

Department of Legislative Services
Maryland General Assembly
2018 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 941
Appropriations

(Delegate Queen, *et al.*)

Child Care Subsidy Program – Unemployment – Eligibility

This bill requires the Maryland State Department of Education (MSDE) to administer the Child Care Subsidy (CCS) Program in accordance with federal law. An individual is eligible to continue to receive a subsidy for up to 90 days in a year if the individual is unemployed, seeking employment, and meets any other eligibility criteria determined by MSDE. MSDE must adopt regulations to implement the bill’s provisions.

Fiscal Summary

State Effect: None. The bill codifies existing practice as discussed below.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law/Background: In Maryland, the CCS program is administered by MSDE. For each child needing care, the family receives a voucher that indicates the subsidy rate and the parent’s assigned co-payment. The family uses the voucher to purchase child care directly from the provider of their choice. The State pays the subsidy to providers, while the parent pays the required co-payment and any remaining balance between the actual rate charged by the provider and the voucher amount. The proposed fiscal 2019 State budget includes \$90.7 million in total funds for the CCS program (\$47.1 million federal funds/\$43.5 million general funds). Additionally, \$45.4 million in federal funds supports CCS administrative costs at MSDE.

The Child Care and Development Fund serves as the primary source of federal funding to states to help provide child care assistance for low-income families through CCS programs. The Child Care and Development Block Grant Act of 2014 reauthorized the program for the first time since 1996. The reauthorizing legislation shifts the focus from one largely dedicated to enabling low-income parents to work, to an increased emphasis on promoting positive child development and wellness through greater child care quality, safety, and access requirements.

Included in the reauthorization is the requirement for a 12-month eligibility period. Under the former practice, the State issued vouchers for up to 12 months based on the work activity of the parent. The reauthorization establishes a minimum 12-month eligibility period for families, regardless of changes in income or temporary changes in participation in work, training, or education activities. This 12-month eligibility requirement went into effect during fiscal 2017. States have the option to terminate assistance prior to 12 months only if the state provides parents at least 3 months to engage in job searching, resume work, or attend an education or training program. In accordance with federal requirements, MSDE has implemented procedures so that when families experience a temporary cessation in work activities, the voucher remains active for a 3-month period.

Although the bill requires a period of *up to* 90 days, because it also requires MSDE to administer the program in accordance with federal law, for purposes of this estimate it is assumed that the intent is for *at least* three months (depending on the specific months, it could be more or less than 90 days) to be required; therefore, the bill has no fiscal impact. However, if the intent is otherwise, the State would be out of compliance with federal law, jeopardizing federal funding.

Additional Information

Prior Introductions: None.

Cross File: None.

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

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md/rhh

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