

Chapter 594

(House Bill 849)

AN ACT concerning

**Child Care Scholarship Program – Freeze in Enrollment – Exceptions and
Waitlist**

FOR the purpose of prohibiting a freeze in enrollment in the Child Care Scholarship Program from including certain individuals enrolled in certain governmental support programs, children with siblings enrolled in the Program, ~~individuals with certain employment issues, and individuals employed by a child care provider~~ and children who are homeless; requiring the State Department of Education to establish a waitlist for the Program under certain conditions; requiring the Department to give priority for enrollment in the Program to certain individuals on the waitlist; requiring the Department to develop a new application for the Program that collects certain information; and generally relating to exceptions to a freeze in enrollment in and a waitlist for the Child Care Scholarship Program.

BY repealing and reenacting, with amendments,
 Article – Education
 Section 9.5–111
 Annotated Code of Maryland
 (2022 Replacement Volume and 2025 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
 That the Laws of Maryland read as follows:

Article – Education

9.5–111.

(a) (1) In this section the following words have the meanings indicated.

(2) “Analysis” means the market rate survey or an alternative method allowable under federal law.

(3) “Program” means the Child Care Scholarship Program.

(b) (1) Beginning in 2017, and every 2 years thereafter, the Department shall conduct an analysis in order to formulate appropriate reimbursement rates for the Program.

(2) The Department, before conducting the analysis, shall consult with:

(i) The Office of Child Care Advisory Council;

- (ii) Child care resource and referral agencies;
- (iii) Child care worker organizations; and
- (iv) Any other appropriate entities.

(c) On or before September 1, 2017, and by September 1 every 2 years thereafter, the Department shall report to the Joint Committee on Children, Youth, and Families, the Senate Budget and Taxation Committee, and the House Appropriations Committee, in accordance with § 2–1257 of the State Government Article, on:

(1) The methodology of the analysis required under subsection (b) of this section;

(2) Cost estimates for raising the Program’s reimbursement rates to the 45th, 55th, 65th, and 75th percentile of child care providers in each of the State’s market regions;

(3) The minimum base payment rate that is required for child care providers to meet health, safety, quality, and staffing requirements in accordance with federal law and the factors used to determine that rate;

(4) The rate adjustment that the Department will implement based on the analysis;

(5) Any adjustments to Program eligibility or family copay amount that will be implemented; and

(6) Any potential impacts on families and providers due to any adjustments made to the Program.

(d) (1) The Governor shall include in the annual State budget an appropriation from all fund sources for the Program that is not less than the total appropriation for the Program in fiscal year 2018 or fiscal year 2019, whichever is greater.

(2) Except as provided in paragraph (3) of this subsection, the Department may not make the following alterations to the Program in effect as of January 1, 2023:

- (i) Reduce the reimbursement rates;
- (ii) Reduce the income eligibility requirements; or

(iii) **[Implement] SUBJECT TO SUBSECTION (E) OF THIS SECTION, IMPLEMENT** a freeze in Program enrollment.

(3) (i) The Department may alter the Program in effect as of January 1, 2023, by reducing the reimbursement rates, reducing the income eligibility requirements, or implementing a freeze in Program enrollment, if:

1. The Department submits a notification to the Senate Budget and Taxation Committee, the Senate Committee on Education, Energy, and the Environment, the House Appropriations Committee, and the House Ways and Means Committee, in accordance with § 2–1257 of the State Government Article, on the intended Program alterations, including the reason for, and expected duration of, the proposed actions; and

2. The Program alterations identified in the notification are not implemented until the completion of the regular legislative session immediately following the submission of the notification.

(ii) If the Board of Public Works approves budget reductions for the Program under § 7–213 of the State Finance and Procurement Article for a certain fiscal year, the Department may reduce the reimbursement rates, reduce the income eligibility requirements, or implement a freeze in Program enrollment at any time during the fiscal year.

(4) ~~The~~ **EXCEPT AS PROVIDED IN § 9.5–113(D) OF THIS SUBTITLE, THE** Department may not increase the copayment levels of the Program in effect as of January 1, 2024.

(E) (1) (i) A FREEZE IN PROGRAM ENROLLMENT MAY NOT APPLY TO:

~~(i)~~ **1. AN INDIVIDUAL OR A FAMILY WHO IS ENROLLED IN THE TEMPORARY CASH ASSISTANCE PROGRAM UNDER § 5–312 OF THE HUMAN SERVICES ARTICLE;**

~~(ii)~~ **2. AN INDIVIDUAL OR A FAMILY WHO IS ENROLLED IN THE FEDERAL TEMPORARY ASSISTANCE FOR NEEDY FAMILIES PROGRAM;**

~~(iii)~~ **3. A CHILD, PARENT, OR CAREGIVER WHO IS ENROLLED IN THE FEDERAL ~~SOCIAL~~ SUPPLEMENTAL SECURITY INCOME PROGRAM;**

