

Department of Legislative Services  
 Maryland General Assembly  
 2026 Session

FISCAL AND POLICY NOTE  
 First Reader

House Bill 1574 (Delegate Solomon, *et al.*)  
 Ways and Means

Child Care Providers - Licensing and Registration Alterations and Workgroup  
 to Study Illegally Provided Child Care

This bill makes numerous changes to licensing, registration, and regulatory requirements for certain child care providers (*i.e.*, child care centers, registered family child care homes, and registered large family child care homes). The Maryland State Department of Education (MSDE) must also establish a centralized unit for the processing and management of information about criminal history records checks (CHRCs). Finally, the bill establishes the Workgroup to Study Illegally Provided Child Care, staffed by MSDE. The workgroup must submit (1) by January 1, 2027, an interim report and (2) by December 1, 2028, a final report of its findings and recommendations to the Governor and the General Assembly. **The bill takes effect July 1, 2026; the workgroup terminates June 30, 2029.**

Fiscal Summary

**State Effect:** General fund expenditures increase by \$450,000 in FY 2027 only for contractual services related to the workgroup and reprogramming. The bill likely has other significant operational (and potential fiscal) impacts on MSDE, as discussed below. Revenues are likely not materially affected.

(in dollars)	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	450,000	0	0	0	0
Net Effect	(\$450,000)	\$0	\$0	\$0	\$0

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

**Local Effect:** The bill is not anticipated to materially affect local government finances or operations.

**Small Business Effect:** Meaningful.

## Analysis

### **Bill Summary:**

#### *Required Warnings for Violations*

If a licensee (including a holder of a letter of compliance) or registrant violates a rule or regulation adopted under Title 9.5 of the Education Article within the first year of adoption, MSDE must warn the licensee or registrant and discuss the terms of the new rule of regulation. For subsequent violations, MSDE may impose on the licensee or registrant a penalty authorized under Title 9.5.

#### *Establishment of Centralized Unit and Criminal History Records Check Requirements*

The bill requires an “applicant” (*i.e.*, an individual who is applying for a position involving direct contact with children in a licensed child care center, registered family child care home, or registered large family child care home) to submit to a CHRC in accordance with Section 5-555 of the Family Law Article. “Applicant” includes a volunteer or additional adult who assists a child care provider in caring for children in a family child care home or a large family child care home.

The centralized unit may be staffed by existing employees in the regional child care licensing offices throughout the State.

The centralized unit must notify an applicant for a CHRC (1) of the status of the application within 10 days after submission and (2) subject to the receipt of the CHRC information from the Criminal Justice Information System Central Repository (CJIS-CR), of the applicant’s eligibility to provide child care services in a licensed or registered child care program within 30 days after receiving an application.

A CHRC of an individual approved to provide child care services must remain valid for five years. The unit must maintain a list of individuals who have submitted CHRCs in accordance with these requirements. The unit may share the name and status of an individual on the list with the individual or a licensed child care center, registered family child care home, or registered large family child care home at which the individual seeks to volunteer or be employed

On request by an individual or a child care provider, the centralized unit must provide written notice to the child care facility that an applicant who seeks to be employed by (or volunteer with) the child care facility has a valid CHRC on file with the department.

Information obtained from CJIS-CR under the bill (1) is confidential; (2) may not be redisseminated; and (3) may be used only for the purposes as authorized in the bill.

The subject of a CHRC may contest the contents of the CHRC issued by CJIS-CR according to current statutory provisions under § 10-223 of the Criminal Procedure Article.

#### *Regulatory Changes and Complaint Prioritization*

Regulations must require that emergency information from a child's parent or guardian be maintained and updated as needed and reviewed by the parent or guardian at least once each year.

Regulations must also provide that procedures followed by the department in response to a complaint about a family child care home, large family child care home, or child care center (1) make use of a uniform complaint intake process and (2) implement a standardized complaint priority guide that differentiates complaints by the seriousness of the issue raised, including defined response times for each level of complaint.

#### *Maryland EXCELS Rating Reductions*

If MSDE discovers that a family child care provider or a child care center with a published Maryland EXCELS quality rating has violated a requirement of Title 9.5 of the Education Article or a rule or regulation adopted under those provisions, MSDE must immediately notify the provider (or operator of the child care center) of the violation.

MSDE and the provider/operator must enter into an agreement that describes (1) the nature of the violation; (2) the actions to be taken by the provider/center to become compliant; and (3) a plan for follow-up by MSDE to ensure that the provider/center has returned to and remains fully compliant with applicable requirements.

MSDE may reduce or rescind a published Maryland EXCELS quality rating if the provider/center (1) fails to comply with the terms of the agreement or otherwise fails to cure the initial violation or (2) fails or refuses to enter into an agreement.

