
Child Care in Maryland

**Presentation to the Ways and Means Committee and the
Appropriations Education and Economic
Development Subcommittee**

Department of Legislative Services



October 30, 2025



Overview

- This presentation will provide an overview of child care in Maryland
- We will discuss the status of Maryland child care through the framework of provider capacity, teacher supply, affordability, and quality
- We will also provide details on State funding for child care, the Child Care Scholarship Program, and policy concerns for the 2026 Session



State Funded Child Care Programs

- **For families:**

- Child Care Scholarship Program (formerly known as the Child Care Subsidy Program)
- Patty Centers
- Therapeutic Child Care Grant Program
- Head Start

- **For providers and educators:**

- Maryland EXCELS
- Blueprint child care capacity building programs



State Funds for Child Care Fiscal 2026 (\$ in Millions)

<u>PROGRAM</u>	<u>AMOUNT</u>	<u>% OF TOTAL</u>
Child Care Scholarship Program	\$414.2	93.6%
Blueprint child care capacity building	9.8	2.2%
Patty Centers	7.5	1.7%
Maryland EXCELS	6.7	1.5%
Head Start	3.0	0.7%
Therapeutic Child Care Program	1.5	0.3%
Total	\$442.8	100.0%



Child Care Legislation 2017-2021

- **Chapters 209 and 210 of 2017** required MSDE to conduct periodic analyses to formulate appropriate reimbursement rates for the Child Care Scholarship Program
- **Chapters 555 and 556 of 2018** provided \$3.0 million in State supplemental Head Start funding
- **Chapters 595 and 596 of 2019** required an adjustment to the State child care subsidy rates to the 60th percentile of market rate
- **Chapters 36 and 55 of 2021** provided annual funding for Judy Centers, EXCELS, and Blueprint capacity building programs



Child Care Legislation 2022

- **Chapters 525 and 526** changed the Child Care Scholarship Program by requiring MSDE to issue copayments for some public benefit program participants, removed child care payments from income, created presumptive eligibility, and put limits on provider payment times
- **Chapters 498 and 499** established the Therapeutic Child Care Grant Program
- **Chapter 494** established the Infant and Early Childhood Mental Health Support Program
- **Chapters 206 and 207, Chapter 594, and Chapter 466** provided support to child care providers through stabilization grants, employee bonuses, and revolving loan support, respectively



Child Care Legislation 2023-2025

- **Chapters 731 and 732 of 2023** restrict MSDE from changing key policies for the Child Care Scholarship Program as of January 1, 2023
- **Chapter 717 of 2024** prohibits MSDE from increasing copayment levels in effect as of January 1, 2024, for the Child Care Scholarship Program
- **Chapter 165 of 2024** extended funding for the Child Care Credential Program to fiscal 2026
- **Chapters 238 and 239 of 2025** extended funding for the Therapeutic Child Care Grant Program through fiscal 2029



Child Care Legislation 2025

- **Chapter 375** generally prohibited cooperative housing corporations, condominiums, or homeowners associations from prohibiting or restricting the establishment and operation of family child care homes
- **Chapters 122 and 123** expanded eligibility for a personal property tax exemption to include large family child care homes
- **Chapter 650** required the Department of General Services to assess State owned facilities to evaluate whether the facility or a portion of the facilities would be suitable for use as a child care facility
- **Chapter 679** required the Maryland Benefit Exchange to promote access to health insurance for child care professionals
- **Chapter 287** required MSDE to conduct a thorough analysis of the regulations governing child care centers and family child care homes
- **Chapter 369** expanded Child Care Scholarship Program to allow parenting foster youth to participate in the program



Challenges of Child Care Supply and Demand

- **Provider capacity**
 - High costs to open a child care facility but a low profit margin
- **Teacher supply**
 - Low wages, limited benefits for teachers
 - Capacity in credential and higher education programs
 - Jobs in other sectors pay more with less credentials
- **Affordability**
 - High demand for limited child care slots means high costs compared to the family median income
- **Quality**
 - High-quality programs benefit from low child-to-staff teaching ratios but can have higher costs



Provider Capacity

Current status:

- Providers are designated as a family child care home, child care center, or large family child care home
- Average cost to run in-home daycare for 4 to 6 children is approximately \$37,000 per year
- Profit margin of approximately 1% after paying provider wages
- Extensive application and review process
- Provider must meet regulations for inspections, child safety, insurance, licensing, certifications and credentials for teachers, food

