of-Home Placement Services (Foster Care Services)  
And Resource Units

**ORIGINATING OFFICE:** Placement Services and Inter-Agency Initiatives

**ACTION REQUIRED OF:** All Local Departments

**REQUIRED ACTION:** Implement policy and procedures when responding to  
requests for resource parents verification of non-  
reimbursed expenses not covered under SSA Policy  
Directive #11-19

**ACTION DUE DATE:** Immediately

**CONTACT PERSON:** Anita T. Wilkins, Program Manager  
Placement Services and Inter-Agency Initiatives  
410-767-7119  
[Anita.Wilkins@maryland.gov](mailto:Anita.Wilkins@maryland.gov)

## **PURPOSE:**

The purpose of this policy directive is to provide guidance to local departments of social services to ensure that approved public resource/kinship parents are able to request verification for non-reimbursable expenses incurred outside of the current board rate, in order to be potentially eligible for the subtraction modification in their adjusted gross income on Maryland State Taxes as allowed in H.B. 699. **This policy directive is not intended to provide or replace tax advice to resource/kinship parents.**

## **BACKGROUND:**

House Bill 699 was signed into law by Governor Martin O'Malley in May of 2014 and became effective on 07/01/14. According to SSA Policy Directive #11-19, public providers are currently only reimbursed for certain expenses incurred which are covered under the foster care board rate. The expenses include but are not limited to food, housing, utilities, transportation, bedding, toiletry items....etc. Although these expenses are included in the monthly stipend, public providers may at times incur expenses over and beyond the required allowance. This bill allows a subtraction modification for additional expenses that are not covered under the above mentioned expenses. A public provider would now be allowed a Maryland tax benefit for non-reimbursed expenses which they incur on behalf of a foster child. The expenses are an allowable subtraction and therefore will allow for a reduction of the provider's adjusted gross income when filing their annual Maryland income taxes. The subtraction modification will not only enable our providers to continue their commitment of fostering our youth in care, but also be reassured that the State of Maryland values their continued dedication.

## **ACTION:**

Local departments are required to ensure that active public resource/approved kinship parents be allowed to request verification for unreimbursed expenses outside of those covered under the monthly stipend. The local department must allow public resource/approved kinship parents the ability to request verification of the non-reimbursable expense(s) they have paid for outside of the monthly board rate to the resource home worker utilizing the attached Verification of Non-Reimbursable Expenditures Form (ATTACHMENT A). This expenditure verification form should be given to providers during the resource home recertification. The home worker should document that they informed the public resource/approved kinship parent of the tax subtraction in their CHESSIE contact notes (ATTACHMENT B), as well as scan the expenditure verification form into the resource/kinship parent's CHESSIE file cabinet (ATTACHMENT C).

The local departments are responsible for ensuring that the expense is in fact non-reimbursable. "Necessary expense" means that the expense is appropriate for the foster child and helpful to the resource/kinship parent in rearing the child.

In verifying items purchased, local departments shall be careful not to be overly judgmental about the non-reimbursable items and remember that the subtraction modification is per child. For example, a resource parent may pay for music lessons for more than one child. In such situations, the expense should be separately itemized and allocated to show the amount of such expense for each child.

As a part of the verification process, the resource home worker should consult with the case worker of the child(ren), only if clarity is needed on any particular expenditure. Local departments should encourage the resource/kinship parent to keep a copy of the verification form and receipts for tax preparation and auditing purposes. When reviewing the verification form and expenses with the provider, the local department should specifically inquire of the provider whether or not s/he received any allowance or reimbursement from any public or private agency for any of the expenses listed on the verification form.

The following are examples of some non-reimbursable necessary expenditures that resource/kinship parents may utilize as part of the subtraction modification:

- Medical and therapeutic expenses not covered by insurance, including eye glasses and braces
- Daycare expenses not covered by the local department
- Annual Vacations/Trips (expenses related to the foster child only)
- Expenses incurred as a result of a new placement outside of the initial and monthly clothing allowance
- Expenses for extracurricular activities
- Expenses for music and tutoring lessons
- Expenses for after-school care and babysitting
- Expenses for social gatherings like sleepovers and birthday parties, and gifts so the foster child can attend social gatherings organized by family or friends
- Purchases of items for school including uniforms, school supplies, and computer equipment
- Purchases of safety equipment or home modifications to protect a foster child from injury, including car and booster seats, strollers, child gates, outlet covers, and door locks
- Purchases of recreational equipment including bicycles, skateboards, and protective clothing like helmets and knee/elbow pads

**For all of the above examples: Before submitting such expenses the resource/kinship parent should be advised to consult with his/her tax advisor or a qualified tax preparer because inclusion of this expense may negatively affect his/her eligibilty to claim a child and dependent care credit on his/her federal and/or state income tax return.**

It is important to note that the resource/kinship parent should complete a separate form for each child to ensure the non-reimbursable expenses are itemized per child.

Questions concerning this directive should be addressed to:

Anita T. Wilkins, Program Manager  
Placement Services and Inter-Agency Initiatives  
Social Services Administration  
410-767-7119  
[Anita.Wilkins@maryland.gov](mailto:Anita.Wilkins@maryland.gov)

OR

April Edwards, Resource Home/Well-being Supervisor  
Placement Services and Inter-Agency Initiatives  
Social Services Administration  
410-767-7195  
[April.Edwards@maryland.gov](mailto:April.Edwards@maryland.gov)

Verification of Acceptable Non-Reimbursable Expenditures

**Name of Provider:**

**Provider ID#:**

**Tax Year:**

**Date of Submission:**

Child	Date of Expense	Description of Expenditure(s)	Amount of Expense	Approval Yes/No (Initials)

By signing this form, I, the provider identified above, hereby solemnly affirm under penalties of perjury that I have not received any reimbursement or allowance from any public or private agency for any of the expenses listed herein.

Provider's Signature: \_\_\_\_\_ Date: \_\_\_\_\_

The \_\_\_\_\_ Department of Social Services hereby certifies that the above named provider is approved by the local department to provide 24 hour care for a foster child in the house where the above mentioned provider resides and that the above itemized expenses have been approved as necessary.

Home Worker's Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Supervisor's Signature: \_\_\_\_\_ Date: \_\_\_\_\_

ATTACHMENT A

ATTACHMENT B

**Contact Details - Providers (#0)**

**Details** | **Comments** | **Quality of Care**

ID: \_\_\_\_\_ Source: \_\_\_\_\_ Name: \_\_\_\_\_  
\* Date: [12/05/2014] \* Time: [10:01 AM]  
-  Contact Initiated  
-  Contact Received  
Search Authored By: \_\_\_\_\_ Entered By: User, Super

\* Type of Contact: [Face to Face] \* Location: [DHR Office]  
\* Duration of Contact: [ ] hrs [ ] mts Travel Time: [ ] hrs [ ] mts \* Status: [Completed]

Participants Select Collateral Select

\* Reasons Select Non Client/Non-Collateral Edit  
Advocacy

Visitation Log **OK** **Save** **New** **Cancel** **Help**

2/05/2015 03:24 pm

ATTACHMENT C

Entered By	Entered Date	Comments Type
Super User	2/5/2015 15:32:08	Narrative

\* Comments Edit

This writer spoke with Mr. or Mrs. \_\_\_\_\_ regarding their eligibility for the HB 699 subtraction modification. This policy was explained and the provider was the Verification of Non-reimbursable Expenditures Form.

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