

Department of Legislative Services
Maryland General Assembly
2025 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 1121
Ways and Means

(Delegate Shetty, *et al.*)

Education, Energy, and the Environment

Child Care Scholarship Program - Youth Transitioning From Foster Placement
to Successful Adulthood Pilot Program - Establishment

This bill establishes the Youth Transitioning from Foster Placement to Successful Adulthood Pilot Program, administered by the Maryland State Department of Education (MSDE), to assist a foster youth in applying for and accessing subsidies in the Child Care Scholarship (CCS) Program for the foster youth’s child. The pilot program must begin by January 1, 2026, and end on December 31, 2028. MSDE must remove barriers in the CCS Program application process for foster youth in the pilot program by removing specified requirements. By December 1 of each year the pilot program is active, MSDE must report to the General Assembly on the status of the program and an evaluation in meeting the program’s goals. **The bill takes effect July 1, 2025, and terminates June 30, 2029.**

Fiscal Summary

State Effect: General fund expenditures increase by \$91,000 in FY 2026 only for MSDE to make reprogramming changes. General fund expenditures further increase, *potentially significantly*, through FY 2029 to the extent additional families are eligible for scholarships under the CCS Program, as discussed below. Revenues are not affected.

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Bill Summary: “Foster youth” means an individual who (1) is at least 16 years old and younger than age 22 and (2) is in out-of-home care under the responsibility of the State *or*

was in out-of-home care under the responsibility of the State on the individual's 18th birthday.

MSDE must remove the following CCS Program application requirements for pilot program participants: (1) proof of a foster youth's employment or enrollment in an education or career training program; (2) the name of the other parent of the foster youth's child; (3) a written authorization from a parent if the parent is not residing in the same household as the child; and (4) application information, including income, that relates to a foster youth's foster parents rather than to the foster youth. MSDE must incorporate the framework of the Youth Transitioning from Foster Placement to Successful Adulthood Pilot Program into the CCS Program.

MSDE must award a scholarship under the CCS 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 MSDE, of participation in the Youth Transitioning from Foster Placement to Successful Adulthood Pilot Program.

MSDE must track expenditures on scholarships provided under the pilot program on a monthly basis, including (1) the average number of foster youth receiving subsidies under the pilot program and (2) the average scholarship amount received by foster youth under the pilot program.

Current Law: The State oversees a variety of early education services that are provided to Maryland children and their families in cooperation with local governments, local school systems, and private child care providers. The Division of Early Childhood coordinates the State's early childhood care and education system and is composed of three subdivisions: (1) the Office of Child Care; (2) the Office of Early Learning and Instruction; and (3) the Office of Family Support Services.

The CCS Program (formerly known as the Child Care Subsidy Program) provides financial assistance with child care costs to low-income families that meet applicable State or federal requirements. The program is funded through a combination of State funds and the federal Child Care and Development Block Grant. All participating parents or guardians must meet a variety of technical requirements and must be working or enrolled in school, a training program, or a work-related activity.

State Expenditures: MSDE advises that it must update its Child Care Administrative Tracking System and CCS Program portals to accommodate the new application and eligibility requirements. Therefore, in fiscal 2026, general fund expenditures increase by approximately \$91,000 to make the necessary reprogramming changes. This estimate is based on a similar modification that MSDE made to its system in 2022.

MSDE advises that the eligible population is likely relatively small (based on information from the Department of Human Services, fewer than 40 families are expected to be eligible); accordingly, it is estimated that MSDE can handle administrative aspects of the pilot program using existing budgeted resources. MSDE did not provide a specific estimate on providing CCS Program benefits to families under the pilot program. However, general fund expenditures are assumed to increase, potentially significantly, to the extent that additional individuals receive scholarships under the bill who would not have otherwise been eligible. CCS scholarships per child vary depending on the age of the child, the region where care is being provided, and the type of care (*i.e.*, child care centers vs. family child care homes). *For illustrative purposes only*, if 30 families under the program receive a scholarship for one child, general fund expenditures may increase by \$355,680 on an annual basis (based on an average of the regional rates for infants served in family child care homes).

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: SB 687 (Senator Benson) - Education, Energy, and the Environment.

Information Source(s): Department of Human Services; Maryland State Department of Education; Department of Legislative Services

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