

MARYLAND REGISTER

Emergency Action on Regulations

TO BE COMPLETED BY AELR COMMITTEE	EMERGENCY Transmittal Sheet	TO BE COMPLETED BY DSD
Date Received by AELR Committee		Date Filed with Division of State Documents
10/14/2014		
Emergency Status Approved		Document Number
-Yes-No		
Emergency Status Begins On		Date of Publication in MD Register
On		
Emergency Status Ends On		
On		
Name of AELR Committee Counsel		

1. COMAR Codification

Title Subtitle Chapter Regulation

13A 14 06 09

2. Name of Promulgating Authority

Maryland State Department of Education

3. Name of Regulations Coordinator

Charlene L Necessary

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4. Name of Person to Call About this Document

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5. Check applicable items:

- New Regulations

- Amendments to Existing Regulations

- Repeal of Existing Regulations

- Incorporation by Reference of Documents Requiring DSD Approval

6. Date Requested for Emergency Status to Begin: 1/1/2015

Date Requested for Emergency Status to Expire: 4/1/2015

7. Agency Will Take the Following Action on These Regulations

- Promulgate them in accordance with State Government Article, §§ 10-101 -- 10-126

- Allow them to expire

8. Is there proposed text which is identical to emergency text:

- Yes - No

9. Check the following item if it is included in the attached document:

- Incorporation by Reference (IBR) approval form(s) attached and 18 copies of documents proposed for incorporation submitted to DSD. (Submit 18 paper copies of IBR document to DSD and one copy to AELR.)

10. Reason for Request for Emergency Status

On January 16, 2014, a Memorandum of Agreement between MSDE and the Service Employees International Union was approved by Governor Martin O'Malley under which the State agreed to begin paying a 2.5% child care subsidy rate increase to licensed child care providers. Pursuant to the Memorandum of Agreement, this rate increase is to become effective January 1, 2015. This emergency action permits the rate increase to occur on that date.

11. Certificate of Authorized Officer

I certify that the attached document is in compliance with the Administrative Procedure Act. I also certify that the attached text has been approved for legality by Christle Sheppard-Southall, Assistant Attorney General, (telephone #410-767-7829) on October 3, 2014. A signed copy of the approval is on file at this agency.

Name of Authorized Officer

Charlene L. Necessary

Title

Regulations Coordinator

Telephone No.

410-767-0467

Date

October 9, 2014

Title 13A
A STATE BOARD OF EDUCATION
Subtitle 14 CHILD AND FAMILY DAY CARE

13A.14.06 Child Care Subsidy Program

Authority: Family Law Article, §§5-550, 5-551, and 5-573, Annotated Code of
Maryland Agency Note: Federal Regulatory Reference—45 CFR 98, 99

Notice of Emergency Action

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The Joint Committee on Administrative, Executive, and Legislative Review has granted emergency status to amendments to Regulation .09 under COMAR 13A.14.06 Payments for Child Services.

Emergency status began:

Emergency status expires:

Comparison to Federal Standards

There is no corresponding federal standard to this emergency action.

Estimate of Economic Impact

I. Summary of Economic Impact.

Please see explanations give under Types of Economic Impact.

I. Summary of Economic Impact.

These proposals increase child care subsidy rates for formal child care providers and informal child care providers by 2.5%. This is expected to result in an increase in State costs of an estimated \$1,994,267 during the 12 months following implementation.

II. Types of Economic Impact.

Revenue (R+/R-)

Expenditure (E+/E-) Magnitude

A. On issuing agency:	NONE	
(1) Increase formal child care subsidy provider rate	(E+)	\$1,883,056
(2) Increase informal child care subsidy provider rate	(E+)	\$111,211
B. On other State agencies:	NONE	
C. On local governments:	NONE	

Benefit (+) Cost (-)	Magnitude
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D. On regulated industries or trade groups:	NONE	
(1) Increase formal child care subsidy provider rate	(+)	\$1,883,056
(2) Increase informal child care subsidy provider rate	(+)	\$111,211
E. On other industries or trade groups:	NONE	
F. Direct and indirect effects on public:	NONE	

III. Assumptions. (Identified by Impact Letter and Number from Section II.)

A(1). Cost Impact of Increasing Child Care Subsidy Rates for Formal Child Care Providers: State has higher costs because subsidy rates will increase and copays will remain the same.

