

Department of Legislative Services
Maryland General Assembly
2025 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 359

(Senator King)

Budget and Taxation

Ways and Means and Appropriations

Therapeutic Child Care Grant Program - Funding - Alterations

This bill reestablishes a mandated appropriation for the Therapeutic Child Care Grant Program, administered by the Maryland State Department of Education (MSDE). As a result, the Governor must include a \$3.7 million appropriation for the program in the annual budget bill from fiscal 2027 through 2029. **The bill takes effect July 1, 2025.**

Fiscal Summary

State Effect: No effect in FY 2026. General fund expenditures increase by \$2.2 million from FY 2027 through 2029, as discussed below. Revenues are not affected. **This bill establishes a mandated appropriation for FY 2027 through 2029.**

(\$ in millions)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	0	2.2	2.2	2.2	0
Net Effect	\$0.0	(\$2.2)	(\$2.2)	(\$2.2)	\$0.0

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

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: Chapters 498 and 499 of 2022 established the Therapeutic Child Care Grant Program, administered by MSDE. The purpose of the program is to provide grants to providers that specialize in providing child care and early childhood education to children younger than age six who have developmental delays; physical disabilities; or

delays in social, emotional, or behavioral functioning. Chapters 498 and 499 required the Governor to include a \$3.7 million appropriation in the annual budget bill for the program in fiscal 2023 through 2025.

In awarding grants under the program, MSDE must distribute \$1,283,000 to existing providers in the same *amount* as was provided in fiscal 2022 and \$1,917,000 to existing providers in the same *proportion* as was provided in fiscal 2022 to provide additional services. MSDE must also distribute \$500,000 to new or existing providers to enroll additional children; however, if funds are remaining after this distribution, the remainder must be distributed to existing providers to provide additional services, in proportion to fiscal 2022 funding. MSDE must award grants by August 15 each year and may adopt necessary regulations.

Therapeutic child care programs were originally called therapeutic nursery programs. Therapeutic child care is the more modern term. According to regulations, a child is eligible for therapeutic nursery services if the child:

- has or is at risk for a mild to severe mental disorder, as defined in the current Diagnostic and Statistical Manual of Mental Disorders, or mild to severe behavioral problems, or both;
- is at risk for emotional or behavioral problems because the child (1) is experiencing substantial developmental delay or atypical development, as specified; (2) has experienced psychological trauma, as identified by an evaluation by a mental health professional; (3) has a diagnosed physical or mental condition, which has a high probability of resulting in developmental delay; or (4) has been excluded, for developmental or behavioral problems, from more than one preschool or day care program;
- is at risk for emotional or behavioral problems and is a child who is being assessed or has been assessed in a suspected child abuse or neglect investigation; or
- is at risk for emotional or behavioral problems because of significant family history, as identified by an evaluation by a mental health professional.

Therapeutic nursery services must meet specified standards for staffing, treatment, evaluative services, support services, discharge, physical setting, and equipment. There are separate requirements for programs that serve children younger than age three and for those that serve children ages three to five. Programs must provide specified types of therapy, including individual therapy if required by the child's individual treatment plan.

State Expenditures: As noted above, the \$3.7 million *mandated* funding requirement terminated after fiscal 2025; the fiscal 2026 budget as introduced includes \$1.5 million in funding for the Therapeutic Child Care Grant Program. The Department of Budget and

Management advises that its outyear forecast assumes that program funding, while discretionary, is maintained at \$1.5 million annually. General fund expenditures therefore increase by \$2.2 million annually from fiscal 2027 through 2029 to fund the program at the higher amount required by the bill's mandated appropriation.

Additional Information

Recent Prior Introductions: Similar legislation has been introduced within the last three years. See HB 377 and SB 419 of 2024.

Designated Cross File: HB 185 (Delegate Mireku-North, *et al.*) - Ways and Means and Appropriations.

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

Fiscal Note History: First Reader - January 27, 2025

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Analysis by: Eric F. Pierce

Direct Inquiries to:

(410) 946-5510

(301) 970-5510