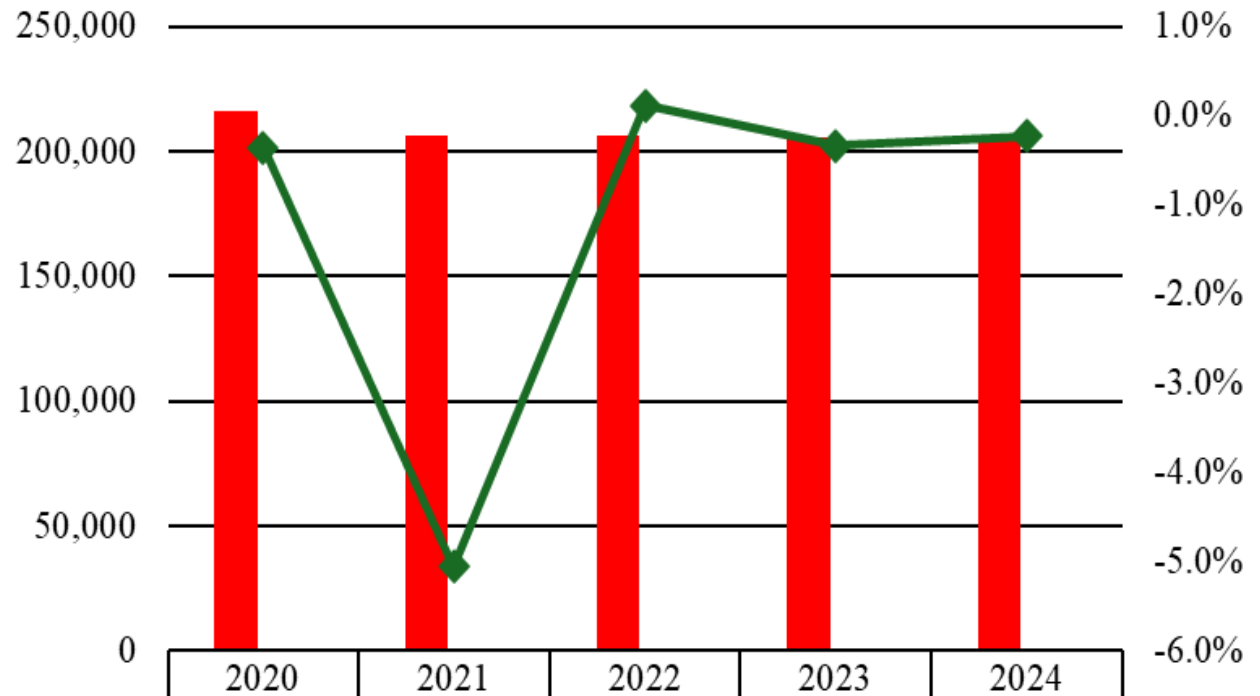


Provider Capacity

- Approximately 300,000 children need child care
- 6,700 licensed providers
- 205,483 licensed slots available
- Number of slots has not returned to pre-pandemic level
- Child care "gap" is approximately 30% of potential need
- Majority of slots are in urban areas, which means less supply in rural areas



Capacity of Child Care Providers (Shown as Licensed Slots) Fiscal 2020-2024



	2020	2021	2022	2023	2024
Child care slots	216,410	205,991	206,230	205,548	205,483
Change in number of slots	-777	-10,419	239	-682	-465
% change in slots	-0.4%	-5.1%	0.1%	-0.3%	-0.2%



Provider Capacity

Programs to build provider capacity:

- **Growing Opportunities for Family Child Care (GOFCC)** increases the supply and ensures the sustainability of family child care providers in areas with above average rates of poverty and unemployment; registered 88 new programs since 2023
- **Maryland Rebuilds Grant** provided funding for organizations to increase the number of child care workers in the State
- **Child Care Stabilization Grants** prevented the permanent closure of many child care programs across the State during COVID
- **Child Care Capital Support Revolving Loan Fund** provides no-interest loans for capital expenses to child care providers who participate in the MSDE's Child Care Scholarship Program



Provider Capacity

Blueprint programs to build provider capacity:

- **Child Care Accreditation Support Fund** offers reimbursement for provider applications or program improvement costs; \$1.0 million annually
- **Child Care Incentive Grant Program** provides awards for materials, equipment and supplies; \$150,000 in fiscal 2026
- **Administrative funds** for MSDE for coordination and oversight for providers and programs



