

## Chapter 731

**(Senate Bill 350)**

AN ACT concerning

**Early Childhood Development – Child Care Scholarship Program – ~~Funding~~  
Alterations**

FOR the purpose of ~~altering the calculation for the funding of the Child Care Scholarship Program beginning in a certain fiscal year; limiting the circumstances under which the Program may be frozen; requiring certain reimbursement rates and income eligibility requirements for the Program; prohibiting the copayment levels for the Program from exceeding certain copayment levels; prohibiting the State Department of Education from increasing the copayment levels or, reducing the reimbursement rates or, reducing the income eligibility requirements in effect as of a certain date, or implementing an enrollment freeze for the Child Care Scholarship Program in effect as of a certain date~~ unless certain conditions are met; and generally relating to the Child Care Scholarship Program.

BY repealing and reenacting, with amendments,

Article – Education

Section 9.5–111 and 9.5–113

Annotated Code of Maryland

(2022 Replacement Volume)

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

**Article – Education**

9.5–111.

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

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

(3) “Program” means the Child Care [Subsidy] **SCHOLARSHIP** Program.

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

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

(i) The Office of Child Care Advisory Council;

- (ii) Child care resource and referral agencies;
- (iii) Child care worker organizations; and
- (iv) Any other appropriate entities.

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

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

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

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

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

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

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

(d) (1) ~~{The} FOR FISCAL YEARS 2023 AND 2024, THE~~ Governor shall include in the annual State budget an appropriation from all fund sources for the Program that is not less than the total appropriation for the Program in fiscal year 2018 or fiscal year 2019, whichever is greater.

~~(2) (i) BEGINNING IN FISCAL YEAR 2025 AND EACH FISCAL YEAR THEREAFTER, THE GOVERNOR SHALL INCLUDE IN THE ANNUAL STATE BUDGET AN APPROPRIATION FROM ALL FUND SOURCES FOR THE PROGRAM IN AN AMOUNT SUFFICIENT TO PROVIDE A SUBSIDY TO ALL ELIGIBLE INDIVIDUALS.~~

~~(ii) THE PROGRAM MAY BE FROZEN ONLY WHEN:~~

~~1. THE LIST OF AVAILABLE PROVIDERS HAS BEEN EXHAUSTED; AND~~

~~2. ADDITIONAL PROVIDERS CANNOT BE LOCATED WHO ARE ACCEPTABLE TO PARENTS AND APPROPRIATE FOR CHILDREN.~~

~~(3) AT LEAST 60 DAYS BEFORE IMPLEMENTING A PROGRAM FREEZE, THE DEPARTMENT SHALL REPORT TO THE GENERAL ASSEMBLY, IN ACCORDANCE WITH § 2-1257 OF THE STATE GOVERNMENT ARTICLE, ON THE INTENDED PROGRAM FREEZE, INCLUDING THE REASON FOR AND EXPECTED DURATION OF THE FREEZE. EXCEPT AS PROVIDED IN PARAGRAPH (3) OF THIS SUBSECTION, THE DEPARTMENT MAY NOT INCREASE MAKE THE FOLLOWING ALTERATIONS TO THE PROGRAM IN EFFECT AS OF JANUARY 1, 2023:~~

~~(I) INCREASE THE COPAYMENT LEVELS, OR REDUCE;~~

~~(II) REDUCE THE REIMBURSEMENT RATES OR THE;~~

~~(III) REDUCE THE INCOME ELIGIBILITY REQUIREMENTS THAT ARE IN EFFECT AS OF JANUARY 1, 2023, FOR THE PROGRAM; OR~~

~~(IV) IMPLEMENT A FREEZE IN PROGRAM ENROLLMENT.~~

~~(3) (I) THE DEPARTMENT MAY INCREASE ALTER THE PROGRAM IN EFFECT AS OF JANUARY 1, 2023, BY INCREASING THE COPAYMENT LEVELS AND REDUCE, REDUCING THE REIMBURSEMENT RATES AND, REDUCING THE INCOME ELIGIBILITY REQUIREMENTS THAT ARE IN EFFECT AS OF JANUARY 1, 2023, OR IMPLEMENTING A FREEZE IN PROGRAM ENROLLMENT, IF:~~

