



# Montgomery County

## Office of Intergovernmental Relations

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HB 495

DATE: February 15, 2023

SPONSOR: Delegate Solomon, *et al.*

ASSIGNED TO: Ways & Means

CONTACT PERSON: Leslie Frey (leslie.frey@montgomerycountymd.gov)

POSITION: SUPPORT

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### Early Childhood Development – Child Care Scholarship Program – Funding

House Bill 495 requires the Governor, beginning in fiscal year 2025, to include in the State budget an appropriation sufficient to provide a State Child Care Scholarship Program subsidy to all eligible individuals, thereby eliminating a waiting list for the State's Child Care Scholarship Program. The bill stipulates that the Program may only be "frozen" when the list of available child care providers has been exhausted and additional providers cannot be located who are acceptable to parents and appropriate for children. The bill requires the Program's reimbursement rates for each region in the State to be equal to or greater than the rate from the prior fiscal year, and the copayment levels for Program participants may not exceed the copayment levels in effect during the prior fiscal year. Additionally, the Program's income eligibility requirements may not be less than the income eligibility requirements in effect the prior fiscal year. The bill takes effect July 1, 2023.

The National Academy of Sciences writes that lack of adequate funding of child care scholarship programs is a notable barrier to equitable access to affordable child care services:

*The inability of families to access high-quality early care and education stems from a financing structure that places a large burden to pay for early care and education directly on families in the form of fees and tuition, making high-quality early care and education prohibitively expensive for many families. Even for those families that qualify for subsidized programs, many are not receiving assistance due to inadequate funding.*

House Bill 495 would ensure that every family who qualifies for the Child Care Scholarship Program can benefit from the program. Child care subsidies are an important tool for long-term objectives such as reducing poverty and increasing a child's likelihood of success.<sup>1</sup> For these reasons, Montgomery County government annually funds child care scholarships for approximately 1,750 families who are excluded from the State Child Care Scholarship Program because they are over-income. Montgomery County respectfully urges the committee to issue a favorable report on House Bill 495 to enable more families to benefit from the State's Child Care Scholarship Program.

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<sup>1</sup> Research suggests that increased access to subsidies could result in a range of longer-term benefits for children and their families. With a subsidy, families could choose higher-quality child care, which can benefit their children's development. Increased family income and reduced poverty can have short- and long-term benefits for children's achievement and success. (<https://www.urban.org/research/publication/what-if-we-expanded-child-care-subsidies>)