

Department of Legislative Services
 Maryland General Assembly
 2022 Session

FISCAL AND POLICY NOTE
 Enrolled - Revised

House Bill 725
 Ways and Means

(Delegate Luedtke, *et al.*)

Budget and Taxation

Children - Therapeutic Child Care Grant Program - Establishment

This bill establishes the Therapeutic Child Care Grant Program, administered by the Maryland State Department of Education (MSDE). The purpose of the program is to provide grants to providers that specialize in providing child care and early childhood education to children younger than age six who have developmental delays; physical disabilities; or delays in social, emotional, or behavioral functioning. For each of fiscal 2023 through 2025, the Governor must include a \$3.7 million appropriation in the annual budget bill for the program. **The bill takes effect July 1, 2022.**

Fiscal Summary

State Effect: General fund expenditures increase by \$3.7 million annually beginning in FY 2023. The FY 2023 budget includes funding for this purpose. Revenues are not affected. **This bill establishes a mandated appropriation beginning in FY 2024.**

(\$ in millions)	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	3.7	3.7	3.7	3.7	3.7
Net Effect	(\$3.7)	(\$3.7)	(\$3.7)	(\$3.7)	(\$3.7)

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

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: In awarding grants under the program, MSDE must distribute \$1,283,000 to existing providers in the same *amount* as was provided in fiscal 2022 and \$1,917,000 to existing providers in the same *proportion* as was provided in fiscal 2022 to provide additional services. MSDE must also distribute \$500,000 to new or existing providers to enroll additional children; however, if funds are remaining after this distribution, the remainder must be distributed to existing providers to provide additional services, in proportion to fiscal 2022 funding. MSDE must award grants by August 15 each year and may adopt regulations necessary to carry out the bill.

By December 1, 2022, and December 1, 2023, the providers who received a grant must report to MSDE the cost of providing services to a child, as specified, and the sources of funding received by the provider. By December 30, 2022, and December 30, 2023, MSDE must compile the information and report to the Senate Budget and Taxation Committee and the House Ways and Means Committee.

Current Law: Therapeutic child care programs were originally called therapeutic nursery programs. Therapeutic child care is the more modern term. According to regulations, a child is eligible for therapeutic nursery services if the child:

- has or is at risk for a mild to severe mental disorder, as defined in the current Diagnostic and Statistical Manual of Mental Disorders, or mild to severe behavioral problems, or both;
- is at risk for emotional or behavioral problems because the child is experiencing substantial developmental delay or atypical development, as specified;
- is at risk for emotional or behavioral problems and is a child who is being assessed or has been assessed in a suspected child abuse or neglect investigation; or
- is at risk for emotional or behavioral problems because of significant family history, as identified by an evaluation by a mental health professional.

Therapeutic nursery services must meet specified standards for staffing, treatment, evaluative services, support services, discharge, physical setting, and equipment. There are separate requirements for programs that serve children younger than three years old and for those that serve children three to five years old. Programs must provide specified types of therapy, including individual therapy if required by the child's individual treatment plan.

State Expenditures: General fund expenditures increase by \$3.7 million annually in fiscal 2023 through 2025, in accordance with the bill's specified appropriations. The fiscal 2023 budget includes funding for this purpose. Although mandated funding

terminates after three years, this analysis also assumes that the same level of funding continues each year after fiscal 2025.

According to MSDE and the Department of Budget and Management, approximately \$1.28 million annually in *general* funds has been used to support therapeutic child care programs in recent years through the Prekindergarten Expansion Grant program. For purposes of this fiscal and policy note, it is assumed that grant funding previously provided for therapeutic child care is directed elsewhere once dedicated funding for the program is made available pursuant to the bill. The Department of Legislative Services notes that \$625,000 in federal funding has also been used for therapeutic child care programs in recent years. To the extent that available federal funding remains at the current level and such funding is able to be used to partially meet the mandated appropriation amount, the impact on the general fund is reduced.

The bill is not anticipated to alter State agency staffing levels or administrative costs.

Additional Information

Prior Introductions: SB 637 of 2020, a similar bill, passed the Senate and was referred to the House Ways and Means Committee, but no further action was taken.

Designated Cross File: SB 506 (Senator King) - Budget and Taxation.

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

Fiscal Note History: First Reader - February 23, 2022
km/jkb Third Reader - March 22, 2022
Revised - Amendment(s) - March 22, 2022
Enrolled - May 4, 2022
Revised - Amendment(s) - May 4, 2022
Revised - Updated Information - May 4, 2022
Revised - Budget Information - May 4, 2022

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