

Department of Legislative Services

Maryland General Assembly
2022 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 480

(Senator Hester, *et al.*)

Budget and Taxation and Education, Health, Ways and Means and Appropriations
and Environmental Affairs

State Department of Education - Child Care Stabilization Grants

This emergency bill requires the Maryland State Department of Education (MSDE), in fiscal 2022 and 2023, to administer child care stabilization grants to provide financial support to child care providers that have faced a financial hardship or suffered an operational burden during the COVID-19 pandemic. Specifically, MSDE must award grants to child care providers in accordance with the bill: (1) in the amount of \$50.0 million for the remainder of fiscal 2022 and (2) in the amount provided for such purpose in the fiscal 2023 operating budget. In awarding the grants, MSDE must give preference to child care providers based on specified criteria.

Fiscal Summary

State Effect: General fund expenditures of \$50.0 million in FY 2022 and of \$3.2 million in FY 2023 must meet the priorities established in the bill. The FY 2023 budget includes a FY 2022 deficiency appropriation of \$50.0 million to award child care stabilization grants, which may be used for this purpose and must meet the same priorities established in the bill. The FY 2023 budget also includes \$3.2 million in FY 2023 for child care stabilization and expansion grants. Revenues are not affected.

Local Effect: None.

Small Business Effect: Child care providers meeting the criteria set forth in the bill may benefit substantially from grants awarded.

Analysis

Bill Summary: In awarding grants, MSDE must give preference to child care providers based on the following criteria (in order of priority):

- providers that have a demonstrated financial hardship that poses significant risk of the provider's business closing within the next 12 months;
- providers that have not received a stabilization grant in a prior application cycle;
- providers that participate in the Child Care Scholarship (CCS) Program;
- providers located in areas designated by MSDE as lacking child care slots;
- providers that serve primarily low-income populations in areas of high poverty;
- providers that serve children with special needs; and
- providers that serve children ages two and younger.

Current Law: Generally, a person must be licensed by MSDE before operating a child care center; religious organizations meeting specified requirements may instead operate under a letter of compliance. "Child care center" means an agency, institution, or establishment that, for part or all of a day, or on a 24-hour basis on a regular schedule, and at least twice a week, offers or provides child care to children who do not have the same parentage except as otherwise provided for in law or regulation. The State Board of Education (SBE) must adopt regulations relating to the licensing and operation of child care centers.

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. MSDE is responsible for registering family child care homes and large family child care homes. SBE must adopt regulations relating to the registration of family child care homes and large family child care homes.

MSDE 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.

Chapter 36 of 2021 (Blueprint for Maryland's Future – Implementation) established several early childhood accreditation programs in statute that had existed in MSDE regulations, including the Child Care Accreditation Support Fund, Child Care Incentive Grant Program, Maryland Child Care Credential Program, and Child Care Career and

Professional Development Fund. Chapter 36 also mandated funding for these programs, requiring increases of 10% each year as specified, culminating in \$17.5 million additional annual funding for capacity building and \$6.3 million for tuition assistance by fiscal 2030.

The CCS Program (formerly known as the Child Care Subsidy Program) is administered by the Division of Early Childhood within MSDE. The program provides financial assistance for child care costs to families who meet income eligibility requirements. For each child needing care, the family receives a voucher to purchase child care directly from the provider of their choice that participates in the program.

Additional Information

Prior Introductions: None.

Designated Cross File: HB 89 (Delegate Queen) - Ways and Means and Appropriations.

Information Source(s): Maryland State Department of Education; Department of Budget and Management; Department of Legislative Services

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