If MSDE determines that the violation did not involve an immediate risk to child safety and the provider/center timely returned to compliance, MSDE may not reduce the published Maryland EXCELS quality rating. If MSDE reduced the quality rating, within 30 days of the provider/center returning to compliance, MSDE must restore the quality rating to the rating earned before the violation occurred.

The bill also makes conforming changes to regulatory requirements related to enforcement.

### *Child Care Centers – Staff Requirements*

The bill requires MSDE rules and regulations to require that a child care teacher in a child care center complete active supervision training within 90 days after being hired as a child care teacher and meet experiential and educational requirements that require up to six months or 750 hours of work with young children in a supervisory setting.

### *Failure to Supervise*

“Failure to supervise” means the failure of an individual responsible for overseeing the well-being of children to monitor properly or protect the children in the individual’s care.

If the State Superintendent determines that an individual may not be employed by a child care operator due to a finding of a failure to supervise, written notice must be provided to the individual and the child care center operator that includes a statement of the finding and the reasons.

MSDE must maintain a list of individuals who are prohibited from employment in a child care center due to a failure to supervise. An individual prohibited from employment on the list may request a conduct reassessment and removal from the list if the individual (1) submits a written request to MSDE, including any documentation required; (2) completes active supervision training approved by MSDE; and (3) completes any other corrective actions required. If the individual completes the requirements to the satisfaction of the State Superintendent, the individual must be removed from the list and eligible for employment at a child care center.

If the State Superintendent determines that an applicable violation was due only to the conduct of an individual prohibited from employment under the above requirements, the State Superintendent may not sanction the child care center for the violation. Additionally, the above requirements (specific to failure to supervise) may not be construed to limit the ability of the State Superintendent to suspend a license or letter of compliance on an emergency basis to protect the health, safety, or welfare of children in accordance with relevant provisions of the Education Article.

### *Workgroup to Study Illegally Provided Child Care*

The workgroup must study and make recommendations about the scale and impacts of illegally provided child care in the State, including:

- the number, geographic location, socioeconomic status, race, ethnicity, and disability status of children who lack access to safe, regulated child care;

- the impact of illegally provided child care on family child care homes, large family child care homes, child care centers, and the child care industry as a whole;
- barriers to registration or licensure for child care providers and the best practices to remove identified barriers, including greater assistance to providers, improved communication between regulators and providers, or regulatory or statutory changes;
- the distinct, documented risks to the health and safety of children of illegally provided child care and potential health and safety risks that illegally provided child care could pose to children; and
- any legal changes necessary to prevent illegally provided child care, including any statutory or regulatory changes necessary to ease investigation and enforcement of existing State law.

Workgroup members may not receive compensation as a member of the workgroup but are entitled to reimbursement for expenses under the Standard State Travel Regulations.

### **Current Law:**

#### *Suspension or Revocation of Licenses*

Subject to hearing requirements, if a licensee violates any provision of Title 9.5 of the Education Article or a related rule or regulation, MSDE may suspend the license for a period of up to one year; MSDE may also revoke the license or registration of a licensee or registrant for a violation.

MSDE may not suspend or revoke a license or registration unless the licensee or registrant is given (1) notice of the suspension or revocation at least 20 days beforehand; (2) a statement of the grounds for suspension or revocation; and (3) an opportunity to be heard.

#### *Criminal History Records Checks*

CJIS-CR is established by the Criminal Procedure Article, §§ 10-213 *et seq.*, within the Department of Public Safety and Correctional Services (DPSCS) to collect, manage, and disseminate Maryland CHRCs for criminal justice and noncriminal justice (*e.g.*, employment and licensing) purposes. For national records' checks, CJIS-CR collects the fee and submits the requests for national information to the Federal Bureau of Investigation electronically.

Pursuant to provisions in the Family Law Article, in general, employees and employers who work in specified facilities and who care for or supervise children (or have access to children who are cared for or supervised in the facility) are required to apply to DPSCS for a national and State CHRC. Among the facilities requiring records' checks are child care

centers, family child care homes, schools, foster care homes, and recreation centers that primarily serve minors.

Furthermore, each employee of a child care center that is required to be licensed or to hold a letter of compliance must apply to the Department of Human Services (DHS), on or before the first day of actual employment, for a child abuse and neglect clearance. DHS may prohibit the operator of a child care center that is required to be licensed or to hold a letter of compliance from employing an individual who:

- has received a conviction, a probation before judgment disposition, a not criminally responsible disposition, or a pending charge for any crime or attempted crime enumerated in specified regulations; or
- has been identified as responsible for child abuse or neglect.

Similarly, the operator of a child care center that is required to be licensed or to hold a letter of compliance must immediately notify DHS if an *employee* reports a conviction, a probation before judgment disposition, a not criminally responsible disposition, or a pending charge for any crime or attempted crime enumerated in specified regulations.

### *Maryland EXCELS*

Maryland EXCELS is the State's quality rating and improvement system for licensed child care and early education programs that meet nationally recognized quality standards.

