

Department of Legislative Services
Maryland General Assembly
2025 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 857 (Senator Henson)
Education, Energy, and the Environment

Child Care - Prekindergarten Expansion Grant Modifications and Workgroup

This bill alters components of the Prekindergarten Expansion Grant Program regarding applications for funding, awarding of grants, and the use of grant funding. The Maryland State Department of Education (MSDE) must convene a workgroup of child care providers in the State to explore opportunities to incentivize growth in child care providers with slots for infants and toddlers. By December 1, 2025, MSDE must report to the General Assembly on recommendations resulting from the workgroup. **The bill takes effect July 1, 2025.**

Fiscal Summary

State Effect: None. MSDE can convene the required workgroup using existing resources, and the bill does not alter the required annual appropriation of funding for the Prekindergarten Expansion Grant Program. Revenues are not affected.

Local Effect: The effect on any given local board of education under the bill is indeterminate and assumed to be minor.

Small Business Effect: Minimal.

Analysis

Bill Summary: Applications for Prekindergarten Expansion Grant Program funding must use easily understood terminology and be accompanied by multilingual instructions on how to complete the application. Applications are due by February 15; MSDE must provide applicants with a notice of grant award or denial by March 1.

MSDE must establish a multiyear grant award process so that recipients have greater year-to-year predictability and financial stability. MSDE must provide 100% of the grant amount to the recipient by July 1.

MSDE must provide technical assistance on the grant application process and reporting requirements for grant recipients to (1) multilingual applicants; (2) family child care providers; and (3) small, independent child care providers. MSDE may (1) contract with a third party to provide the technical assistance and (2) to the extent practicable, provide the technical assistance through a specified hub model.

Grants may be used to add available slots to provide prekindergarten services to additional children, consistent with current law. Grants under the program may not be used to supplant existing child care slots for infants and toddlers.

Current Law: 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 (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.

State Expenditures: The bill is not anticipated to have a significant impact on State finances. It does not alter the requirement that the Governor, through fiscal 2029, annually appropriate at least as much for the program as in the prior year. The fiscal 2026 budget as introduced includes \$26.6 million for the program, level with the prior year.

Further, MSDE advises that it currently provides technical assistance for the grant application process and reporting requirements to serve multiple applicants through partnerships, and the department does not anticipate any immediate change to the current level of administrative costs for the program. MSDE can convene the required workgroup using existing resources.

Local Fiscal Effect: If the combination of (1) multiyear grants and (2) the requirement to provide 100% of the grant amount by July 1 means that the entirety of multiyear grants must be distributed within the first year of the grant period, then, assuming annual funding under the program remains at the \$26.6 million level, either the number of grants awarded, or the average magnitude of grants, in a given year is assumed to diminish under the bill. The impact, if any, on the amount of grant funding received and expended by local boards is indeterminate and assumed to be minimal.

Additional Information

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

Designated Cross File: None.

Information Source(s): Baltimore City Public Schools; Anne Arundel County Public Schools; Baltimore County Public Schools; Montgomery County Public Schools; Prince George's County Public Schools; Maryland State Department of Education; Department of Budget and Management; Department of Legislative Services

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