Teacher Supply

Current status:

- Average annual salaries vary by geographic area, type of teacher, and type of provider
- Teacher salaries are primarily minimum wage jobs, approximately \$31,000 per year
- Lead teachers' salaries range from \$37,200 to \$43,300
- Provider/owner salaries in family child care range from \$25,300 to \$29,700; salaries can be lower because the amount reflects providers' profit



Teacher Supply

Barriers to increasing teacher supply:

- Involves both child care teacher recruitment and retention

Problems include:

- Low wages
- Lack of benefits
- Training requirements compared to other similarly paid sectors such as retail and hospitality
- Other jobs more desirable



Teacher Supply

Blueprint programs to increase teacher supply:

- **Child Care Credential Program**, which provides bonuses for training and credential attainment; received \$5.6 million in fiscal 2026 – last year of funding
- **Child Care Career and Professional Development Fund**, which provides funding for child care workers interested in degree attainment and prioritizes workers who have not attended college; received \$3.0 million in fiscal 2026



Affordability

Current status (2023):

- Affordable child care is considered as 7% or less of family income
- In 2023, median family income in Maryland was \$88,738
- Average cost of child care for 2 to 4 year olds is \$14,850 per year, or 16.7% of income
- Average cost of care for an infant is \$19,058, or 21.5% of income
- Maryland is ranked 6th out of 50 states for most expensive care
- Income for a minimum wage worker is \$31,200, which would be over 60% of income spent on child care



Affordability

Barriers to affordability:

- Since 2020, infant care costs have risen 23% in care centers and 35% for home-based care
- Key driver of increased costs is the teacher-to-child ratio, which in Maryland is 1:3 for infants and toddlers
- Total wages in Maryland have not grown substantially since 2020, which means increases in child care costs have not been offset by wage increases
- Inflation for supplies and worker attrition add to provider costs



Affordability

Programs to assist low-income families with costs:

- Child Care Scholarship Program
 - Formerly called the Child Care Subsidy Program
 - Federal and State funding
 - Discussed in detail later in presentation
- Early Head Start and Head Start (public prekindergarten programs)
- Patty Centers – free support centers for families from birth to age 3
- In Montgomery County, Working Parents Assistance Program (WPA) is a private-public fund run by volunteers that provides child care subsidies to eligible families



Affordability

Access to affordable child care:

- Increases productivity
- Increases State revenues
- Provides greater economic security for working families
- Increases earning potential for women
- Improves educational and economic outcomes for children



Child Care Quality

- Child care quality refers to both provider or setting quality as well as teacher quality
- Child care centers and family child care homes must be licensed
- Licensed child care providers can also pursue Maryland accreditation or participate in Maryland EXCELS
- Maryland EXCELS focuses on quality indicators including the learning environment and interactions with students
- Teacher quality is determined by credentials, experience, and education, which are part of Maryland's six levels of credentials



Provider Quality

Maryland Accreditation

- 24-month process includes self-appraisal, program improvement plan, and technical assistance as needed
- Accreditation is maintained for five years

Maryland EXCELS

- Maryland's five level quality rating and improvement system
- Provides incentives to encourage high-quality child care
- Initial bonus for any provider participating in program; continued bonuses for higher quality rating levels;



Provider Quality

Maryland EXCELS (continued)

- Bonus every year if a Level 5 quality rating is maintained
- \$5.0 million in fiscal 2024; increases by 10% through fiscal 2028
- 70% of eligible licensed child care programs participate in EXCELS
- Since fiscal 2022, 1,784 providers have joined EXCELS
- In fiscal 2024, 34% of all programs participating in EXCELS had a published rating of 3, 4, or 5



Teacher Quality

Maryland Child Care Credential Program

- Purpose is to produce a well-qualified workforce
- Increase compensation for child care teachers
- Recognize teacher credit and non-credit career preparation
- Provide a structure for professional development and growth through professional competencies
- Increase the overall quality of child care to ensure that all children enter school ready to succeed



Teacher Quality

Maryland Child Care Credential Program (continued)

Six levels of staff credentials determined by coursework, training, degree and experience

