

HOUSE BILL 495

F5, O4

3lr1328
CF SB 350

By: **Delegates Solomon, Bagnall, Charkoudian, Cullison, Embry, Foley, Guyton, Kelly, Lehman, R. Lewis, Moon, Ruth, Shetty, Simpson, Stewart, Terrasa, and Vogel**

Introduced and read first time: January 30, 2023

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Early Childhood Development – Child Care Scholarship Program – Funding**

3 FOR the purpose of altering the calculation for the funding of the Child Care Scholarship
4 Program beginning in a certain fiscal year; limiting the circumstances under which
5 the Program may be frozen; requiring certain reimbursement rates and income
6 eligibility requirements for the Program; prohibiting the copayment levels for the
7 Program from exceeding certain copayment levels; and generally relating to the
8 Child Care Scholarship Program.

9 BY repealing and reenacting, with amendments,
10 Article – Education
11 Section 9.5–111 and 9.5–113
12 Annotated Code of Maryland
13 (2022 Replacement Volume)

14 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
15 That the Laws of Maryland read as follows:

16 **Article – Education**

17 9.5–111.

18 (a) (1) In this section the following words have the meanings indicated.

19 (2) “Analysis” means the market rate survey or an alternative method
20 allowable under federal law.

21 (3) “Program” means the Child Care [Subsidy] **SCHOLARSHIP** Program.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (b) (1) Beginning in 2017, and every 2 years thereafter, the Department shall
2 conduct an analysis in order to formulate appropriate reimbursement rates for the
3 Program.

4 (2) The Department, before conducting the analysis, shall consult with:

5 (i) The Office of Child Care Advisory Council;

6 (ii) Child care resource and referral agencies;

7 (iii) Child care worker organizations; and

8 (iv) Any other appropriate entities.

9 (c) On or before September 1, 2017, and by September 1 every 2 years thereafter,
10 the Department shall report to the Joint Committee on Children, Youth, and Families, the
11 Senate Budget and Taxation Committee, and the House Appropriations Committee, in
12 accordance with § 2-1257 of the State Government Article, on:

13 (1) The methodology of the analysis required under subsection (b) of this
14 section;

15 (2) Cost estimates for raising the Program's reimbursement rates to the
16 45th, 55th, 65th, and 75th percentile of child care providers in each of the State's market
17 regions;

18 (3) The minimum base payment rate that is required for child care
19 providers to meet health, safety, quality, and staffing requirements in accordance with
20 federal law and the factors used to determine that rate;

21 (4) The rate adjustment that the Department will implement based on the
22 analysis;

23 (5) Any adjustments to Program eligibility or family copay amount that
24 will be implemented; and

25 (6) Any potential impacts on families and providers due to any adjustments
26 made to the Program.

27 (d) (1) **[The] FOR FISCAL YEARS 2023 AND 2024, THE** Governor shall
28 include in the annual State budget an appropriation from all fund sources for the Program
29 that is not less than the total appropriation for the Program in fiscal year 2018 or fiscal
30 year 2019, whichever is greater.

31 (2) (I) **BEGINNING IN FISCAL YEAR 2025 AND EACH FISCAL YEAR**
32 **THEREAFTER, THE GOVERNOR SHALL INCLUDE IN THE ANNUAL STATE BUDGET AN**

1 APPROPRIATION FROM ALL FUND SOURCES FOR THE PROGRAM IN AN AMOUNT
2 SUFFICIENT TO PROVIDE A SUBSIDY TO ALL ELIGIBLE INDIVIDUALS.

3 (II) THE PROGRAM MAY BE FROZEN ONLY WHEN:

4 1. THE LIST OF AVAILABLE PROVIDERS HAS BEEN
5 EXHAUSTED; AND

6 2. ADDITIONAL PROVIDERS CANNOT BE LOCATED WHO
7 ARE ACCEPTABLE TO PARENTS AND APPROPRIATE FOR CHILDREN.

8 (3) AT LEAST 60 DAYS BEFORE IMPLEMENTING A PROGRAM FREEZE,
9 THE DEPARTMENT SHALL REPORT TO THE GENERAL ASSEMBLY, IN ACCORDANCE
10 WITH § 2-1257 OF THE STATE GOVERNMENT ARTICLE, ON THE INTENDED
11 PROGRAM FREEZE, INCLUDING THE REASON FOR AND EXPECTED DURATION OF THE
12 FREEZE.

13 (e) (1) [The] SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, THE
14 Governor shall, from all fund sources, appropriate funds in the annual State budget in an
15 amount sufficient to raise the Program's reimbursement rates for each region to:

16 [(1)] (I) For fiscal year 2020, not less than the 30th percentile of the most
17 recent market rate survey or its equivalent if an alternative methodology defined by the
18 Department is used; and

19 [(2)] (II) For fiscal year 2021 and each fiscal year thereafter, not less than
20 the 60th percentile of the most recent market rate survey or its equivalent if an alternative
21 methodology defined by the Department is used.

22 (2) FOR EACH FISCAL YEAR, THE PROGRAM'S REIMBURSEMENT
23 RATES FOR EACH REGION SHALL BE EQUAL TO OR GREATER THAN THE
24 REIMBURSEMENT RATES FOR EACH REGION IN EFFECT DURING THE IMMEDIATELY
25 PRECEDING FISCAL YEAR.

26 9.5-113.

27 (a) In this section, "Program" means the Child Care Scholarship Program.

28 (b) The Department shall administer the Program in accordance with federal law.

29 (c) (1) The Department shall award a subsidy under the Program in an
30 amount sufficient to ensure that an individual will not be required to pay a copay for child
31 care if the individual provides proof, as determined by the Department, of:

32 [(1)] (I) Participation in one of the following programs:

- 1 [(i)] 1. Federal Special Supplemental Food Program for Women,
2 Infants, and Children;
- 3 [(ii)] 2. Federal Supplemental Nutrition Assistance Program;
- 4 [(iii)] 3. Federal Housing Act Housing Choice Voucher Program;
- 5 [(iv)] 4. Supplemental Security Income benefits; or
- 6 [(v)] 5. Temporary cash assistance; and
- 7 [(2)] (II) Employment or enrollment in an education or career training
8 program.

9 **(2) FOR EACH FISCAL YEAR OF THE PROGRAM:**

10 **(I) THE COPAYMENT LEVELS MAY NOT EXCEED THE**
11 **COPAYMENT LEVELS IN EFFECT DURING THE IMMEDIATELY PRECEDING FISCAL**
12 **YEAR; AND**

13 **(II) THE INCOME ELIGIBILITY REQUIREMENTS MAY NOT BE**
14 **LESS THAN THE INCOME ELIGIBILITY REQUIREMENTS IN EFFECT DURING THE**
15 **IMMEDIATELY PRECEDING FISCAL YEAR.**

16 (d) An individual is eligible to continue to receive a subsidy under the Program:

17 (1) For at least 90 days in a year if the individual is unemployed and
18 seeking employment; and

19 (2) If the individual meets any other eligibility criteria determined by the
20 Department.

21 (e) The Department may not require an individual to pursue or receive child
22 support payments or apply for services from a child support agency to be eligible for a
23 subsidy under the Program.

24 (f) (1) The Department shall notify the Comptroller within 10 days after the
25 date on which the Department receives an invoice from a child care provider.

26 (2) The Comptroller shall pay a child care provider within 5 days after the
27 date on which the Comptroller receives a notice under paragraph (1) of this subsection.

28 (g) The Department shall adopt regulations to implement the provisions of this
29 section.

1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
2 1, 2023.