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PUBLIC POLICY REPORT
APRIL 2019

Key Victories

- **SB 1030 "The Blueprint for Maryland's Future"**
  This legislation endorses the sweeping policy recommendations of the Commission on Innovation and Excellence in Education (better known as the Kirwan Commission) and requires a 3-year "down-payment" on the implementation of those recommendations, totaling approximately $1 billion. State funding for pre-kindergarten will expand by $31.7 in FY 2020 and an estimated $53.6 million in FY 2021.

- **HB 810 / SB 870 "Income Tax – Child and Dependent Care Tax Credit - Alteration"**
  For the first time in nearly 20 years, the General Assembly has expanded Maryland's Child and Dependent Care Tax Credit—increasing the income threshold from $50,000 to $143,000 for married couples (and to $92,000 for individuals), indexing these limits annually for inflation, and making the credit refundable for low-income filers.

- **HB 248 / SB 181 "Education – Child Care Subsidies – Mandatory Funding Level"**
  Building on landmark legislation from 2018 to give parents access to quality care, this bill accelerates a mandated increase of child care subsidy rates. Beginning in July 2020, subsidy rates must equal or exceed 60 percent of market rates—and must remain at or above the 60th percentile in the future.

Unfinished Business

- **HB 341 / SB 500 "Labor and Employment – Family and Medical Leave Insurance Program – Establishment (Time to Care Act of 2019)"**
  Incorporating recommendations from a blue-ribbon Task Force and following the enactment of paid parental leave for State employees in 2018, this bill sought to establish an insurance fund to provide partial wage replacement for Marylanders taking time away from work to care for new babies, loved ones with serious health conditions or disabilities, or themselves. The U.S. is the only industrialized country in the world that lacks a paid family and medical leave program, and Maryland would have become the eighth state to establish one. No final vote on the legislation was taken in the House or the Senate.

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A Senator-turned-lobbyist once observed that "legislative Sessions are long hours of tedium punctuated by moments of sheer terror." Advocates and other participants in Maryland's political process will probably respond with knowing nods. Stakes and sentiments run high during the 90 days each year when the General Assembly convenes in Annapolis, but rarely at an even pace. Weeks can fly by in a frenetic blur; days can drag on interminably. Stamina is as much a prerequisite as strategy. When Sine Die brings each Session to a close, we look to both the past and the future, tallying our legislative wins and losses, declaring a given year a success or failure, and then preparing for the next one.

In politics, as in physics and philosophy, time is an elastic concept. Legislative agendas, even individual bills, have life cycles that can defy neat categorization, and the temporal boundaries of a single Session can prove somewhat deceiving. Preparation of necessity begins long before opening gavels drop in January, and bills that pass before the Assembly adjourns in early April may require extended advocacy with the Administration during the bill signing period that carries through May. Even so, legislation sometimes emerges seemingly overnight—even late in Session—and rides an unexpected wave to enactment. Other bills require years of persistence before breaking through to success, what one of the Founding Mothers of Maryland Family Network (MFN) dubbed "the water-dripping-on-stone method."

For major legislation, Annapolis has historically favored the "long game," a strategic approach that focuses on sustained relationships and advocacy campaigns built over time. Despite some harbingers of a changing culture within the General Assembly—including the potential for epochal leadership transition in both chambers and the continued influx of young, progressive members following a second consecutive high-turnover election—the long game is still a key component of legislative success, and will almost certainly remain so for the foreseeable future. This fact is reflected in three of MFN's top achievements in the 2019 Session, and to a degree in its most notable disappointment. The legislative process that generated both the former and the latter is often compared to three-dimensional chess. Time, the so-called fourth dimension, may not be readily apparent in a given year, but it adds an indispensable perspective.

BUDGET

Budget advocacy always constitutes a top priority for MFN. The FY 2020 budget proposed by the Governor provided stable funding for many programs critical to young children, including home visiting, the Maryland Infants & Toddlers Program, early childhood mental health consultation, and the State's networks of Child Care Resource Centers and Family Support Centers (which operate under MFN's stewardship). MFN was gratified to see additional funds allocated for Head Start and child care subsidies—increases of $1.2 million in State funds and $16.2 million in federal funds, respectively—pursuant to the passage of two top-priority bills in the 2018 Session.

A new federal Birth-through-Five Preschool Development Grant added $14.25 million to the budget for early education quality enhancement, primarily through professional development. The budget also included $20 million for prekindergarten expansion, which partly reflects an infusion of state gaming revenue (from the so-called "lockbox") to offset the loss of $15 million due to the expiration of Maryland's federal Preschool Expansion Grant. An additional $5 million came in the form of state Preschool Supplemental Grants (PSGs) intended to support local school systems providing full-day pre-K programs for all four-year-olds, over and above the current half-day mandate for low-income students. Both of these latter allocations resulted from legislation successfully championed by MFN and allies in prior Sessions.

