

Department of Legislative Services
 Maryland General Assembly
 2025 Session

FISCAL AND POLICY NOTE
 First Reader

House Bill 1325 (Delegate Miller, *et al.*)
 Ways and Means

Substitute Child Care Provider Pool Pilot Program - Established

This bill establishes the Substitute Child Care Provider Pool Pilot Program in the Maryland State Department of Education (MSDE) to facilitate the continuous operation of child care facilities in the State by ensuring that qualified substitute child care providers are available to fill short-term staffing needs of child care facilities on a temporary basis. The program must begin July 1, 2026, and end June 30, 2030. MSDE must (1) select a nonprofit organization to administer the program that meets specified requirements and (2) annually develop and publish goals for the program. For fiscal 2027 through 2030, the Governor must include an appropriation of \$375,000 in the annual budget bill for the program. By December 1, 2029, MSDE must report to the General Assembly on the status of the program, including (1) an evaluation of the program and (2) whether the program has met the goals set by MSDE. **The bill takes effect July 1, 2025, and terminates June 30, 2030.**

Fiscal Summary

State Effect: No effect in FY 2026. General fund expenditures increase by approximately \$446,000 in FY 2027 for MSDE to hire staff and due to the mandated appropriation. Future years reflect annualization, inflation, mandated funding, ongoing operating costs, and termination of the pilot program after FY 2030. State revenues are not affected. **This bill establishes a mandated appropriation for FY 2027 through 2030.**

| (in dollars) | FY 2026 | FY 2027 | FY 2028 | FY 2029 | FY 2030 |
|----------------|---------|-------------|-------------|-------------|-------------|
| Revenues | \$0 | \$0 | \$0 | \$0 | \$0 |
| GF Expenditure | 0 | 446,000 | 434,500 | 438,200 | 442,100 |
| Net Effect | \$0 | (\$446,000) | (\$434,500) | (\$438,200) | (\$442,100) |

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: A “child care facility” means a licensed child care center, a registered family child care home, or a registered large family child care home.

A “substitute child care provider pool” means one or more child care providers who are available to provide temporary care to children as a substitute for a regular child care provider in a child care facility and who (1) have the required credentials, training, experience, and criminal history vetting to work in a child care facility and (2) are located in the same region of the State as the child care facility participating in the program.

For each of fiscal years 2027 through 2030, MSDE must award a grant of \$350,000 to the nonprofit organization selected to administer the program. To be eligible to administer the program and receive a grant, a nonprofit organization must:

- be a public benefit corporation that is exempt from taxation as provided by law;
- operate throughout the State;
- have experience working with child care facilities of all types; and
- have experience helping individuals meet the legal requirements to work as child care providers.

Further, the nonprofit organization selected by MSDE must use the grant to:

- organize substitute child care provider pools in at least three regions in the State, including a rural, suburban, and urban area;
- recruit credentialed child care providers to provide substitute child care services in multiple child care facilities participating in the program;
- assist a substitute child care provider with meeting the requirements to work in a child care facility, including by helping the substitute child care provider (1) obtain a criminal history records check, as required under specified provisions of the Family Law Article, as an employee, a contractor, or a subcontractor of the child care facility; (2) meet any experiential or educational requirements; and (3) complete any required training, including health and safety training and first aid training;
- to the extent practicable, assist a substitute child care provider in completing a registered early education apprenticeship;
- identify and organize, into regional areas, child care facilities that agree to work with substitute child care providers from a pool established by the program;
- keep any records required by MSDE; and
- comply with any other requirements established by MSDE.

The nonprofit selected by MSDE may use the grant to (1) create a statewide digital platform to facilitate the matching of substitute child care providers from the substitute child care provider pool with participating child care facilities, including partnering with a third-party vendor and (2) incentivize participation in the program by qualified child care providers and child care facilities.

Current Law: The State oversees a variety of early education services that are provided to Maryland children and their families in cooperation with 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.

Subject to limited exception, family child care homes, large family child care homes, and child care centers may not operate in the State unless they are registered/licensed. The State Board of Education is required to adopt regulations that relate to the registration of family child care homes and large family child care homes and the licensing and operation of child care centers. 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. A child care center is 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.

State Expenditures: General fund expenditures increase by \$446,043 in fiscal 2027, which accounts for the program commencing operation on July 1, 2026 (fiscal 2027), as required by the bill. MSDE has determined that one regular full-time position is needed to implement this bill. However, the Department of Legislative Services advises that the added responsibilities incurred by this legislation are not permanent and, thus, may be performed by a contractual employee.

This estimate reflects the cost of hiring one grant manager to assist with managing the new pilot program. It includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses. The estimate also includes the required \$350,000 grant that must be awarded to the nonprofit organization selected to administer the program. Although the bill mandates \$375,000 in total funding for the pilot program, the additional amount remaining after the grant is disbursed (\$25,000) is assumed to be used to cover a portion of the costs for the contractual employee. The estimate further assumes that MSDE can use existing resources in fiscal 2026 to select the program grantee.

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|---|------------------|
| Contractual Position | 1.0 |
| Salary and Fringe Benefits | \$88,398 |
| Contractual Services | 350,000 |
| Other Operating Expenses | <u>7,645</u> |
| Total FY 2027 State Expenditures | \$446,043 |

Future year expenditures reflect a full salary with annual increases and employee turnover as well as annual increases in ongoing operating expenses.

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.

As the pilot program terminates June 30, 2030, there is no effect on State finances or operations after fiscal 2030.

Small Business Effect: Child care providers likely meaningfully benefit under the bill, as providers may be able to obtain substitute/temporary staff to ensure compliance with child and staff ratios, which may lower the potential risk of an interruption in child care services due to staff shortages.

Additional Information

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

Designated Cross File: SB 868 (Senator Henson) - Education, Energy, and the Environment.

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

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