

Department of Legislative Services
Maryland General Assembly
2018 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1610 (Delegates Queen and Gibson)
Health and Government Operations

State–Occupied Buildings – Child Care Centers – Requirements and Renovations

This bill requires that, before the State acquires, renovates, or constructs office buildings that meet specified criteria, the Maryland State Department of Education (MSDE) must determine whether child care services for more than 29 children are needed. If child care services are needed, MSDE must request that the Department of General Services (DGS) designate or acquire space for a child care center. The bill also repeals an obsolete pilot program. **The bill takes effect July 1, 2018.**

Fiscal Summary

State Effect: State capital expenditures increase by about \$1.5 million for each child care center constructed in a State-occupied building that meets the bill’s criteria. Annual general fund revenues and expenditures increase by about \$150,000 due to rent charged for each child care center and for facility operating costs related to the center. As the State does not frequently construct, substantially renovate, or acquire office buildings of the size specified in the bill, the bill’s impact is likely limited.

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: The bill applies only to office buildings that accommodate 700 or more employees and that are occupied by the State. It does not apply to adult correctional or detention facilities, juvenile detention facilities, hospitals, or any other similar types of 24-hour residential facilities, as determined by MSDE. In the case of building renovations,

the bill applies only if the scope of renovation is 25% or more of the total square footage of the State-occupied building and includes renovation of any part of the ground floor.

If an assessment demonstrates that an existing child care center in a State-occupied building is no longer needed or feasible, the State Superintendent may close the center but must give the center written notice 180 days prior to closure.

Current Law: State law authorizes, but does not require, the State to establish a child care center in an office building that it acquires or constructs; there are no provisions in current law for office buildings that it renovates. Most other provisions in current law remain in effect under the bill and apply to renovated buildings, as specified.

Prior to construction or acquisition of an office building, MSDE must survey employees who will be assigned to the building to determine whether child care services for more than 29 children are needed. If sufficient need is demonstrated, MSDE must determine how much space is needed and request that DGS either designate the required space in the building or acquire space within a nearby building. The agency that is going to occupy the building must notify employees of the availability of space for a child care center at least 180 days before the projected date of occupancy.

MSDE must assess the child care needs of State employees using the center at least every five years. If the assessment shows that the service is no longer needed or feasible, the State Superintendent may close the center but must give the child care center 90 days' notice before closure (the bill increases this amount to 180 days).

The pilot program that is repealed by the bill authorized a child care center to operate in at least one State-occupied building or State complex where at least 700 or more State employees are located. As noted below, there are currently two child care centers operating in State-occupied buildings.

Background/State Fiscal Effect: DGS currently has two child care facilities in State-occupied buildings: one in the Department of Natural Resources Tawes Building in Annapolis and one in the office complex in Crownsville. The Tawes Center is 6,400 square feet and cost approximately \$956,000 to construct in 2001, which is approximately \$1.5 million in current inflation-adjusted dollars. DGS advises that it charges rent to private child care operators to run the centers, which covers facility operating costs including maintenance and security. In fiscal 2018, the Tawes Center generates \$152,000 in rent; comparable figures for the Crownsville center are not available.

Thus, for each child care center established by the bill in a State-occupied building, State capital costs increase by approximately \$1.5 million. Capital expenditures are either general obligation bond proceeds or, more likely, pay-as-you-go since the centers generate

revenue. Operating costs increase by about \$150,000, which are assumed to be fully offset by rent payments made by child care center providers.

The State's Office of Child Care – Licensing Branch, located within MSDE's Division of Early Childhood Development, is responsible for licensing and registering all child care facilities in the State.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland State Department of Education; Department of General Services; Department of Legislative Services

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