



**Testimony Concerning SB 350
“Early Childhood Development - Child Care Scholarship Program - Funding”
Submitted to the Senate Budget & Taxation Committee
February 15, 2023**

Position: Favorable

Maryland Family Network (MFN) strongly supports SB 350, which would a) codify recent gains in the State’s Child Care Scholarship Program (CCS); and b) guarantee access to all families eligible for CCS.

MFN has worked since 1945 to improve the availability and quality of child care and early childhood education, as well as other supports for children and families in Maryland. We have been active in state and federal debates on child care policy and are strongly committed to ensuring that children, along with their parents, have access to high-quality, affordable programs and educational opportunities.

CCS helps parents enter and remain in the workforce by subsidizing the high cost of child care. It gives parents and children access to licensed early education programs. In short, CCS keeps parents earning and children learning.

Prior to 2018, Maryland had one of the very worst child care subsidy programs in the country, according to testimony in Annapolis by a US-HHS official. That year saw the beginning of several major improvements in Maryland’s CCS, including legislation sponsored by Sen. King and Del. (now Speaker) Jones mandating that scholarship rates rise from their abysmal level of the 9th percentile of the market to at least the 60th percentile and a regulatory expansion of family income eligibility from approximately \$35,000 for a family of four to \$72,000 for a family of four.

In May 2022, the State made further improvements to CCS. Scholarship rates were increased to the 70th percentile of the market, income eligibility was expanded to just over \$90,000 for a family of four, and parental copayments were eliminated for many families and drastically reduced for all others.

While both State and Federal funds have underwritten these dramatic improvements, the latest round of enhancements (those that took effect in May last year) utilized American Rescue Plan Act (ARPA) dollars. Under federal rules, ARPA funds earmarked for child care must be spent by the end of September 2024, although additional discretionary ARPA funds may be available through the end of 2026.

The first component of the bill would make the latest enhancements permanent, not subject to the expiration of ARPA funds. According to an MSDE report to the General Assembly in

September, sustaining these latest enhancements after ARPA would cost between \$60 and \$67 million. That cost could fall to the State under this bill, although it's possible that more federal dollars will be available. (In late December 2022, for example, Maryland's share of the child care block grant was just increased by \$21.8 million, and those dollars are not yet incorporated into the CCS budget.)

The second component of the bill would guarantee access to CCS for all families who meet eligibility criteria. Although there is currently no CCS wait list, enrollment freezes have been imposed at different times over the past two decades as a means of cutting costs. Under the bill, MSDE would not be able to unilaterally impose an enrollment freeze. In the event of dire fiscal circumstances, the Governor and the General Assembly would retain the ability to take necessary action—through a BRFA, for example.

Maryland families need and deserve access to a robust CCS. MFN urges a favorable Committee report on SB 350.