- Level 1 has no requirements
- Level 2 requires 45 hours of core knowledge training
- Level 3 requires 90 hours of training and one year of experience
- Level 4 requires 135 hours of training, a CTE or CDA credential, and two years experience
- Levels 5 and 6 require either associate's or bachelor's degree coursework and two years experience



Teacher Quality

Preparation	Professional Opportunities
Child Care Credential Levels 1 and 2	• Child Care Aide • Family Child Care Provider
Maryland Child Care Credential Levels 3 and 4 OR Career and Technology (CTE) Diploma with 90 hours of coursework OR Child Development Associate (CDA) Credential	• Child Care Teacher • Family Child Care Provider
Child Care Credential 4+ OR	• Child Care Center Director (20 children or less) • Family Child Care Provider
Child Care Credential Levels 5 and 6	• Child Care Center Director (21 children or more) • Nursery School Teacher • Family Child Care Provider



Child Care Scholarship Program Overview

- The Child Care Scholarship Program is a State program designed to provide financial assistance to low income families
- The program is jointly funded by the State and the federal Child Care and Development Fund, which establishes broad programmatic requirements; MSDE administers the program
- Participating families must meet an income threshold or be eligible for federal support programs, and be working or enrolled in a school or training program
- Families receive a voucher to purchase child care services
- MSDE reimburses providers based on a market survey of rates, adjusted for quality level



Child Care Scholarship Program

Overview - Families

- For each child who needs care, an eligible family receives a voucher that indicates the scholarship rate and the assigned copayment
- Participating families use the vouchers and their assigned payment to purchase child care directly from the provider of their choice
- If the rate charged by the provider differs significantly from the voucher amount and the copayment, families may be required to pay the additional amount



Child Care Scholarship Program Income Eligibility (as of 2024)

Family Size	Initial Income Scale, Maximum Annual Income	Continuity of Care, Redetermination, Maximum Annual Income
Family of 2	\$76,117	\$86,266
Family of 3	\$94,026	\$106,563
Family of 4	\$111,936	\$126,861
Family of 5	\$129,846	\$147,159
Family of 6	\$147,756	\$167,457
Family of 7	\$151,114	\$171,262
Family of 8	\$154,472	\$175,068
Family of 9	\$157,830	\$178,874
Family of 10	\$161,188	\$182,680
Family of 11	\$164,546	\$186,486
Family of 12	\$167,904	\$190,292



Child Care Scholarship Program Overview - Providers

- To participate in the program a provider must be a licensed child care center, a registered family child care home, or in limited circumstances, an informal provider approved by MSDE
- Child care centers and child care homes that participate must also participate in the Maryland EXCELS program
- Rates the program pays providers are based on a market survey
- Rates vary depending on the age of the child, the region the family receives child care in, whether care is provided by a child care center or a family child care home, and the quality level the provider has achieved in the Maryland EXCELS program



Average Weekly Regional Child Care Scholarship Program Rates (2022)

Regions	Infant (Birth to 24 Months) in Family Child Care Home	Infant (Birth to 24 Months) in Child Care Center	Child (Age 2 and up) in Family Child Care Home	Child (Age 2 and up) in Child Care Center
U – Cecil, Queen Anne's, St. Mary's, Talbot, and Washington	\$200	\$296	\$176	\$205
V – Caroline, Dorchester, Kent, Somerset, and Wicomico	\$175	\$242	\$142	\$175
W – Anne Arundel, Calvert, Carroll, Charles, and Prince Georges	\$270	\$370	\$230	\$262
X – Howard and Montgomery	\$325	\$481	\$300	\$381
Y – Baltimore, Frederick, and Harford	\$250	\$378	\$220	\$278
Z – Allegany, Garrett, and Worcester	\$168	\$262	\$150	\$183
BC – Baltimore City	\$210	\$303	\$182	\$250



Child Care Scholarship Program Market Rates and Reimbursement Rates Over Time

2017
reimbursement
rate at 9th
percentile of
market rates
eligibility 32%
of State
median
income

2018 at 20th
percentile of
market rate,
income
eligibility at
50% of SMI

2020 at 60th
percentile of
market rate

General
Assembly
passes
Chapters 209
and 210 of
2017

2019 at 30th
percentile of
market rate,
income
eligibility at
65% of SMI

2022 at 70th
percentile of
market rate,
income
eligibility at
75% of SMI



Child Care Scholarship Program – Changes

Chapters 525 and 526 of 2022

- This legislation sought to address issues with the certification of scholarship recipients and delays to providers
- Created a presumptive eligibility process for the program, allowing at least 60 days of benefits, while applications were reviewed
- Required MSDE to cover the copayments for families participating in public benefits programs
- Excluded child support payments received from calculation of a family's income
- Required MSDE to notify the Comptroller within 10 days of receiving an invoice for a payment, and for Comptroller to pay provider within 5 days



