

**Department of Legislative Services**  
 Maryland General Assembly  
 2023 Session

**FISCAL AND POLICY NOTE**  
**First Reader**

Senate Bill 881 (Senator M. Washington)  
 Budget and Taxation

**Child Care Providers and Employees - Bonuses - Alterations**

This bill alters provisions of Chapter 594 of 2022 and requires the Governor to include in the annual budget for fiscal 2024 and 2025 a \$6.0 million appropriation to the Maryland State Department of Education (MSDE) for the purpose of distributing specified bonuses for child care providers and employees. Of these funds, \$4.0 million must be used for new hire bonuses and \$2.0 million must be used for hiring assistance bonuses. As under current law, in addition to these funds, MSDE may use any other funds, including federal funding, to award such bonuses. MSDE must also continue to award funds under a first-come, first-served basis. **The bill takes effect July 1, 2023, and terminates December 31, 2025.**

**Fiscal Summary**

**State Effect:** General fund expenditures increase by \$6.0 million in FY 2024 and 2025. This analysis assumes discretionary funding in FY 2024 and reflects the mandated appropriation in FY 2025. MSDE can handle administrative responsibilities using existing resources. To the extent additional funding is provided for bonuses, expenditures may increase further (not reflected below). Revenues are not affected. **This bill establishes a mandated appropriation for FY 2025.**

(\$ in millions)	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	6.0	6.0	0	0	0
Net Effect	(\$6.0)	(\$6.0)	\$0.0	\$0.0	\$0.0

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

**Local Effect:** None.

**Small Business Effect:** Meaningful.

## Analysis

**Current Law:** Chapter 594 (scheduled to terminate December 31, 2023) requires the Governor to include in the annual budget for fiscal 2023 a \$16.0 million appropriation to MSDE for the purpose of distributing specified bonuses for child care providers and employees. MSDE must establish a process for awarding bonuses (awarded under a first-come, first-served basis), and may continue to award bonuses on or after July 1, 2023, with funds other than the required \$16.0 million. Chapter 594 also requires MSDE to receive specified proof of eligibility before distributing certain awards.

MSDE must use \$4.0 million to award new hire bonuses of up to \$1,000 (new hire bonuses awarded under the bill are up to \$1,500). Specifically, MSDE must award a \$500 bonus to each individual who (1) during fiscal 2023, begins employment in the State for at least 20 hours per week as a child care provider, or with a child care provider that participates in the Child Care Scholarship (CCS) Program in the State; (2) remains employed as a child care provider for three months; and (3) commits to remaining employed with that provider for at least six months. Each individual receiving this bonus is also eligible for an additional \$500 bonus if the individual earns a Maryland Child Care Credential Program (MCCCP) credential during fiscal 2023 (or had a credential prior to beginning employment) and continues to be employed as or by a child care provider for at least 20 hours a week.

MSDE must use \$10.0 million to award a \$1,000 retention bonus to each individual who (as of June 30, 2022) is employed by a child care provider for at least 20 hours per week and either holds an MCCCP credential or earns the credential during fiscal 2023.

MSDE must use the remaining \$2.0 million to award a \$500 hiring assistance bonus to a child care provider that participates in the CCS Program for each employee the child care provider hires in fiscal 2023 to work at least 30 hours per week for at least three months. A child care provider may use these funds for advertising a position, licensure or certification costs, background check fees, or paying the first month of salary to a new employee.

**Small Business Effect:** The bill has a meaningful impact on Maryland's child care small business owners. Under the bill, they may receive bonuses and likely realize an improved ability to recruit employees.

**Additional Comments:** MSDE advises that the estimated average income of staff working with children in a child care center is \$25,500 per year.

## Additional Information

**Prior Introductions:** Similar legislation has not been introduced within the last three years.

**Designated Cross File:** None.

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

**Fiscal Note History:** First Reader - March 13, 2023  
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