
TO: Education, Energy, and the Environment Committee

BILL: SB 857 - Child Care - Prekindergarten Expansion Grant Modifications and Workgroup

DATE: March 5, 2025

POSITION: Letter of Information

Chair Feldman and Members of the Education, Energy, and the Environment Committee:

Maryland State Department of Education (MSDE) is providing information for consideration regarding Senate Bill (SB) 857 Child Care - Prekindergarten Expansion Grant Modifications and Workgroup. This legislation proposes to alter the use of Prekindergarten Expansion Grants to add slots for additional children and not supplant child care slots for infants and toddlers, requiring applications for the grant to use certain terminology and be accompanied by certain instructions, requiring MSDE to establish a multiyear grant award process, and requiring the Department to convene a workgroup to explore and make recommendations on opportunities to incentivize growth in certain child care providers with slots for infants and toddlers.

The Prekindergarten Expansion Grant is a competitive grant program administered by MSDE. The grant provides funding for local education agencies (LEAs) and private providers to administer high-quality prekindergarten and school readiness services throughout the State for children and their families in alignment with The Blueprint for Maryland's Future. The overall purpose of the grant is to broaden availability and expand access to high-quality prekindergarten educational programming and school readiness services for three- year-old and four-year-old students from families with household incomes up to 300% of Federal Poverty Level (FPL). A high-quality prekindergarten program consists of an early learning program that includes structural elements that are evidence based and nationally recognized.

Although MSDE anticipates SB 857 will allow for more programs to access the Prekindergarten Expansion Grant, thereby allowing more children and families to participate, the agency has some concerns. For instance, SB 857 would require MSDE to change the Prekindergarten Expansion Grant's application submission date, resulting in the need for the grant to be released earlier to notify applicants of their status (awarded or denied), so that the agency could meet the timeframes as stipulated in the bill. While MSDE finds no significant issue with releasing the application earlier, it should be made clear that the agency cannot issue an actual Notice of Grant Award (NOGA), along with issuing multiyear grants, until the awarded applicant's information can be entered into the NOGA system for processing, which opens for grant year processing on July 1st of each year.

MSDE emphasizes the NOGA mandate (required information first) because MSDE anticipates a challenge in providing 100% of the grant amount to the recipient on or before July 1st, along with issuing multiyear grants, due to the unforeseen number of errors, corrections, issues regarding unallowable expenditures, issues with supporting documentation, and technical assistance (TA)

required from MSDE staff as it pertains to the current prekindergarten grant program. The unforeseen number of invoicing errors is based on the current and previous grant years. Regular oversight and support are needed to ensure grantees are being fiscally responsible with state funds, and this allows for course correction and technical assistance as needed in real time.

Providing 100% of the grant funds at the beginning of the year may not allow for regular oversight of fiscal operations and the opportunity for MSDE to identify concerns, support grantees, and provide timely technical assistance. The current program structure requires the grant to be reimbursable, which allows MSDE staff to review fiscal activity often and provide technical assistance as needed to address any concerns. Grantees can then request a 15% advance of grant funds to provide start-up costs when implementing the grant.

Lastly, grant awards are granted based on the number of slots for anticipated enrollment. MSDE currently monitors enrollment and provides technical assistance to programs that are under-enrolled. MSDE anticipates challenges when monitoring funding over multiple years based on enrollment that may fluctuate. It would also present challenges in determining a reconciliation process to ensure that grant funds are distributed to programs providing direct services to enrolled children.

We request that the committee consider this information as it deliberates **SB 857**. Please contact Dr. Akilah Alleyne, Executive Director of Government Affairs, at Akilah.alleyne@maryland.gov or at 410-767-0504, if you would like any additional information.