

Department of Legislative Services
 Maryland General Assembly
 2021 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 711

(Senator King)

Education, Health, and Environmental Affairs

Ways and Means and Appropriations

Growing Family Child Care Opportunities Pilot Program – Established

This bill establishes the Growing Family Child Care Opportunities Pilot Program in the Maryland State Department of Education (MSDE) to provide grants to establish and support local pilot programs in the State. Among other specified requirements, grant recipients must provide technical assistance and financial incentives for recruited individuals as they navigate MSDE’s process to become a registered family child care provider. In fiscal 2023 and 2024, the Governor must include \$450,000 in the State budget for the program. To the extent authorized under federal law, the Governor must use federal funds to satisfy the mandated appropriations. **The bill takes effect July 1, 2021, and terminates June 30, 2025.**

Fiscal Summary

State Effect: General fund expenditures increase by \$38,800 in FY 2022; future years reflect annualization of ongoing administrative costs and the bill’s mandated appropriation in FY 2023 and 2024; FY 2025 funding is at the discretion of the Governor. Although not reflected, the general fund impact in FY 2023 and 2024 may be mitigated by the use of federal funds, as discussed below. Revenues are assumed to not be materially affected. **This bill establishes a mandated appropriation in FY 2023 and 2024.**

(in dollars)	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	38,000	489,900	491,200	492,600	0
Net Effect	(\$38,000)	(\$489,900)	(\$491,200)	(\$492,600)	\$0

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: Local revenues and expenditures may increase as early as FY 2022 through 2025.

Small Business Effect: Potential meaningful for family child care providers that benefit from the pilot program.

Analysis

Bill Summary: MSDE must partner with the Maryland Child Care Resource Network to administer the program. By September 1, 2022, MSDE must award at least three grants, each of which may not exceed \$150,000, to establish and support family child care providers in the State. To be eligible for a grant, a county governing body or multiple county governing bodies must sign a memorandum of understanding with a child care resource center that serves the child care licensing region that contains one of the counties. The county/counties and the child care resource center must jointly apply for the grant and administer the local pilot program. Grant recipients must:

- use the grants to (1) establish and support a local pilot program and (2) target the use of the grant to increase the supply and ensure the sustainability of family child care providers in areas with above average rates of poverty and unemployment or areas with a lack of available child care providers;
- raise local matching funds, including in-kind matching resources at a 1:1 match;
- collaborate with existing family child care providers during the implementation of the program;
- provide multilingual outreach to recruit individuals to become registered family child care providers within MSDE;
- provide technical assistance, financial incentives, and start up assistance for recruited individuals, as they navigate the process of becoming a registered family child care provider;
- assist newly registered and established family child care providers through technical assistance to achieve quality benchmarks, peer-to-peer mentoring, and financial incentives; and
- establish partnerships with local chambers of commerce, or other local or State organizations for family child care providers that support small businesses and women and minority-owned businesses, as specified.

MSDE must develop guidelines, in consultation with the Maryland Child Care Resource Center, for the grant application process and grant recipients. MSDE may seek funding to start the program; if funding is received before July 1, 2022, MSDE must begin awarding grants as soon as possible.

Each year, MSDE must develop and publish goals for the program. By December 1, 2021, and annually thereafter, MSDE must report to the General Assembly on the status of the program and an evaluation of local pilot programs in meeting the program goals.

Current Law: Family child care is the care given to a child younger than age 13 or to any developmentally disabled person younger than age 21, in place of parental care for less than 24 hours per day, in a residence other than the child's residence, for which the child care provider is paid. A family child care home is a residence in which family child care is provided for up to 8 children. A large family child care home is a residence in which family child care is provided for at least 9 children, but not more than 12 children. A child care provider means the adult who has primary responsibility for the operation of a family child care home or a large family child care home.

MSDE is responsible for registering family child care homes and large family child care homes. MSDE also administers a Family Child Care Provider Direct Grant Fund, which must be used to award grants as reimbursement for the expenses incurred by a family child care provider to comply with State and local regulations.

State Fiscal Effect: General fund expenditures increase by \$38,029 in fiscal 2022 and by a minimum of \$489,903 annually between fiscal 2023 and 2025. This estimate accounts for the mandated appropriations of \$450,000 in fiscal 2023 and 2024, and assumes the appropriation is also provided in fiscal 2025, as well as administrative costs, under the assumptions discussed below.

Grant Funding and Mandated Appropriations

This estimate reflects minimum grant funding through fiscal 2025 of \$450,000 based on the mandated appropriation amount. It also assumes that three grants of \$150,000 are awarded each year through the termination of the pilot program in fiscal 2025. To the extent that additional grants are awarded, general fund expenditures increase accordingly. For purposes of this analysis, it is assumed that funding is not provided until it is mandated in fiscal 2023. However, to the extent that MSDE elects to seek funding to start the program, as authorized in the bill, and such funding is made available, expenditures are incurred sooner (and revenues correspondingly increase to reflect receipt of such funding). Although funding is not mandated in fiscal 2025, for purposes of this estimate, it is assumed that funding in that year aligns with that provided in earlier years. This fiscal and policy note accounts only for the impact on general funds; however, to the extent that federal funding is available and authorized under federal law to be used for the bill's purposes, the general fund impact associated with the mandated appropriations of \$450,000 in fiscal 2023 and 2024 may be mitigated (and potentially funding may be provided as early as fiscal 2022).

Administrative Costs

MSDE advises it requires one regular full-time position to oversee the grant program and submitted an estimate for one full-time administrator and associated expenditures of approximately \$115,000 annually. However, due to the limited duration of the pilot program, the required coordination with other entities, and the assumption above of minimum grant funding (three grants annually), the Department of Legislative Services advises that a part-time contractual position is sufficient. Accordingly, general fund expenditures increase by \$38,029 in fiscal 2022, which accounts for a three-month start-up delay from the bill's July 1, 2021 effective date, to hire one part-time contractual administrator. It includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Contractual Position	0.5
Salary and Fringe Benefits	\$32,693
Operating Expenses	<u>5,336</u>
Total FY 2022 State Expenditures	\$38,029

Future year expenditures reflect a full salary with annual increases and employee turnover and ongoing operating expenses and termination of the contractual employee after fiscal 2025.

This estimate does not include any health insurance costs that could be incurred for specified contractual employees under the State's implementation of the federal Patient Protection and Affordable Care Act.

Local Fiscal Effect: To the extent that a local jurisdiction is awarded grant funding, revenues increase. Local expenditures in such jurisdictions increase to reflect pilot program expenditures and required matching funds.

Small Business Effect: Although family child care providers are not direct recipients of grant funding, family child care providers in jurisdictions in which grant funding is received may benefit from increased support due to the authorized purposes of grant funding.

Additional Information

Prior Introductions: None.

Designated Cross File: HB 944 (Delegate Solomon) - Ways and Means and Appropriations.

Information Source(s): Montgomery and Prince George's counties; Maryland State Department of Education; Department of Budget and Management; Department of Legislative Services

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