

Department of Legislative Services
 Maryland General Assembly
 2022 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 806

(Senator King)

Budget and Taxation

Rules and Executive Nominations

Child Care Providers and Employees – Bonuses

This bill requires the Governor to include in the annual budget for fiscal 2023 a \$16.0 million appropriation to the Maryland State Department of Education (MSDE) for the purpose of distributing specified bonuses for child care providers and employees. In addition to these funds, MSDE may use any other funds, including federal funding, to award such bonuses. MSDE must establish a process for awarding bonuses, must award funds under a first-come, first-served basis, and may continue to award bonuses on or after July 1, 2024, with funds other than the required \$16.0 million. MSDE must receive specified proof of eligibility before distributing certain awards under the bill. **The bill takes effect July 1, 2022, and terminates December 31, 2024.**

Fiscal Summary

State Effect: General fund expenditures increase by \$16.0 million in FY 2023 to reflect the specified appropriation. The FY 2023 budget includes \$16.0 million in general funds for this purpose. MSDE can handle administrative costs using existing resources. To the extent additional funding is provided for bonuses, expenditures may increase further (not reflected below). Revenues are not affected.

(\$ in millions)	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	16.0	0	0	0	0
Net Effect	(\$16.0)	\$0.0	\$0.0	\$0.0	\$0.0

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

Local Effect: None.

Small Business Effect: Meaningful.

Analysis

Bill Summary: MSDE must use \$4.0 million to award new hire bonuses of up to \$1,000. Specifically, MSDE must award a \$500 bonus to each individual who (1) during fiscal 2024, begins employment in the State for at least 20 hours per week as a child care provider, or with a child care provider that participates in the Child Care Scholarship (CCS) Program in the State; (2) remains employed as a child care provider for three months; and (3) commits to remaining employed with that provider for at least six months. Each individual receiving this bonus is also eligible for an additional \$500 bonus if the individual earns a Maryland Child Care Credential Program (MCCCCP) credential during fiscal 2024 (or had a credential prior to beginning employment) and continues to be employed as or by a child care provider for at least 20 hours a week.

MSDE must use \$10.0 million to award a \$1,000 retention bonus to each individual who, on June 30, 2023, is employed by a child care provider for at least 20 hours per week and either holds an MCCCCP credential or earns the credential during fiscal 2024.

MSDE must use the remaining \$2.0 million to award a \$500 hiring assistance bonus to a child care provider that participates in the CCS Program for each employee the child care provider hires in fiscal 2024 to work at least 30 hours a week for at least 3 months. A child care provider may use these funds for advertising a position, licensure or certification costs, background check fees, or paying the first month of salary to a new employee.

Current Law: An individual may apply to the Office of Child Care within MSDE for a staff credential, including a child development associate credential, or an administrator credential under the MCCCCP. If a person pursues, obtains, or already holds an office approved credential, the office may award the individual an achievement bonus, a training reimbursement, or a training voucher.

The CCS Program (formerly known as the Child Care Subsidy Program) is administered by the Division of Early Childhood within MSDE. The program provides financial assistance for child care costs to families who meet income eligibility requirements. For each child needing care, the family receives a voucher to purchase child care directly from the provider of their choice that participates in the program.

Small Business Effect: Maryland's child care small business owners may receive bonuses and likely realize an improved ability to recruit and retain employees. MSDE advises that the estimated average income of staff working with children in a child care center is \$25,500 per year.

Additional Comments: Although the appropriation is required in fiscal 2023, eligibility for the bonuses, as established by the criteria in the bill, generally does not occur until fiscal 2024.

Additional Information

Prior Introductions: None.

Designated Cross File: HB 1100 (Delegate Queen, *et al.*) - Ways and Means and Appropriations.

Information Source(s): Maryland State Department of Education; Department of Budget and Management; Department of Legislative Services

Fiscal Note History: First Reader - March 3, 2022
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