

Department of Legislative Services  
 Maryland General Assembly  
 2022 Session

FISCAL AND POLICY NOTE  
 First Reader

House Bill 376  
 Ways and Means

(Delegate Guyton, *et al.*)

**Outdoor Preschool License Pilot Program - Establishment**

This bill establishes an Outdoor Preschool License Pilot Program, administered by the Maryland State Department of Education (MSDE). The purpose of the pilot program is to license outdoor, nature-based early learning and child care programs in order to (1) expand access to affordable, high-quality early learning and child care programs and (2) investigate the benefits of outdoor, nature-based classrooms. The pilot program must begin by August 31, 2022, and continue for three years. MSDE must select between 5 and 10 program participants in the first year. Beginning August 31, 2023, MSDE may select additional participants. The bill specifies prioritization criteria for selection of participants. MSDE may convene an advisory group to inform and support implementation of the program and must submit specified reports. **The bill takes effect July 1, 2022, and terminates December 31, 2025.**

**Fiscal Summary**

**State Effect:** General fund expenditures increase by \$50,100 in FY 2023 to hire contractual staff. Future year expenditures reflect ongoing costs and termination of contractual staff in FY 2026. Revenues are not affected.

(in dollars)	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	50,100	40,500	41,800	10,800	0
Net Effect	(\$50,100)	(\$40,500)	(\$41,800)	(\$10,800)	\$0

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

**Local Effect:** None.

**Small Business Effect:** Potential meaningful.

## Analysis

**Bill Summary:** MSDE may waive or adapt existing child care licensing requirements to allow for the operation of the pilot program and may adapt the Maryland EXCELS Program as necessary for use in assessing the quality of participating providers. MSDE must, in consultation with stakeholders, adopt regulations to implement the bill.

By December 1 of 2022 and 2023, MSDE must submit interim reports to the Governor and the General Assembly on the implementation of the program, including information on the number of participating providers and the number of children and families served by the program. By December 1, 2024, MSDE must submit a final report on the findings of the program, including (1) a discussion of potential options to mitigate uncertainty for families and participating providers during the final six months of the pilot program and (2) recommendations for modifying or expanding the pilot program.

**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.

**State Expenditures:** General fund expenditures increase by \$50,143 in fiscal 2023 for MSDE to hire one part-time contractual specialist, familiar with innovative child care programs and child care licensing requirements in Maryland, to select participants, convene advisory group meetings, prepare required reports, and otherwise administer the pilot program. This estimate reflects the assumption that the contractual specialist is hired on July 1, 2022, the effective date of the bill, to begin the pilot program by the required August 31, 2022 start date. It includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Contractual Position	0.5
Salary and Fringe Benefits	\$42,535
Operating Expenses	<u>7,608</u>
<b>Total FY 2023 MSDE Expenditures</b>	<b>\$50,143</b>

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. Future year expenditures reflect termination of the contractual employee three months into fiscal 2026 (one month after the pilot program’s termination on August 31, 2025).

**Small Business Effect:** Potential meaningful benefit to child care programs participating in the pilot program, particularly to the extent that MSDE waives or adapts existing licensing requirements to allow for the pilot program’s operation, as authorized by the bill.

### **Additional Information**

**Prior Introductions:** None.

**Designated Cross File:** None.

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

**Fiscal Note History:** First Reader - February 9, 2022  
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