

**Department of Legislative Services**  
Maryland General Assembly  
2007 Session

**FISCAL AND POLICY NOTE**

Senate Bill 462 (Senators Pugh and McFadden)  
Education, Health, and Environmental Affairs

---

**Education - Prekindergarten Programs - Alternative Providers**

---

This bill requires each local board of education to determine its current capacity to provide prekindergarten for the 2007-2008 school year and, if its current capacity is insufficient, report in its comprehensive master plan update the process it will use to contract with alternative early learning and child care providers. A local board may only contract with a provider that: (1) is licensed by the Maryland State Department of Education (MSDE); and (2) is accredited or commits to being accredited by MSDE or a national accrediting body recognized by MSDE prior to the 2008-2009 school year.

The bill takes effect June 1, 2007.

---

**Fiscal Summary**

**State Effect:** None. The bill addresses local school systems.

**Local Effect:** Local school expenditures could increase to the extent that using private prekindergarten providers is more expensive than providing the services through the local school system. Local expenditures for public school construction could decrease to the extent that the use of private providers eliminates some of the need for additional school facilities or improvements to existing school facilities.

**Small Business Effect:** Potential meaningful.

---

## Analysis

**Bill Summary:** Beginning with the comprehensive master plan update that is submitted by October 15, 2007, each local board of education must report the process it will use to contract with one or more alternative early learning and child care providers for the additional prekindergarten capacity that it needs. If a county board demonstrates that there is insufficient capacity from alternative providers to meet this requirement, then the master plan update only has to address the capacity that is available. In order to determine whether providers have the required capacity, local boards must conduct a survey of providers in the county.

**Current Law:** By the 2007-2008 school year, local school systems must make publicly funded prekindergarten available to all economically disadvantaged four-year-old children. Each local board of education must submit a comprehensive master plan that, among other requirements, identifies the strategies that will be used to ensure that the program is available by the deadline. Updates to the comprehensive master plans are submitted annually on October 15.

**Background:** According to the comprehensive master plans submitted by local school systems, 19 systems have made publicly funded prekindergarten available to all eligible children in the current school year and the other five systems are on schedule to meet the requirement by the deadline. School systems are authorized to use private prekindergarten providers to meet the requirement, and in the 2006-2007 school year, four school systems – Garrett, Montgomery, Prince George’s, and Washington counties – are engaged in partnerships with private providers. State funding for prekindergarten programs is provided through the compensatory education formula.

As of December 2006, there were nearly 2,700 licensed child care centers in Maryland and approximately 76,300 slots available at the centers for preschoolers. In addition, there were 9,200 registered family care homes in the State.

**Local Fiscal Effect:** Local school systems are currently required to develop plans for the implementation of the required prekindergarten programs. If a school system is unable to acquire sufficient space to implement the requirements by the 2007-2008 school year, it is expected that it will use alternative early learning and child care providers at least until adequate capacity is available in more traditional school settings. However, there is no current requirement that the unmet capacity for prekindergarten be met through the use of private providers. To the extent that private providers are more expensive than providing the programs through the local school systems, school expenditures could increase.

There could also be a decrease in local capital expenditures for public school facilities if the bill results in greater use of private providers. Plans to build, improve, or add to existing school facilities to accommodate required prekindergarten programs could be delayed, reduced, or eliminated.

It is assumed that local boards of education could make any necessary changes to comprehensive master plans and, where necessary, survey alternative early learning and child care providers with existing resources.

**Small Business Effect:** Most of the nearly 12,000 alternative early learning and child care providers in Maryland are small businesses. Under the bill, some of the local school systems in Maryland would be required to contract with these providers rather than meeting the prekindergarten demand with additional public school facilities, a mandate that would benefit the businesses. However, in order to contract with local school systems, the providers would have to be accredited or agree to pursue accreditation, which could require additional expenditures from the providers.

---

### **Additional Information**

**Prior Introductions:** A nearly identical bill, HB 1265 of 2006, passed the House and was amended in the Senate Education, Health, and Environmental Affairs Committee before being passed by the full Senate. The House appointed a conference committee to reconcile the different versions of the bill, but a Senate conference committee was never appointed.

**Cross File:** None, although HB 155 (Delegate Doory, *et al.*) is identical.

**Information Source(s):** Maryland State Department of Education, Department of Legislative Services

**Fiscal Note History:** First Reader - February 14, 2007  
mam/rhh

---

Analysis by: Mark W. Collins

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