

HOUSE BILL 1321

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By: **Delegate Palakovich Carr**

Introduced and read first time: February 12, 2026

Assigned to: Ways and Means and Appropriations

A BILL ENTITLED

1 AN ACT concerning

2 **Child Care Scholarship Program – Enrollment and Copays – Alterations**

3 FOR the purpose of prohibiting an enrollment freeze in the Child Care Scholarship
4 Program from applying to certain individuals; requiring the State Department of
5 Education to establish a waitlist for the Program under certain conditions; requiring
6 the Department to give priority for enrollment in the Program to certain individuals
7 on the waitlist; requiring the Department to identify, inform, and assist Program
8 applicants who qualify for enrollment in publicly funded prekindergarten subject to
9 certain conditions; limiting copays for certain individuals under the Program subject
10 to certain conditions; and generally relating to the Child Care Scholarship Program.

11 BY repealing and reenacting, with amendments,
12 Article – Education
13 Section 9.5–111 and 9.5–113
14 Annotated Code of Maryland
15 (2022 Replacement Volume and 2025 Supplement)

16 BY repealing and reenacting, with amendments,
17 Article – Education
18 Section 9.5–111(d)(4)
19 Annotated Code of Maryland
20 (2022 Replacement Volume and 2025 Supplement)
21 (As enacted by Section 1 of this Act)

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

24 **Article – Education**

25 9.5–111.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

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

4 (3) "Program" means the Child Care Scholarship Program.

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

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

9 (i) The Office of Child Care Advisory Council;

10 (ii) Child care resource and referral agencies;

11 (iii) Child care worker organizations; and

12 (iv) Any other appropriate entities.

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

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

19 (2) Cost estimates for raising the Program's reimbursement rates to the
20 45th, 55th, 65th, and 75th percentile of child care providers in each of the State's market
21 regions;

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

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

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

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

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

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

6 (i) Reduce the reimbursement rates;

7 (ii) Reduce the income eligibility requirements; or

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

10 (3) (i) The Department may alter the Program in effect as of January
11 1, 2023, by reducing the reimbursement rates, reducing the income eligibility
12 requirements, or implementing a freeze in Program enrollment, if:

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

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

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

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

30 **(E) (1) (I) A FREEZE IN PROGRAM ENROLLMENT MAY NOT APPLY TO:**

31 1. **A FAMILY OR AN INDIVIDUAL WHO IS ENROLLED IN**
32 **THE TEMPORARY CASH ASSISTANCE PROGRAM UNDER § 5–312 OF THE HUMAN**
33 **SERVICES ARTICLE;**

1 2. A FAMILY OR AN INDIVIDUAL WHO IS ENROLLED IN
2 THE FEDERAL TEMPORARY ASSISTANCE FOR NEEDY FAMILIES PROGRAM;

3 3. A CHILD WHO IS ENROLLED IN THE FEDERAL SOCIAL
4 SECURITY INCOME PROGRAM; AND

5 4. A CHILD WHO IS HOMELESS.

6 (II) AN INDIVIDUAL DESCRIBED UNDER SUBPARAGRAPH (I) OF
7 THIS PARAGRAPH SHALL OTHERWISE MEET THE CRITERIA FOR ENROLLMENT IN
8 THE PROGRAM.

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

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

15 (III) THE WAITLIST SHALL GIVE PRIORITY FOR ENROLLMENT IN
16 THE PROGRAM TO QUALIFIED APPLICANTS WHO:

17 1. HAVE THE GREATEST FINANCIAL NEED, BASED ON
18 HOUSEHOLD INCOME; AND

19 2. APPLY TO ENROLL A CHILD UNDER THE AGE OF 3
20 YEARS.

21 (3) (I) IF THE DEPARTMENT ESTABLISHES A FREEZE IN PROGRAM
22 ENROLLMENT, THE DEPARTMENT SHALL IDENTIFY APPLICANTS TO THE PROGRAM
23 WHOSE CHILDREN QUALIFY FOR THE PUBLICLY FUNDED PREKINDERGARTEN
24 PROGRAM UNDER TITLE 7, SUBTITLE 1A OF THIS ARTICLE.

25 (II) THE DEPARTMENT SHALL INFORM AN APPLICANT
26 IDENTIFIED UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH ABOUT THE PUBLICLY
27 FUNDED PREKINDERGARTEN PROGRAM, INCLUDING BY PROVIDING INFORMATION
28 ON:

29 1. AVAILABLE PREKINDERGARTEN SLOTS IN THE
30 COUNTY IN WHICH THE APPLICANT RESIDES;

1 (ii) Incorporate the framework of the Youth Transitioning From
2 Foster Placement to Successful Adulthood Program as established under § 9.5–113.2 of this
3 subtitle.

4 (2) An individual shall attest that the individual meets the eligibility
5 requirements for a subsidy under the Program by completing and electronically submitting
6 a form provided by the Department, including a statement of the individual's estimated
7 annual household income.