- Projected number of children receiving formal care, SFY 2015: 16,813
- Average cost per child: \$4,489
- Total annual cost: \$75,473,557
- Estimated average cost per child after 2.5% increase: \$4,602
- Estimated total annual cost: \$77,356,613
- Total estimated cost increase: \$1,883,056

A(2). Cost Impact of Increasing Child Care Subsidy Rates for Informal Child Care Providers: State has higher costs because subsidy rates will increase and copays will remain the same.

- Projected number of children receiving informal care, SFY 2015: 2,293
- Average cost per child: \$1,879
- Total annual cost: \$4,308,547
- Estimated average cost per child after 2.5% increase: \$1,927.5
- Estimated total annual cost: \$4,417,465
- Total estimated cost increase: \$111,211

D(1). Same as for A(1) above.

D(2). Same as for A(2) above

Economic Impact on Small Businesses

The emergency action has a meaningful economic impact on small business. An analysis of this economic impact follows.

Intended Beneficiaries

The proposed 2.5% subsidy payment rate increase will benefit both child care businesses (providers) offering child care subsidy services and households (families) eligible to receive those services. The benefits will result from: (1) increasing child care subsidy formal provider rates to 41st percentile of January 2007 market rates to support parental choice by maintaining state child care subsidy rates at competitive levels, as specified above; and (2) helping to support informal child care as an economically viable occupation.

Intended Beneficiaries: Households

Increasing both child care subsidy formal and informal provider payment rates will reduce the overall amount of out-of-pocket costs to families who would otherwise be responsible to pay additional fees to cover the difference between the actual cost of care and the state subsidy. Increasing child care subsidy provider payment rates will also improve eligible families' access to child care by offering them a wider choice among potential providers.

Intended Beneficiaries: Businesses

The proposed regulation will benefit Maryland's regulated child care industry, which is composed almost entirely of small businesses. The regulation will increase provider revenue by increasing the reimbursement rate for any Child Care Subsidy Program children currently in care, it may make it more economically feasible for them to take in Child Care Subsidy Program children, and it may decrease the risk associated with co-payment collections.

Other Direct or Indirect Impacts: Adverse

Since the proposed regulation does not require any action to be taken by child care providers, it will not involve any compliance-related costs or additional expenses for those providers. No adverse effects, direct or indirect, are anticipated.

Other Direct or Indirect Impacts: Positive

The regulation's economic benefit to the child care industry is noted above. Providers may use some portion of this benefit to improve or expand their child care operations (for example, increase staff wages, hire more staff, purchase additional equipment, expand the child care facility, etc.). To the extent that this occurs, the regulation will have some indirect positive effect. There is no data available to allow quantification of this effect.

Long-Term Impacts

No long-term effects on Maryland small businesses are anticipated which may differ from, compound, mitigate, or offset the initial effects described above.

Estimates of Economic Impact

(1) Cost of providing goods and services:

The proposals will raise the State cost of child care subsidy services by \$1,886,994 for formal providers and \$107,714 for informal providers in SFY 2015 beginning on January 1, 2015. The proposals should have no other effect on the cost of providing goods and services.

(2) Effect on the work force:

As noted above, the proposals may have some indirect positive effect on child care industry employment and/or compensation.

(3) Capital investment, taxation, competition, and economic development:

As noted above, there may be some indirect effect on capital investment by some child care businesses wishing to expand their operations. There may also be some effect (unquantifiable) on the tax position of those child care businesses that realize an actual increase in revenues as a result of the provider rate increase.

