

Department of Legislative Services

Maryland General Assembly

2005 Session

FISCAL AND POLICY NOTE

Revised

House Bill 932

(Delegate Hixson, *et al.*)

Ways and Means

Education, Health, and Environmental Affairs

Education - Child Care Administration and Office for Children, Youth, and Families and Maryland Family Support Centers Network - Transfer to State Department of Education

This bill requires the State Superintendent of Schools to establish an Early Childhood Development Division within the Maryland State Department of Education (MSDE) and transfers the Child Care Administration (CCA) within the Department of Human Resources (DHR), excluding the Office of Child Care Subsidy, to MSDE. Other functions and activities related to child care and early childhood education that are performed by DHR and the Office for Children, Youth, and Families (OCYF), excluding the purchase of Child Care Voucher Program, must also be transferred. The powers and duties of the Secretary of Human Resources with respect to child care and early childhood education are likewise transferred to the State Superintendent. Employees who are transferred as a result of this bill must do so without any diminution of their rights, benefits, or employment status.

The bill takes effect July 1, 2005.

Fiscal Summary

State Effect: General fund expenditures of \$8.8 million and federal fund expenditures of \$13.4 million would transfer from DHR to MSDE. Additional transfers to MSDE of \$6.8 million from DHR and \$158,800 from OCYF are included in the FY 2006 State budget. Depending on the implementation of the CCA transfer, general fund expenditures could increase significantly beginning in FY 2006 to ensure that there is sufficient departmental support at MSDE for a new division. One-time moving expenses and ongoing office rental costs could also be incurred. Revenues would not be affected.

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Bill Summary: In addition to CCA, other programs transferred from DHR to MSDE include the Maryland After-School Opportunity Fund Program, Maryland Child Care Resource Network, Maryland Family Support Centers Network, and Maryland Child Care Credential. Also, the name of the Child Care Administration Advisory Council is changed to the Early Childhood Development Advisory Council. MSDE, in consultation with DHR, must study whether the purchase of child care voucher program should be transferred to MSDE at a later date. Results and recommendations from the study must be reported by November 30, 2005.

Programs transferred from OCYF include the Home Visiting Consortium and Healthy Families Maryland and School Based Health Care Initiative. The Maryland School-Based Health Policy Advisory Council is also transferred to MSDE and is required to submit an annual report to MSDE and the Department of Health and Mental Hygiene.

MSDE must develop a plan to address the needs of children with disabilities, children with special health care needs, and child care providers that care for these children. The plan and an assessment of the resources needed to implement the plan must be reported to the Department of Disabilities and the General Assembly by January 1, 2006, and the plan must be incorporated into the State Disability Plan. MSDE must submit a progress report detailing the implementation of the plan annually through 2008.

Current Law: CCA is a division of DHR. The Maryland After-School Opportunity Fund Program, Maryland Child Care Resource Network, Maryland Family Support Centers Network, and Maryland Child Care Credential are also under DHR.

The Maryland School-Based Health Policy Advisory Council is budgeted within OCYF but is independent. The council reports annually to the Subcabinet for Children, Youth, and Families. The Home Visiting Consortium and Healthy Families Maryland and School Based Health Care Initiative are under the direction of OCYF, but funding for the programs is budgeted under the Subcabinet Fund.

Background: The preamble to the bill states that one of the challenges of early childhood programs is that they are spread between different agencies. It goes on to suggest that locating all early childhood programs within MSDE would enhance the alignment of programming from birth through high school and would improve the State's ability to meet student performance and accountability goals in future years.

CCA acts as the licensing and monitoring agency for child care centers and home day care centers. Its mission is to foster “the development of a child care system that meets the needs of Maryland’s families for safe and appropriate child care and helps low-income families obtain child care to support the efforts to achieve and maintain economic independence.” CCA’s Office of Child Care Subsidy is responsible for operating the Purchase of Care program, which provides child care vouchers to disadvantaged families to allow parents to work or participate in activities that lead to employment.

A brief description of each of the other programs that would transfer to MSDE is provided below.