8 (3) The Department shall provide a subsidy under the Program to an
9 individual who submits a form under paragraph (2) of this subsection for a period:

10 (i) Beginning on the day on which the individual submits the form;
11 and

12 (ii) Ending:

13 1. If the individual does not fill out an application within 15
14 days in accordance with paragraph (4) of this subsection, 60 days after the date on which
15 the individual submits the form under paragraph (2) of this subsection; or

16 2. If the Department determines that the individual does not
17 qualify for a subsidy under the Program after reviewing the individual's application
18 submitted in accordance with paragraph (4) of this subsection, the later of:

19 A. 60 days after the date on which the individual submits the
20 form under paragraph (2) of this subsection; or

21 B. The date on which the Department makes the
22 determination.

23 (4) To continue to receive a subsidy under the Program, an individual who
24 submits a form under paragraph (2) of this subsection shall submit an application for a
25 subsidy under the Program within 15 days after the date on which the individual submits
26 the form under paragraph (2) of this subsection.

27 (5) The Department or the Comptroller may not seek reimbursement or
28 repayment of a subsidy provided to an individual under paragraph (3) of this subsection if
29 the Department determines the individual does not qualify for a subsidy under the Program
30 under paragraph (3)(ii)2 of this subsection, except for suspected fraud.

31 (6) (i) In this paragraph, "Fund" means the Child Care Scholarship
32 Program Presumptive Eligibility Fund.

33 (ii) There is a Child Care Scholarship Program Presumptive
34 Eligibility Fund.

1 (iii) The Department shall administer the Fund.

2 (iv) 1. The Fund is a special, nonlapsing fund that is not subject
3 to § 7-302 of the State Finance and Procurement Article.

4 2. The State Treasurer shall hold the Fund separately, and
5 the Comptroller shall account for the Fund.

6 (v) The Fund consists of:

7 1. Money appropriated in the State budget to the Fund;

8 2. Reimbursements made in accordance with subparagraph
9 (viii) of this paragraph; and

10 3. Any other money from any other source accepted for the
11 benefit of the Fund.

12 (vi) The Fund may be used only to award a subsidy under the
13 Program in an amount sufficient to provide child care for an individual who is granted
14 presumptive eligibility until:

15 1. The individual either fails to complete the full application
16 within 15 days or is found ineligible for a subsidy under the Program and the time period
17 described under paragraph (3) of this subsection lapses; or

18 2. The individual is found eligible to participate in the
19 Program.

20 (vii) For fiscal year 2024 and each fiscal year thereafter, the Governor
21 shall include in the annual budget bill an appropriation to the Fund at least equal to the
22 amount recommended by the Department in the study conducted in accordance with
23 Section 3 of Chapters 525 and 526 of the Acts of the General Assembly of 2022 that is
24 necessary to provide payment of the subsidy amount for which an individual who is
25 presumptively eligible qualifies.

26 (viii) If an individual is found eligible to participate in the Program,
27 federal and matching State funds available under the federal Child Care Development
28 Fund shall be used to reimburse the Fund for any expenditures made in accordance with
29 subparagraph (vi) of this paragraph.

30 (ix) 1. The State Treasurer shall invest the money of the Fund in
31 the same manner as other State money may be invested.

32 2. Any interest earnings of the Fund shall be credited to the
33 General Fund of the State.

(d) (1) The Department shall award a scholarship under the Program in an amount sufficient to ensure that an individual will not be required to pay a copay for child care if the individual provides proof, as determined by the Department, of:

(1) (i) 1. Participation in one of the following programs:

[1.] A. Federal Special Supplemental Food Program for Women, Infants, and Children;

[2.] B. Federal Supplemental Nutrition Assistance Program;

[3.] C. Federal Housing Act Housing Choice Voucher Program;

[4.] D. Supplemental Security Income benefits; or

[5.] E. Temporary cash assistance; and

[(ii)] 2. Employment or enrollment in an education or career training program; or

(2) (II) Participation in the Youth Transitioning From Foster Placement to Successful Adulthood Program established under § 9.5–113.2 of this subtitle.

(2) THE DEPARTMENT SHALL AWARD A SCHOLARSHIP UNDER THE PROGRAM IN AN AMOUNT SUFFICIENT TO ENSURE THAT AN INDIVIDUAL WHO HAS AN ANNUAL INCOME OF NOT MORE THAN 50% OF THE REGIONAL MEDIAN INCOME WHERE THE INDIVIDUAL RESIDES IS NOT REQUIRED TO PAY A COPAY FOR CHILD CARE.

(3) (I) SUBJECT TO SUBPARAGRAPH (II) OF THIS PARAGRAPH, THE DEPARTMENT MAY AWARD A SCHOLARSHIP UNDER THE PROGRAM IN AN AMOUNT THAT RESULTS IN AN INDIVIDUAL PAYING A COPAY IF THE INDIVIDUAL'S ANNUAL INCOME IS MORE THAN 50% OF THE REGIONAL MEDIAN INCOME WHERE THE INDIVIDUAL RESIDES.

(II) THE DEPARTMENT MAY NOT AWARD A SCHOLARSHIP UNDER THE PROGRAM IN AN AMOUNT THAT RESULTS IN AN INDIVIDUAL PAYING:

1. IF THE INDIVIDUAL HAS AN ANNUAL INCOME OF NOT MORE THAN 65% OF THE REGIONAL MEDIAN INCOME WHERE THE INDIVIDUAL RESIDES, 3% OR MORE OF THE INDIVIDUAL'S ANNUAL INCOME AS A COPAY; OR

