
TO: Ways and Means Committee

BILL: HB 1326 - Prekindergarten Savings Account Program - Establishment

DATE: March 6, 2025

POSITION: Letter of Opposition

Chair Atterbeary and Members of the Ways and Means Committee:

The Maryland State Department of Education (MSDE) and the State Board of Education oppose House Bill (HB) 1326 - Prekindergarten Savings Account Program - Establishment. MSDE opposes the proposed legislation to establish a Prekindergarten Savings Account Program in the State, for two primary reasons, (1) the funding shifts from Prekindergarten programs to families, and (2) the requirement that MSDE implement this savings account model is outside of the area of expertise of the Agency.

MSDE is committed to providing access to affordable child care for families at all income levels. A mixed delivery model offers state-funded prekindergarten, specifically funded through The Blueprint for Maryland's Future. The mixed delivery model offers various public and private provider options, allowing families to choose to meet their individual needs. The Blueprint funds are awarded to prekindergarten providers through state-issued grants. These grants are issued to programs meeting the high-quality structural elements of the Blueprint, and income-eligible families may enroll their children tuition-free in the grant-funded prekindergarten program of their choosing. Programs that access Blueprint funding for prekindergarten must meet the structural elements identified as high quality per the Blueprint. Any access to this funding should be granted to programs or options that meet the structural elements to ensure high quality is maintained across the mixed delivery prekindergarten system.

HB 1326 would not only pull from funding that is designated in support of high-quality prekindergarten programs, but it would stipulate that MSDE contract the actual account maintenance to a third party, yet the agency would need to oversee it. If MSDE contracts a third party to oversee savings accounts for prekindergarten families, this could be a major undertaking and financial investment. MSDE does not currently manage a program of this type and would require time for in-depth research to properly implement. MSDE anticipates that it would take substantial time to develop a plan to properly estimate the costs for a Prekindergarten Savings Account, including obtaining a third-party estimate for this service.

Even providing such an oversight of a vendor would require the hiring of staff with expertise in fiscal management and fiduciary responsibilities. MSDE estimates that at least four full-time employees (FTEs) would be required to monitor a program of this nature. The total expenditure for the first year of this endeavor is approximately \$545,000, which covers salaries, training, equipment, materials, and supplies.

In summary, MSDE opposes HB 1326 because the agency does not have the capacity to function as a financial institution nor can it effectively be an evaluator of another financial institution without the proper knowledge, research, and training. If HB 1326 went into effect, MSDE would have to significantly adjust its operations to meet the bill's requirements, which will be costly and potentially damaging to the agency's overall commitment. MSDE remains committed to offering families choices in selecting high-quality prekindergarten and ensuring equitable access to child care for families at all income levels, however HB 1326 would create serious challenges that would hinder the agency from meeting the intended objective.

We request that the committee consider this information as it deliberates **HB 1326**. Please contact Dr. Akilah Alleyne, Executive Director of Government Affairs, at Akilah.alleyne@maryland.gov or at 410-767-0504, you would like any additional information.