

Department of Legislative Services
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FISCAL AND POLICY NOTE
Revised

Senate Bill 487

(Senator King, *et al.*)

Education, Health, and Environmental Affairs

Health and Government Operations

Child Care - Providers and Maryland Child Care Subsidy Program

This bill requires, subject to specified exceptions, for a family child care home that participates in the Maryland Child Care Subsidy Program to register with the Maryland State Department of Education (MSDE) and comply with regulations that are applicable to registered providers. Individuals receiving assistance under the subsidy program must use a registered family child care home or a licensed child care center unless specified conditions relating to informal child care are met. MSDE must establish specified programs and comply with reporting requirements relating to the advantages of using licensed child care and the number of children in informal care or who have transitioned from informal care.

Fiscal Summary

State Effect: Potential minimal increase in general and federal fund expenditures to the extent that the bill decreases the use of informal care and correspondingly increases the use of regulated child care, which receive higher payment rates under the subsidy program. MSDE can use existing budgeted resources to license and monitor additional providers. In addition, the bill may help protect federal funding by ensuring that Maryland law complies with federal requirements.

Local Effect: The requirement for additional child care providers receiving subsidies to register with MSDE may result in additional requests for inspections performed at the local level, by entities such as fire departments and health departments. Any potential increase in inspection costs is not anticipated to materially impact local government finances.

Small Business Effect: Minimal. The requirement for additional provider receiving subsidies to register with MSDE and for individuals receiving subsidy assistance to only use registered or licensed providers, unless specified conditions are met, may reduce the

number of individuals continuing to provide informal child care and correspondingly increase business at other child care facilities.

Analysis

Bill Summary: A family child care home is not required to be registered if, before October 1, 2015, the home participated in the subsidy program, was not registered, and the home's participation in the subsidy program was continuous. Providers meeting these provisions must be registered beginning October 1, 2016, if the home is not an "eligible child care provider," as defined in specified federal law.

An individual may use an informal child care provider if (1) the provider is an eligible child care provider, as defined in specified federal law and (2) there is neither a registered family child care home nor a licensed child care center that is willing to provide care for the individual's child during the hours of care required by the individual located within 10 miles of the individual's residence. An individual may also use a family child care home that complies with the registration provisions as described above.

MSDE must establish programs to (1) encourage child care providers and providers of informal child care to participate in the federal Child and Adult Care Food Program and (2) promote awareness among families using informal child care of the advantages of using licensed child care and options for accessing licensed child care in their communities. MSDE must adopt regulations to implement these programs.

By December 31 of 2016, 2017, and 2018, MSDE must report to the General Assembly on the number of children in informal child care and the number of children who have transitioned from informal child care to registered family child care providers and licensed child care centers.

Current Law: Generally, a family child care home or large family child care home may not operate unless it is registered. A family child care home is not required to be registered if the child care provider (1) is related to each child by blood or marriage; (2) is a friend of each child's parents or legal guardian and the care is provided on an occasional basis; or (3) has received the care of the child from a child placement agency licensed by the Department of Human Resources or by a local department of social services.

MSDE must adopt regulations relating to the registration of family child care homes. The regulations must establish minimum standards of environmental health and safety, including provisions for adequate and safe physical surroundings, the physical and mental health of child care providers, and the investigation of any criminal record of a child care provider. In addition to other provisions, regulations adopted by MSDE also include

provisions relating to announced and unannounced inspections, mandatory cardio pulmonary resuscitation and first aid training, and emergency preparedness plans.

Under federal law, in addition to licensed or registered child providers, an “eligible child care provider” includes a child care provider that is 18 years of age or older who provides child care services only to eligible children who have specified familial relationships and who comply with any applicable requirements that govern child care provided by the relative involved.

Background: The Maryland Child Care Subsidy Program provides subsidies for recipients of Temporary Cash Assistance with children and low-income families who meet eligibility requirements. In fiscal 2014, more than 10,000 families received a subsidy, which is provided in the form of a voucher that can be used to purchase care from a child care provider. While child care subsidies may be used to purchase care from licensed (or registered) child care providers pursuant to Title 13A of the Code of Maryland Regulations, the child care subsidy program also allows for vouchers to be used when care is provided on an informal basis by (1) a relative in the relative’s home or in the child’s home; (2) a nonrelative in the child’s home; or (3) a nonrelative in the nonrelative’s home for less than 20 hours per month. Informal child care providers are not required to be licensed under State law. According to MSDE, as of October 2014 (the most recent data available), there are 704 nonlicensed providers currently active and receiving subsidy payments.

The 2014 reauthorization of the Child Care and Development Block Grant Act, which provides federal funding for the Maryland Child Care Subsidy Program, includes requirements for states to develop and implement various monitoring, safety, and training requirements for child care providers receiving subsidies. MSDE advises that the federal law still allows states to exempt relatives who receive subsidies from the new requirements, but nonrelatives providing certain types of informal care will be required to comply with the new requirements. Licensed providers who receive subsidies are already subject to such requirements under existing State law relating to requirements for registered child care providers. However, MSDE indicates that the bill may help protect federal funding by ensuring that the State is in compliance with the federal law as it pertains to nonrelatives who provide certain types of informal care and receive subsidies, but are not required to be licensed under current State law.

The Child and Adult Care Food Program subsidizes eligible child care centers, adult day care centers, family child care homes, and after school programs for meals and snacks served to children and eligible adults. Meals must meet nutrition requirements including meal patterns established by the U.S. Department of Agriculture.

Additional Information

Prior Introductions: None.

Cross File: HB 641 (Delegate Kelly, *et al.*) - Health and Government Operations.

Information Source(s): Maryland State Department of Education, U.S. Department of Health and Human Services, Department of Legislative Services

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