2024 Federal Rules Changes

- Maryland's changes to the Child Care Scholarship Program took place alongside federal changes to the Child Care and Development Fund, a finalized rule published in spring 2024. Maryland had changed the program to accommodate most of the rule changes prior to the finalization of the rule, which reflects the extent of transformation in the program in the last eight years. The rule made several changes to the program, including:
 - Limiting family copayments to no more than 7% of household income
 - Mandating at least a 12-month eligibility period for families in the program
 - Requiring prospective enrollment-based payments
 - Encouraging presumptive eligibility or other methods of streamlining access
 - Directing states to use grants to expand the supply of child care providers



Child Care Scholarship Program - Current Status

- Due to the great number of changes made to the program in the last 8 years the landscape has changed
- In January 2018, slightly more than 12,000 children were enrolled in the program; at the start of fiscal 2026 nearly 4 times as many, 46,295, children were enrolled in the program
- In fiscal 2021, approximately two-thirds of program revenue was from federal funding; this amount increased to approximately 70% in fiscal 2022 and 2023, when COVID federal stimulus funds were made available from the program
- Currently, however, after temporary federal funding has receded, spending on the program remains above historic levels, with over \$500 million dollars being spent in fiscal 2024 and 2025
- State spending in fiscal 2025 was 84% of revenue spent by the program