Subsequent budget amendments by the General Assembly revised the amount set aside for PSGs significantly upward, to $31.7 million for FY 2020, and broadened the eligibility to include school systems providing full-day pre-K to some but not necessarily all students. The effects of this and related budget actions by the General Assembly remain to be seen. For a fuller discussion, see the section on "Kirwan Commission and Pre-K" below.

LEGISLATION

Kirwan Commission and Pre-K

MFN has championed the expansion of publicly funded pre-kindergarten for decades. Partly in recognition of that fact, in 2016 MFN Executive Director Margaret Williams was appointed to the Commission on Innovation and Excellence in Education (better known as the "Kirwan Commission"), which was expressly charged with considering the expansion of pre-K in Maryland, among many other topics related to funding and policy in the K-12 public education system.

Although it initially hoped to meet a December 2017 reporting deadline, the Kirwan Commission has postponed its final recommendations on funding until later this year. In the meantime, it issued an Interim Report in January detailing its final policy proposals. From an early childhood perspective, the Interim Report contained several important features, all strongly informed by MFN's input. Three were especially prominent, including commitments to:

- provide access to publicly funded pre-K, through a diverse-delivery system, at no cost for all three- and four-year-olds whose families earn at or below 300% of the federal poverty guidelines ($77,250 for a family of four);
- offer public pre-K, subsidized on a sliding scale, to all four-year-olds whose families earn between 300% and 600% of federal poverty guidelines (up to $154,500 for a family of four); and
- strengthen services for children birth to age 3 and their families by expanding the number of Family Support Centers and Judy Centers and increasing support for the Maryland Infants and Toddlers Program—steps beyond the Commission's ostensible focus on prekindergarten-to-12 public education, but integral to a comprehensive approach to high-quality early childhood education.

The commitment to public pre-K formed one of the cornerstones of SB 1030 "The Blueprint for Maryland's Future." With both policy and budgetary components reflecting Kirwan Commission priorities, this complicated legislation was introduced late in Session and sparked considerable debate before its ultimate passage during the final days. On the policy side, it endorsed the sweeping policy recommendations of the Kirwan Commission, including the major early childhood and pre-K provisions cited above (along with teacher salary increases, expanded career and technical education, robust supports for at-risk students, accountability measures, and others). From a fiscal standpoint, the bill requires a 3-year "down-payment" on the implementation of those recommendations, totaling approximately $1 billion—the first installment of which was carved out of the FY 2020 budget. State funding for pre-kindergarten is slated to expand by $31.7 in FY 2020 and by an estimated $53.6 million in FY 2021. (Expenditures in the third year are to be determined.)

This legislation's complex interplay with the FY 2020 budget—and its call for mandated appropriations from the Governor in FY 2021 and FY 2022—leaves its ultimate fate open to question. The bill itself could be subject to veto. And although the Governor cannot veto the FY 2020 budget or individual items within it, he has some discretion in authorizing the actual expenditure of the funds. MFN and other advocates will monitor the situation closely for indications of the Governor's position on "The Blueprint for Maryland's

Future" and the Kirwan Commission's recommendations overall. In any case, many challenges remain for next year's Session.

Child and Dependent Care Tax Credit

After repeated attempts in previous Sessions, and for the first time in nearly 20 years, the General Assembly enacted a dramatic expansion of Maryland's Child and Dependent Care Tax Credit. The legislation raises the income eligibility limits for filers, making the tax credit available to individuals earning up to $92,000 and married couples earning up to $143,000. In future years, the caps and the credit amounts will also be adjusted for inflation.

The cap was previously set at $50,000, or $25,000 for married individuals filing separately. And yet MFN has consistently documented that the high cost of child care burdens families who earn considerably more than $50,000. In every jurisdiction in the State, child care ranks among the top three household expenses.

Also for the first time, filers at the lower end of the eligibility scale (with incomes under $50,000 for individuals, or $75,000 for married couples) can now receive refunds if their credit exceeds their tax liability. National advocates consider this refundable feature a hallmark of the best state child care tax credit policies.

The legislation was sponsored, as in the past, by Sen. Nancy King and Del. Ariana Kelly, longtime child care champions. Their bills received unanimous support in the Senate and House of Delegates after being designated part of a package of priorities by the General Assembly's presiding officers. For casual observers, that might obscure the years of prior effort. It should instead be seen as a tribute.

