

Department of Legislative Services
 Maryland General Assembly
 2025 Session

FISCAL AND POLICY NOTE
 First Reader

House Bill 862 (Delegate Solomon, *et al.*)
 Ways and Means

Child Care Affordability Commission - Establishment

This bill establishes the Child Care Affordability Commission to study and make recommendations regarding child care affordability in the State. The commission must submit to the General Assembly (1) an interim report by January 1, 2026, and (2) a final report by December 1, 2026. **The bill takes effect July 1, 2025, and terminates June 30, 2027.**

Fiscal Summary

State Effect: General fund expenditures increase by at least \$193,700 in FY 2026; FY 2027 reflects the termination of the commission. No assumed impact on revenues.

(in dollars)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	193,700	21,100	0	0	0
Net Effect	(\$193,700)	(\$21,100)	\$0	\$0	\$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: The commission must study and make recommendations regarding child care affordability in the State, including:

- an identification of (1) obstacles to obtaining a fiscally sustainable system of child care and early childhood education that meets the needs of children living in poverty and children at risk of living in poverty; (2) barriers to increasing the supply of child care while offering additional supports and incentives to achieve and maintain quality; (3) measures to ensure the success and sustainability of the Child Care Scholarship Program for working families and any additional measures to support working families, including business tax credits and other incentives for investments in child care; and (4) revenue streams to create an adequate and sustainable source of funding for child care in the State;
- a determination of the economic threshold the State should use to cap the cost of child care for families in the State; and
- an examination of any other relevant issues concerning access to (or the quality or affordability of child care), as determined by the commission.

The Governor's Office for Children (GOC) must provide staff for the commission. Commission members may not receive compensation but are entitled to reimbursement for expenses under the standard State travel regulations. The commission may accept charitable or philanthropic contributions for use only to hire external consultants.

Current Law: The State oversees a variety of early education services that are provided to Maryland children and their families in cooperation of local governments, local school systems, and private child care providers. The [Division of Early Childhood](#) coordinates the State's early childhood care and education system and is composed of three subdivisions: (1) the Office of Child Care; (2) the Office of Early Learning and Instruction; and (3) the Office of Family Support Services.

Child Care Scholarship Program

The Child Care Scholarship Program (formerly known as the Child Care Subsidy Program) provides financial assistance with child care costs to low-income families that meet applicable State or federal requirements. The program is funded through a combination of State funds and the federal Child Care and Development Block Grant. All participating parents or guardians must meet a variety of technical requirements and must be working or enrolled in school, a training program, or a work-related activity.

State Expenditures: General fund expenditures increase by a minimum of \$193,684 in fiscal 2026. GOC has determined that one regular full-time position is needed to implement the bill, along with costs of at least \$200,000 to hire a consultant with expertise in the work to be undertaken by the commission. However, the Department of Legislative Services advises that the added staffing responsibilities incurred by this legislation are not permanent and, thus, may be performed by a part-time contractual employee. This estimate therefore reflects the cost of hiring one part-time contractual policy advisor within GOC to

staff the commission. The estimate includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses, and assumes a 60-day start-up delay for staff. In addition, the estimate reflects an assumption that GOC incurs costs of at least \$150,000 to hire a consultant to support the commission’s work (e.g., analyze funding formulas, data analytics, etc.).

Contractual Position	0.5
Salary and Fringe Benefits	\$36,685
Operating Expenses	6,999
Consulting Services	<u>150,000</u>
Minimum FY 2026 State Expenditures	\$193,684

This estimate assumes the contractual position terminates December 31, 2026 (about four weeks after the submission of the report).

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. Although the bill authorizes the commission to accept charitable or philanthropic donations to hire external consultants, any potential donations are speculative and not accounted for in this analysis.

Small Business Effect: Potential meaningful, to the extent the consultant hired by GOC qualifies as a small business.

Additional Information

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

Designated Cross File: SB 452 (Senator King) - Education, Energy, and the Environment.

Information Source(s): Governor’s Office; Maryland State Department of Education; Department of Legislative Services

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