Maryland EXCELS promotes quality by awarding ratings to the following programs: child care centers, school-age child care programs, family child care homes, and public prekindergarten programs. A rating of 1 is awarded to providers and programs that successfully meet initial requirements. A rating of 5 is granted to those with the highest level of quality and who are [state or nationally accredited](#).

### *Child Care Centers*

Subject to limited exception, child care centers may not operate in the State unless they are licensed. The State Board of Education is required to adopt regulations that relate to the licensing and operation of child care centers. A child care center is an agency, institution, or establishment that, for part or all of a day, or on a 24-hour basis on a regular schedule, and at least twice a week, offers or provides child care to children who do not have the same parentage except as otherwise provided for in law or regulation.

### *Family Child Care Homes and Large Family Child Care Homes*

Generally, family child care homes and large family child care homes may not operate in the State unless they are registered. The State Board of Education is required to adopt regulations that relate to the registration of family child care homes and large family child

care homes. A family child care home is a residence in which family child care is provided for up to 8 children. A large family child care home is a residence in which family child care is provided for at least 9 children, but not more than 12 children.

**State Expenditures:** General fund expenditures increase by \$450,000 in fiscal 2027 only, primarily due to costs associated with the workgroup and necessary reprogramming changes. Based on information provided by MSDE for a bill that similarly established a centralized unit to manage CHRCs, the new unit required by the bill can likely be established with existing resources. However, the bill also has significant operational (and potential fiscal) impacts that cannot be quantified but nevertheless may affect MSDE's ability to implement certain provisions of the bill (discussed below).

#### *Quantifiable Costs – Workgroup and Reprogramming*

MSDE anticipates that expenditures totaling approximately \$325,000 are necessary in fiscal 2027 in order to hire a contractor to assist with certain elements of the required study (e.g., data and legal analysis). Existing staff can likely manage other requirements (such as gathering feedback from regional licensing offices).

MSDE's Child Care Scholarship Administrative Tracking System must also be modified to comply with the bill's changes; these costs are expected to total approximately \$125,000 in fiscal 2027 only.

#### *Other Operational and Potential Fiscal Impacts*

*Enforcement of Regulatory Requirements:* MSDE advises that the bill's establishment of a one-year grace period for complying with a rule or regulation may allow some providers significantly more time to comply than intended. For example, if a regulation becomes effective in December 2026 and a provider's next inspection is scheduled in December 2027 – and the provider is found out of compliance – then the provider would potentially be out of compliance for up to two years. This change may also place MSDE out of compliance with federal regulations, potentially resulting in federal sanctions. However, any such impact cannot be reliably predicted and is not included in this analysis.

*CHRC/CJIS-CR Provisions:* MSDE notes that the CHRC timeframes established by the bill may present challenges in the event CJIS-CR returns results that require MSDE to obtain additional court documentation to understand the nature of the offense. The additional step can delay required actions, potentially conflicting with the required timeframes in the bill. MSDE further advises that the bill is ambiguous regarding who receives a “rap back” alert after an initial clearance. DPSCS notes that it will need to coordinate with MSDE to configure and securely route criminal history data to the new dedicated unit.

*Effect on Letter of Compliance Facilities:* The bill limits an “applicant” to family child care homes, large family child care homes, and child care centers – which excludes letters of compliance (LOC) facilities. This may result in differing standards and/or confusion for LOC applicants. As noted above, currently, all applicants who have direct contact with children in regulated child care settings are required to undergo comprehensive background checks.

*Unlicensed Child Care:* Regarding unlicensed child care, MSDE advises that while it is responsible for investigating complaints of unlicensed care, these programs are not obligated to cooperate or engage with MSDE as licensed and registered programs do. As a result, cooperation tends to be minimal, limiting the effectiveness of enforcement efforts. Although unlicensed providers face potential penalties, enforcement is further weakened without parental cooperation and information necessary to pursue criminal charges. When families are unwilling to cooperate, investigations are often stalled.

*Prioritization of Complaints:* MSDE acknowledges the need to improve the current complaint process for child care providers based on the severity of complaints. However, MSDE indicates that establishing such a process by the bill’s July 1, 2026 effective date may not be feasible.

*Workgroup Member Expenses:* Any expense reimbursements for workgroup members are anticipated to be minimal and absorbable within existing budgeted resources.

**Small Business Effect:** As the bill establishes numerous changes related to licensing and registration of child care providers (and related enforcement), small business child care providers may be meaningfully affected under the bill.

**Additional Comments:** The Office of Program Evaluation and Government Accountability within the Department of Legislative Services released a [report](#) in October 2025 that included several recommendations related to the Division of Early Childhood.

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## **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 Human Services; Department of Public Safety and Correctional Services; Department of Legislative Services

**Fiscal Note History:** First Reader - March 12, 2026  
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