(4) Consumer choice:

As noted above, consumer choice is expected to be affected positively by maintaining or improving accessibility to child care subsidy services.

Economic Impact Statement Part C

A. Fiscal Year in which regulations will become effective: FY 15

B. Does the budget for the fiscal year in which regulations become effective contain funds to implement the regulations?

Yes

C. If 'yes', state whether general, special (exact name), or federal funds will be used:

Federal funds.

D. If 'no', identify the source(s) of funds necessary for implementation of these regulations:

E. If these regulations have no economic impact under Part A, indicate reason briefly:

F. If these regulations have minimal or no economic impact on small businesses under Part B, indicate the reason and attach small business worksheet.

G. Response to small business worksheet:

Attached Document:

Title 13A STATE BOARD OF EDUCATION

Subtitle 14 CHILD AND FAMILY DAY CARE

Chapter 06 Child Care Subsidy Program

Authority: Family Law Article, §§5-550, [5-551]5-561, and [5-573]5-570, Annotated Code of Maryland

Agency Note: Federal Regulatory Reference—[45 CFR 98, 99]Child Care and Development Fund 45 CFR 98.50

.09 Payments for Child Care Services.

A. (text unchanged)

B. Rate of Payment and Cost Guidelines — Family Child Care Home.

(1)—(2) (text unchanged)

(3) The regional weekly service unit rates specified in this subsection are based on three units of service per day. For two-unit and one-unit regional weekly rates, multiply by $\frac{2}{3}$ and $\frac{1}{3}$, respectively, the following regional weekly rates:

(a) Rate for a child 24 months old or older:

(i) Region U—~~[\$91.35]~~\$93.63;

(ii) Region V—~~[\$81.08]~~\$83.11;

(iii) Region W—~~[\$113.14]~~\$115.97;

(iv) Region X—~~[\$143.83]~~\$147.43;

(v) Region Y—~~[\$113.09]~~\$115.91;

(vi) Region Z—~~[\$83.38]~~\$85.46; and

(vii) Region BC—~~[\$103.76]~~\$106.35; or

(b) Rate for a child younger than 24 months old:

(i) Region U—~~[\$120]~~\$123.00;

(ii) Region V—~~[\$97.89]~~\$100.34;

(iii) Region W—~~[\$152.89]~~\$156.71;

(iv) Region X—~~[\$180]~~\$184.50;

(v) Region Y—~~[\$145]~~\$148.63;

(vi) Region Z—~~[\$95]~~\$97.38; and

(vii) Region BC—~~[\$137.64]~~\$141.08.

C. Rate of Payment and Cost Guidelines — Child Care Center and Large Family Child Care Home.

(1) (text unchanged)

(2) The regional weekly service unit rates specified in this subsection are based on three units of service per day. For two-unit and one-unit regional weekly rates, multiply by 2/3 and 1/3, respectively, the following regional weekly rates:

(a) Rate for a child 24 months old or older:

- (i) Region U—~~[\$105.60]~~\$108.24;
- (ii) Region V—~~[\$89.02]~~\$91.25;
- (iii) Region W—~~[\$122.92]~~\$126.00;
- (iv) Region X—~~[\$162.87]~~\$166.95;
- (v) Region Y—~~[\$125.06]~~\$128.18;
- (vi) Region Z—~~[\$85.65]~~\$87.79; and
- (vii) Region BC—~~[\$109.42]~~\$112.16; or

(b) Rate for a child younger than 24 months old:

- (i) Region U—~~[\$168.21]~~\$172.42;
- (ii) Region V—~~[\$143.21]~~\$146.79;
- (iii) Region W—~~[\$195]~~\$199.88;
- (iv) Region X—~~[\$255]~~\$261.38;
- (v) Region Y—~~[\$203.21]~~\$208.29;
- (vi) Region Z—~~[\$110]~~\$112.75; and
- (vii) Region BC—~~[\$183.21]~~\$187.79.

