

Department of Legislative Services
Maryland General Assembly
2025 Session

FISCAL AND POLICY NOTE
Enrolled - Revised

House Bill 1475

(Delegate Feldmark, *et al.*)

Ways and Means

Education, Energy, and the Environment

Maryland State Department of Education - Publicly Funded Prekindergarten -
Analysis and Report (Mixed Delivery Model Viability Act)

This bill requires the Maryland State Department of Education (MSDE) to convene a workgroup to conduct an analysis of the mixed delivery, publicly funded full-day prekindergarten system. The workgroup must solicit feedback from public prekindergarten providers, private prekindergarten providers, and child care providers who have elected not to participate in the full-day publicly funded prekindergarten program. By June 1, 2026, the workgroup must submit to the State Board of Education and the Accountability and Implementation Board (AIB) a specified interim report; by December 31, 2027, the workgroup must submit to AIB and the General Assembly a specified final report. The bill specifies workgroup membership. **The bill takes effect July 1, 2025, and terminates June 30, 2028.**

Fiscal Summary

State Effect: MSDE can staff the workgroup with existing resources; however, resources may need to be temporarily diverted from existing projects. Revenues are not affected.

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: The bill specifies numerous items that the workgroup, in conducting the analysis, must review, including various policies; funding, invoicing, and reimbursement mechanisms; certain timelines and guidelines; quality rating and administrative processes;

languages used in various materials and interactions; opportunities to pool resources among private prekindergarten providers; provider challenges in building or adapting prekindergarten facilities; and how best to provide quality early childhood education for students with and without disabilities in the same classroom. The workgroup may (1) consult additional subject matter and policy experts that the workgroup determines are beneficial in conducting the analysis and (2) establish subcommittees to carry out the analysis.

The interim report must cover the results of the workgroup's analysis, including recommendations for changes to regulations, policies, and procedures to increase the efficacy of the publicly funded prekindergarten program and to make the program more equitable for providers and families. The final report must cover the results of the analysis, any changes made by MSDE in response to the recommendations in the interim report, and any additional recommendations from the workgroup for changes to regulation, policies, procedures, or statute regarding the mixed delivery, publicly funded prekindergarten system.

Current Law:

Full-day Prekindergarten

The full-day prekindergarten funding formula provides State and local funding for voluntary full-day prekindergarten for (1) children who are three or four years old from low-income families and homeless youths and whose family income is less than or equal to 300% of the federal poverty level (FPL) (Tier I children) and (2) four-year-olds from families whose income is – for fiscal 2026 funding – between 300% and 360% of FPL, and beginning fiscal 2027 between 300% and 600% of FPL (Tier II students).

There is no family share for Tier I students. For Tier II students, a sliding scale developed by MSDE determines the family share. For four-year-olds from families with income above 600% (Tier III), the family share covers the full cost of full-day prekindergarten. However, a local board may provide up to 100% of the family share on behalf of the family. Local governments are required to fund the local share of the full-day prekindergarten program. The funding formula for full-day prekindergarten is based in part on the per pupil amount. The per pupil amount is \$14,473 for fiscal 2026, escalates to \$19,950 in fiscal 2027 and 2028, and increases annually by inflation beginning in fiscal 2029.

Beginning in the 2024-2025 school year, prekindergarten slots provided by eligible private providers must account for at least 10% of the total prekindergarten slots provided by eligible prekindergarten providers in each county. The proportion of eligible private provider prekindergarten slots in each county increases by 10 percentage points every school year, until, in the 2028-2029 school year, and each subsequent school year, eligible

private provider prekindergarten slots account for at least 50% of eligible prekindergarten provider prekindergarten slots in each county.

Priority in expanding full-day prekindergarten slots is given to three- and four-year-olds who are Tier I children, children with disabilities regardless of family income, and children living in homes where English is not the primary spoken language. The proportion of enrolled Tier I children who are three- and four-year-olds must increase annually until all such children are enrolled in a full-day prekindergarten program. The fiscal 2026 budget as passed by the General Assembly includes \$172.6 million for the program.

Prekindergarten Expansion Grant Program

The purpose of the Prekindergarten Expansion Grant Program, administered by MSDE, is to broaden the availability of high-quality prekindergarten and school readiness services throughout the State for children and their families in coordination with the expansion of publicly funded full-day prekindergarten under the Blueprint for Maryland's Future (the Blueprint). The program is a competitive grant program to provide grants to qualified providers, including (1) a local board of education or (2) if partnering with a local board under a memorandum of understanding, a State accredited or nationally accredited child care program or a nonpublic school approved by MSDE to provide prekindergarten services.

Grants may be used to add available slots to expand prekindergarten services, including (1) establishing or expanding full-day prekindergarten for eligible young children and (2) expanding existing half-day prekindergarten programs into full-day prekindergarten for eligible young children. Grants may not be used (1) to supplant existing funding for prekindergarten services; (2) for capital improvements; or (3) to fund the same full-day prekindergarten slot that is funded under the full-day prekindergarten program established by Blueprint legislation.

Through fiscal 2029, the Governor must annually appropriate to the Prekindergarten Expansion Fund (established to provide funds to the program) an amount that is at least equal to the total amount of all funds received by the program in the prior fiscal year. Beginning in fiscal 2030, funds appropriated to the Prekindergarten Expansion Fund must be consolidated into the publicly funded full-day prekindergarten program. The fiscal 2026 budget as passed by the General Assembly includes \$26.6 million for the program, level with the prior year.

Additional Information

Recent 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 Legislative Services

Fiscal Note History: First Reader - March 10, 2025
km/clb Third Reader - March 31, 2025
Revised - Amendment(s) - March 31, 2025
Revised - Updated Information - March 31, 2025
Enrolled - May 6, 2025
Revised - Amendment(s) - May 6, 2025
Revised - Budget Information - May 6, 2025

Analysis by: Scott P. Gates

Direct Inquiries to:
(410) 946-5510
(301) 970-5510