~~1. THE DEPARTMENT SUBMITS A NOTIFICATION TO THE GENERAL ASSEMBLY SENATE BUDGET AND TAXATION COMMITTEE, THE SENATE COMMITTEE ON EDUCATION, ENERGY, AND THE ENVIRONMENT, THE HOUSE APPROPRIATIONS COMMITTEE, AND THE HOUSE WAYS AND MEANS COMMITTEE, IN ACCORDANCE WITH § 2-1257 OF THE STATE GOVERNMENT ARTICLE, ON THE INTENDED INCREASES OR REDUCTIONS PROGRAM ALTERATIONS, INCLUDING THE REASON FOR, AND EXPECTED DURATION OF, THE PROPOSED ACTIONS; AND~~

~~2. THE INCREASES OR REDUCTIONS PROGRAM ALTERATIONS IDENTIFIED IN THE NOTIFICATION ARE NOT IMPLEMENTED UNTIL THE COMPLETION OF THE REGULAR LEGISLATIVE SESSION IMMEDIATELY FOLLOWING THE SUBMISSION OF THE NOTIFICATION.~~

~~(II) IF THE BOARD OF PUBLIC WORKS APPROVES BUDGET REDUCTIONS FOR THE PROGRAM UNDER § 7-213 OF THE STATE FINANCE AND~~

**PROCUREMENT ARTICLE FOR A CERTAIN FISCAL YEAR, THE DEPARTMENT MAY INCREASE THE COPAYMENT LEVELS OR, REDUCE THE REIMBURSEMENT RATES OR, REDUCE THE INCOME ELIGIBILITY REQUIREMENTS, OR IMPLEMENT A FREEZE IN PROGRAM ENROLLMENT AT ANY TIME DURING THE FISCAL YEAR AS NECESSARY.**

(e) ~~(1)~~ ~~[The]~~ ~~SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, THE~~ Governor shall, from all fund sources, appropriate funds in the annual State budget in an amount sufficient to raise the Program's reimbursement rates for each region to:

~~{(1)}~~ ~~(1)~~ For fiscal year 2020, not less than the 30th percentile of the most recent market rate survey or its equivalent if an alternative methodology defined by the Department is used; and

~~{(2)}~~ ~~(2)~~ For fiscal year 2021 and each fiscal year thereafter, not less than the 60th percentile of the most recent market rate survey or its equivalent if an alternative methodology defined by the Department is used.

~~(2) FOR EACH FISCAL YEAR, THE PROGRAM'S REIMBURSEMENT RATES FOR EACH REGION SHALL BE EQUAL TO OR GREATER THAN THE REIMBURSEMENT RATES FOR EACH REGION IN EFFECT DURING THE IMMEDIATELY PRECEDING FISCAL YEAR.~~

9.5-113.

(a) In this section, "Program" means the Child Care Scholarship Program.

(b) The Department shall administer the Program in accordance with federal law.

(c) ~~(1)~~ The Department shall award a ~~subsidy~~ **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)}~~ ~~(1)~~ Participation in one of the following programs:

~~{(i)}~~ ~~1~~ Federal Special Supplemental Food Program for Women, Infants, and Children;

~~{(ii)}~~ ~~2~~ Federal Supplemental Nutrition Assistance Program;

~~{(iii)}~~ ~~3~~ Federal Housing Act Housing Choice Voucher Program;

~~{(iv)}~~ ~~4~~ Supplemental Security Income benefits; or

~~{(v)}~~ ~~5~~ Temporary cash assistance; and

~~[(2)] (H)~~ Employment or enrollment in an education or career training program.

~~(2) FOR EACH FISCAL YEAR OF THE PROGRAM:~~

~~(I) THE COPAYMENT LEVELS MAY NOT EXCEED THE COPAYMENT LEVELS IN EFFECT DURING THE IMMEDIATELY PRECEDING FISCAL YEAR; AND~~

~~(II) THE INCOME ELIGIBILITY REQUIREMENTS MAY NOT BE LESS THAN THE INCOME ELIGIBILITY REQUIREMENTS IN EFFECT DURING THE IMMEDIATELY PRECEDING FISCAL YEAR.~~

(d) An individual is eligible to continue to receive a ~~subsidy~~ SCHOLARSHIP under the Program:

(1) For at least 90 days in a year if the individual is unemployed and seeking employment; and

(2) If the individual meets any other eligibility criteria determined by the Department.

(e) The Department may not require an individual to pursue or receive child support payments or apply for services from a child support agency to be eligible for a ~~subsidy~~ SCHOLARSHIP under the Program.

(f) (1) The Department shall notify the Comptroller within 10 days after the date on which the Department receives an invoice from a child care provider.

(2) The Comptroller shall pay a child care provider within 5 days after the date on which the Comptroller receives a notice under paragraph (1) of this subsection.

(g) The Department shall adopt regulations to implement the provisions of this section.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2023.

**Approved by the Governor, May 16, 2023.**