D. The informal child care weekly service unit rates specified in this section are based on three units of service per day. For two-unit and one-unit regional weekly rates, multiply by 2/3 and 1/3, respectively, the following jurisdictional weekly rates:

(1) Rate for a child 24 months old or older:

(a) Allegany County—~~[\$52.44]~~\$53.76;

- (b) Anne Arundel County—~~[\$55.43]~~\$56.81;
- (c) Baltimore County—~~[\$58.91]~~\$60.38;
- (d) Calvert County—~~[\$55.43]~~\$56.81;
- (e) Caroline County—~~[\$40.51]~~\$41.53;
- (f) Carroll County—~~[\$55.43]~~\$56.81;
- (g) Cecil County—~~[\$52.44]~~\$53.76;
- (h) Charles County—~~[\$55.43]~~\$56.81;
- (i) Dorchester County—~~[\$40.51]~~\$41.53;
- (j) Frederick County—~~[\$58.91]~~\$60.38;
- (k) Garrett County—~~[\$52.69]~~\$54.01;
- (l) Harford County—~~[\$58.91]~~\$60.38;
- (m) Howard County—~~[\$74.07]~~\$75.92;
- (n) Kent County—~~[\$40.51]~~\$41.53;
- (o) Montgomery County—~~[\$74.07]~~\$75.92;
- (p) Prince George's County—~~[\$55.43]~~\$56.81;
- (q) Queen Anne's County—~~[\$45.73]~~\$46.88;
- (r) St. Mary's County—~~[\$52.44]~~\$53.76;

- (s) Somerset County—~~[\$40.51]~~\$41.53;
- (t) Talbot County—~~[\$45.73]~~\$46.88;
- (u) Washington County—~~[\$52.69]~~\$54.01;
- (v) Wicomico County—~~[\$40.51]~~\$41.53;
- (w) Worcester County—~~[\$43.00]~~\$44.07; and
- (x) Baltimore City—~~[\$53.44]~~\$54.77; or
 - (2) Rate for a child younger than 24 months old:
 - (a) Allegany County—~~[\$61.39]~~\$62.93;
 - (b) Anne Arundel County—~~[\$70.09]~~\$71.84;
- (c) Baltimore County—~~[\$70.09]~~\$71.84;
- (d) Calvert County—~~[\$70.09]~~\$71.84;
- (e) Caroline County—~~[\$45.73]~~\$46.88;
- (f) Carroll County—~~[\$71.33]~~\$73.12;
- (g) Cecil County—~~[\$53.94]~~\$55.28;
- (h) Charles County—~~[\$70.09]~~\$71.84;
- (i) Dorchester County—~~[\$45.73]~~\$46.88;
- (j) Frederick County—~~[\$70.09]~~\$71.84;
- (k) Garrett County—~~[\$61.39]~~\$62.93;
- (l) Harford County—~~[\$70.09]~~\$71.84;
- (m) Howard County—~~[\$88.73]~~\$90.95;
- (n) Kent County—~~[\$45.73]~~\$46.88;
- (o) Montgomery County—~~[\$88.73]~~\$90.95;
- (p) Prince George's County—~~[\$70.09]~~\$71.84;
- (q) Queen Anne's County—~~[\$53.94]~~\$55.28;
- (r) St. Mary's County—~~[\$61.39]~~\$62.93;
- (s) Somerset County—~~[\$45.73]~~\$46.88;
- (t) Talbot County—~~[\$53.94]~~\$55.28;
- (u) Washington County—~~[\$53.94]~~\$55.28;
- (v) Wicomico County—~~[\$45.73]~~\$46.88;
- (w) Worcester County—~~[\$45.73]~~\$46.88; and
- (x) Baltimore City—~~[\$67.36]~~\$69.04.

E.—I. (text unchanged)

Lillian M. Lowery, Ed.D.
State Superintendent of Schools