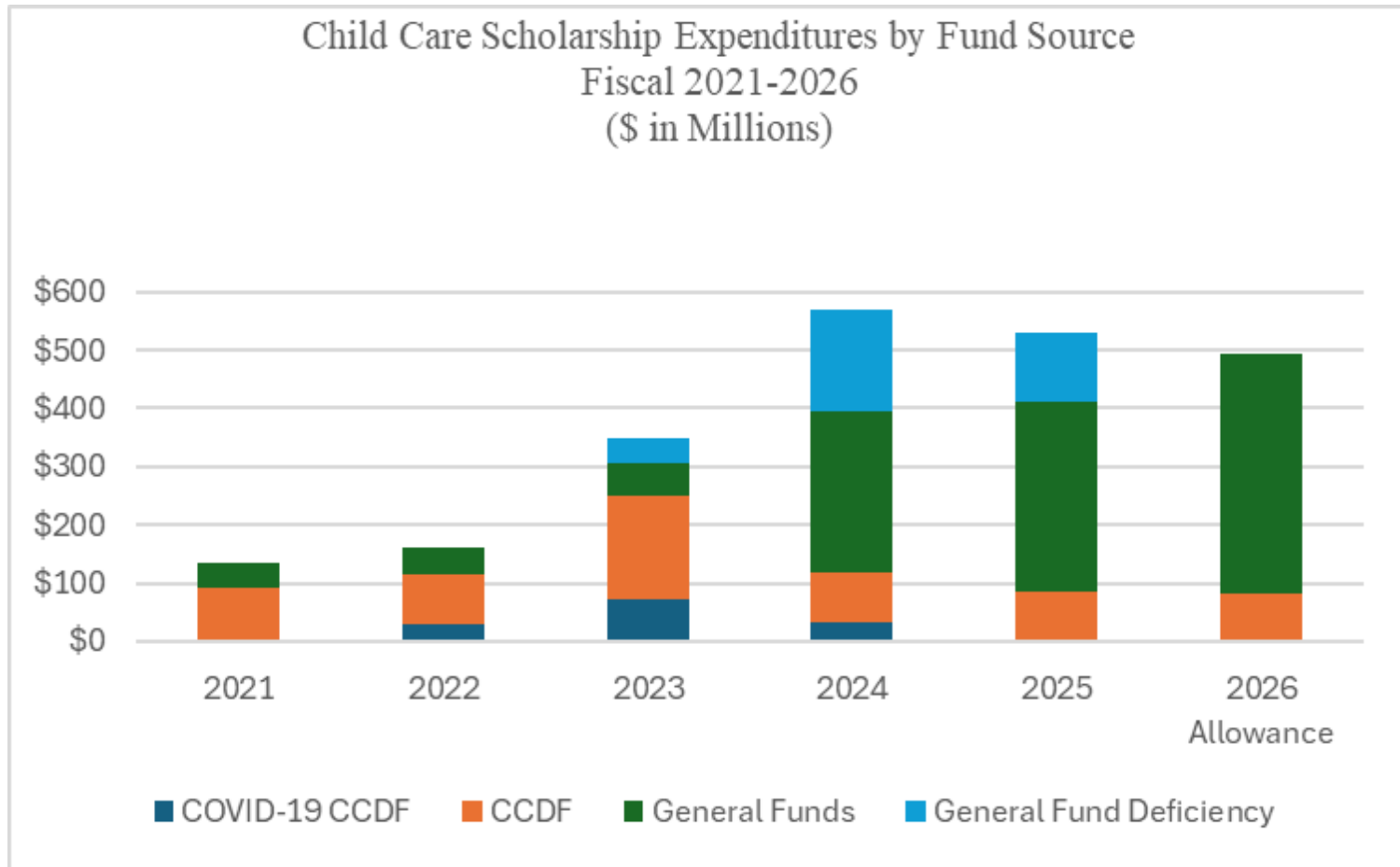


Child Care Scholarship Program Expenditures Over Time

Funding Source	2021	2022	2023	2024	2025 As of the Budget	2026 Allowance
COVID-19 CCDF	\$0.0	\$29.8	\$73.0	\$33.7	\$0.0	\$0.0
CCDF	\$92.1	\$83.9	\$176.0	\$85.8	\$83.8	\$80.7
General Funds	\$43.5	\$48.5	\$58.5	\$276.4	\$328.5	\$414.2
General Fund Deficiency	\$0.0	\$0.0	\$42.9	\$175.0	\$116.6	\$0.0
Total	\$135.7	\$162.2	\$350.5	\$570.9	\$529.0	\$494.9



Child Care Scholarship Program Expenditures Over Time





Child Care Scholarship Program - Freeze

- Due to a sustained budget shortfall, MSDE implemented a program freeze on May 1, 2025
- Although originally planned to last only until September, when MSDE estimated the number of participants would decrease from a predicted high of 45,000 to roughly 40,000, the freeze remains in effect
- More families than anticipated joined before the freeze, leading to a peak of 47,806 children and 31,873 families in June, up from 43,783 children on March 31
- Applications to the program sharply increased, with 2,383 new applicants the week of the freeze; applicants in 2025 up until that week were all above historic levels



Child Care Scholarship Program - Wait List

- As long as the freeze remains in place, there will be a wait list for new applicants to the program
- MSDE's latest quarterly report showed that 2,706 children and 1,928 families are on the wait list
- Although the program is frozen, children who fall into certain categories remain eligible for the program and may enroll in child care, including families on temporary cash assistance, children on social security insurance, and siblings of children already enrolled in the program
- Since the freeze went into effect, 1,308 children have been enrolled in the program, with just over 80% of children in the sibling category



Investments and Improvements in Child Care

- If Maryland paid for child care for all children from birth to 2 years old, the annual cost would be approximately \$2.6 billion
- Although expensive, the Child Care Scholarship Program is helping to mitigate costs with access to affordable child care for low-income families
- Recent laws passed by the legislature are designed to improve child care supply and affordability
- Maryland EXCELS and the Child Care Credential Program are designed to improve child care provider and teacher quality



The Future of Child Care?

Universal Child Care in New Mexico

- Funded by the State's Early Childhood Trust Fund, which is supported by oil and gas revenue
- Universal and free – no restrictions on income
- Saves families approximately \$12,000 per year
- Expands workforce and aims to recruit new teacher with salaries over minimum wage
- \$12.7 million to establish a fund to construct new facilities
- Partnering with employers and school districts to expand slots
- Recruitment campaign to attract new providers



2026 Session Issues

- The federal situation remains precarious, funding levels can be in flux as can federal policies, even those finalized recently
- Policy Questions
 - Can more be done to address structural challenges to child care, ease of entry, retention of child care professionals? Is a different regulatory approach needed?
 - Are the current policies governing the Child Care Scholarship Program correct? Is the structure of the waitlist the right structure? Should the program be focused on the poorest children or on all children?
- Funding Questions
 - Costs for Child Care Scholarship Program?