~~(iv)~~ **4. THE SIBLING OF A CHILD WHO IS ENROLLED IN THE PROGRAM; AND**

~~(v)~~ **AN INDIVIDUAL WHO:**

1. HAS BECOME UNEMPLOYED WITHIN THE PAST 30 DAYS; AND

~~2. WOULD HAVE QUALIFIED FOR THE PROGRAM BEFORE BECOMING UNEMPLOYED;~~

~~(VI) AN INDIVIDUAL WHO:~~

~~1. IS EMPLOYED BY THE FEDERAL OR STATE GOVERNMENT OR A LOCAL GOVERNMENT IN THE STATE;~~

~~2. IS INVOLUNTARILY FURLOUGHED FROM WORK WITHOUT PAY BECAUSE OF A GOVERNMENT SHUTDOWN, LASTING FOR A PERIOD THAT EXCEEDS 7 CONSECUTIVE DAYS, THAT CAUSES FUNDING TO BE UNAVAILABLE TO OPERATE GOVERNMENTAL ACTIVITIES DUE TO THE LACK OF A LEGISLATIVE APPROPRIATION OR A CONTINUING RESOLUTION; AND~~

~~3. WOULD HAVE QUALIFIED FOR THE PROGRAM BEFORE BECOMING FURLOUGHED; AND~~

~~(VII) AN INDIVIDUAL WHO IS EMPLOYED BY A CHILD CARE CENTER, A FAMILY CHILD CARE HOME, OR A LARGE FAMILY CHILD CARE HOME~~

5. A CHILD WHO IS HOMELESS.

~~(2) (II) AN INDIVIDUAL DESCRIBED UNDER PARAGRAPH (1) OF THIS SUBSECTION SUBPARAGRAPH (I) OF THIS PARAGRAPH SHALL OTHERWISE MEET THE CRITERIA FOR ENROLLMENT IN THE PROGRAM.~~

(2) (I) IF THE DEPARTMENT ESTABLISHES A FREEZE IN PROGRAM ENROLLMENT, THE DEPARTMENT SHALL ESTABLISH A WAITLIST FOR ELIGIBLE INDIVIDUALS WHO APPLY TO THE PROGRAM AFTER THE FREEZE IS IN EFFECT.

(II) THE WAITLIST SHALL REMAIN IN EFFECT AS LONG AS THERE ARE FEWER AVAILABLE AWARDS UNDER THE PROGRAM THAN ELIGIBLE APPLICANTS FOR THE PROGRAM.

(III) THE WAITLIST SHALL PROVIDE AWARDS FOR ENROLLMENT IN THE PROGRAM TO QUALIFIED APPLICANTS IN THE FOLLOWING ORDER OF PRIORITY:

1. APPLICANTS WITH THE GREATEST FINANCIAL NEED, BASED ON ANNUAL HOUSEHOLD INCOME;

2. APPLICANTS WHO WORK FOR AT LEAST 20 HOURS A WEEK AS AN EMPLOYEE OR OPERATOR OF A CHILD CARE CENTER, A FAMILY CHILD

CARE HOME, A LARGE FAMILY CHILD CARE HOME, OR AN ELIGIBLE PUBLICLY FUNDED PREKINDERGARTEN PROGRAM UNDER TITLE 7, SUBTITLE 1A OF THIS ARTICLE THAT ACCEPTS CHILDREN ENROLLED IN THE PROGRAM;

3. APPLICANTS ENROLLING A CHILD UNDER THE AGE OF 3 YEARS; AND

4. APPLICANTS WHO HAVE BEEN ON THE WAITLIST FOR THE LONGEST PERIOD OF TIME.

[(e)] (F) The Governor shall, from all fund sources, appropriate funds in the annual State budget in an amount sufficient to raise the Program's reimbursement rates for each region to:

(1) For fiscal year 2020, not less than the 30th percentile of the most recent market rate survey or its equivalent if an alternative methodology defined by the Department is used; and

(2) For fiscal year 2021 and each fiscal year thereafter, not less than the 60th percentile of the most recent market rate survey or its equivalent if an alternative methodology defined by the Department is used.

SECTION 2. AND BE IT FURTHER ENACTED, That:

(a) The State Department of Education shall develop a new application for the Child Care Scholarship Program that collects information necessary to determine whether an individual is employed for at least 20 hours a week by a child care center, a family child care home, a large family child care home, or an eligible publicly funded prekindergarten program that accepts Child Care Scholarship recipients.

(b) In implementing a waitlist for applicants for the Child Care Scholarship Program as required by § 9.5–111(e) of the Education Article, as enacted by Section 1 of this Act, the Department shall focus on enrolling other eligible applicants prioritized on the waitlist until the new application is developed in accordance with subsection (a) of this section.

SECTION 3. AND BE IT FURTHER ENACTED, That:

(a) (1) The State Department of Education shall review the methodology used to determine whether a parent or guardian is attending a job training program for the purposes of determining eligibility for a scholarship under the Child Care Scholarship Program.

(2) In conducting its review, the Department shall consider alternative methods of measuring job training that could result in qualifying additional applicants.

(b) On or before December 15, 2026, the Department shall report to the General Assembly, in accordance with § 2-1257 of the State Government Article, on the results of its review.

SECTION ~~2~~ 4. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2026, contingent on the taking effect of Chapter 595 of the Acts of the General Assembly of 2026, and if Chapter 595 does not take effect, this Act, with no further action required by the General Assembly, shall be null and void.

Approved by the Governor, May 26, 2026.