- *The Maryland After-School Opportunity Fund (currently in DHR):* This program helps parents provide after-school care.
- *The Maryland Child Care Resource Network (DHR):* This program provides leadership and services designed to improve the quality, availability, and affordability of child care. The program is currently administered by the Maryland Committee for Children pursuant to a contract with DHR.
- *The Maryland Family Support Centers Network (DHR):* This initiative offers a comprehensive roster of services for families with children. The centers are operated pursuant to a contract with the nonprofit organization Friends of the Family, which provides program guidance, technical assistance, and oversight.
- *The Maryland Child Care Credential (DHR):* This program recognizes child care providers who go above and beyond State licensing and registration requirements. The credentials recognize training hours, years of experience, and professional activities that lead to quality child care.
- *The Home Visiting Consortium and Healthy Families Maryland (OCYF):* The Home-Visiting Consortium and Healthy Families helps parents learn how to recognize their babies’ needs and how to care for them. It is modeled on the national initiative, Healthy Families America. A public-private partnership, Home Visiting Consortium and Healthy Families coordinates a system that enables communities to support and educate parents. Long-term home visitation services, standardized assessments, and referrals to other services are part of the program.
- *School-Based Health Care Initiative (OCYF):* This initiative provides primary medical care as well as social, mental health, and health education services for students and their families. The Association of Baltimore Area Grant-makers

reports that the concept of school-based health centers continues to grow and currently exists in 61 schools in the State.

State Fiscal Effect:

Funding Transfers

The main impact of the bill would be the transfer of \$22.2 million (\$8.8 million in general funds and \$13.4 million in federal funds) from DHR to MSDE. This funding covers 195.5 full-time equivalent (FTE) positions currently budgeted in CCA. It is assumed that the positions and funding in CCA would be sufficient to establish the Early Childhood Development Division in MSDE. The Office of Child Care Subsidy, which is currently budgeted within CCA and includes 8.0 budgeted FTE positions and a proposed appropriation of \$565,390, would remain with DHR.

DHR funding for the Child Care Resource Network (\$2.8 million) and the Family Support Center Network (\$4.0 million) has been transferred to MSDE through the fiscal 2006 State budget. In addition, this bill requires the transfer of two budgeted positions and a total of \$158,842 from OCYF to MSDE. These transfers are also executed in the State budget.

It is assumed that the bill would not require the transfer of funding appropriated to the Subcabinet Fund for the School Based Health Center Initiative (\$2.2 million), the Home Visiting Consortium and Healthy Families Maryland (\$4.6 million), and the Maryland After-school Opportunity Fund Program (\$4.7 million). This funding would continue to be controlled by the Subcabinet for Children, Youth, and Families and would continue to be allocated to local management boards.

Costs to Implement the Transfer

The costs associated with the transfer would be related to: (1) developing the proper organizational infrastructure within MSDE to support another 195.5 FTE positions; (2) physically moving CCA offices; and (3) providing office space for additional personnel at MSDE headquarters. These costs would depend on the way the transfer is executed and cannot be reliably estimated before a plan for the transfer is adopted.

For example, MSDE estimates that, in addition to the personnel transferred from CCA, it would need another 16.0 FTE positions and approximately \$500,000 annually to support the Early Childhood Development Division. The new positions would work in existing divisions within MSDE and would provide legal, budgetary, information technology, and human resources support for the new division. Costs for additional office infrastructure could be reduced or eliminated, however, if a decision is made to transfer other support personnel from DHR to MSDE. Reclassification of some of the 195.5 positions being

transferred from DHR, including the Director of CCA, could also address some of these personnel needs.

In addition, approximately 40 of the transfers from DHR to MSDE involve central office employees. One-time expenses to physically move the employees' equipment, files, and furniture are estimated at \$20,000 to \$40,000. Furthermore, MSDE advises that it does not currently have the office space to house this number of additional employees. The annual cost for renting office space for 40 employees is estimated at \$60,000. However, if a portion of the transferred personnel could remain at their present offices, some of the moving and office space expenses would be avoided.

Additional Information

Prior Introductions: None.

Cross File: SB 759 (Senator Hollinger) – Education, Health, and Environmental Affairs.

Information Source(s): Department of Juvenile Services, Department of Human Resources, Governor's Office (Office for Children, Youth, and Families), Maryland State Department of Education, Department of Health and Mental Hygiene, Department of Legislative Services

Fiscal Note History: First Reader - March 9, 2005
ncs/rhh Revised - House Third Reader - April 5, 2005
Revised - Enrolled Bill - May 9, 2005

Analysis by: Mark W. Collins

Direct Inquiries to:
(410) 946-5510
(301) 970-5510