Child Care Subsidy Rates

Ensuring access to affordable, high-quality child care has helped define MFN's mission since the organization's inception in 1945, so the roots of last year's landmark legislation mandating child care subsidy rate increases run deep. That bill evolved from an extensive examination of child care issues in 2016 and 2017 by the General Assembly's Joint Committee for Children, Youth, and Families, conducted in concert with MFN. Multiple hearings and off-line work by MFN and legislative staff revealed the depth to which Maryland's child care subsidy rates had fallen.

The Child and Dependent Care Block Grant (CCDBG) provides more than half the funding for the Child Care Subsidy Program (CCSP), and it mandates that families receiving subsidies have "equal access" to the quality child care available to more affluent families. Consequently, the U.S. Department of Health and Human Services (which oversees CCDBG) strongly urges states to set subsidy rates that give parents the ability to afford at least 75 percent of the child care market.

And yet, disgracefully, Maryland's rates prior to last year forced families participating in CCSP to choose among the cheapest 10 percent of child care options in their communities, in effect relegating them to the poorest quality care. These same low rates handicapped the ability of providers serving low-income communities to sustain their programs and improve quality, while creating strong disincentives for providers in more affluent communities to enroll children receiving subsidy.

Last year's legislation requires the State to raise subsidy rates in FY 2020, 2021, and 2022, expanding CCSP families' access to at least 60 percent of the market. That minimum may rest lower than the federal benchmark, but it represents a transformative advance by any standard. Of particular importance, the 2018 legislation for the first time institutes a "floor"—once rates attain the 60th percentile, the bill mandates that they never again fall below that level. MFN appreciatively noted the inclusion of an additional $16.2

million in the CCSP budget for FY 2020 to cover the first of three mandated annual rate increases, scheduled to go into effect no later than July 1, 2019.

Building on last year's success, MFN also spearheaded HB 248 / SB 181 "Education – Child Care Subsidies – Mandatory Funding Level," legislation to accelerate the rate increase the prior bill put into law. Now, rather than waiting until July 1, 2021, rates will rise to at least the 60th percentile level a year earlier, and the floor will be set from then forward. That will achieve expanded market access for parents, increased reimbursement for providers, and higher quality care for children—a year of enhanced earning and learning they may otherwise have had to forgo. And in that way, this year's legislation makes last year's even better.

Paid Family and Medical Leave

The U.S. is the only industrialized country in the world that lacks a paid family and medical leave program. While the federal Family and Medical Leave Act has since 1993 guaranteed unpaid leave for workers at companies with 50 or more employees, only 17 percent of U.S. workers have access to paid family leave. Partly as a result, nearly 25 percent of women take 10 days or fewer of maternity leave, putting themselves and their children at risk physically and emotionally. And while evidence shows that early paternal involvement pays lasting dividends, three out of four new fathers take one week or less of leave when their babies are born.

To change this situation, MFN spearheaded HB 341 / SB 500 "Labor and Employment – Family and Medical Leave Insurance Program – Establishment (Time to Care Act of 2019)." The legislation incorporated recommendations from a blue-ribbon task force created by statute in 2016, on which MFN Director of Public Policy Clinton Macsherry served. And it sought to build on the momentum established by the enactment of paid parental leave for State employees last Session, one of MFN's top 2018 priorities.

The Time to Care Act would have established an insurance fund (similar to unemployment insurance) to provide partial wage replacement for Marylanders taking time away from work to care for new babies, loved ones with serious health conditions or disabilities, or themselves. Employers and employees would contribute a small amount from each paycheck, and workers would draw benefits when they experience a documented need. The combined contribution would vary depending on the worker's wages, but would likely total under 0.5 percent—approximately $5 per week for someone earning the average weekly wage in Maryland. Benefits would be capped at $1000 per week for up to 12 weeks.

As the saying goes, timing is everything. The legislation drew some pockets of strong support, and polling indicated that Marylanders overwhelmingly favor the concept, even knowing that it would be funded by paycheck deductions. But among key Committee leaders, residual bitterness from a years-long battle over paid sick leave combined with a new, acrimonious, and ultimately successful proposal to raise the minimum wage left little appetite for a family-friendly initiative of this scope, regardless of its merit. No final vote on the legislation was taken in the House or the Senate.

Six other states as well as the District of Columbia have already instituted paid family and medical leave insurance, and it is under active consideration in several others. It will remain a priority for MFN.

PRESENCE IN ANNAPOLIS

As guests of Arundel Child Care Connections, MFN's Public Policy Committee convened its bi-weekly Session meetings a few short blocks from the State House before busy days of lobbying and bill hearings. As always, the meetings brought together a variety of MFN's longtime partners and other early childhood stakeholders to discuss and strive for consensus on legislation and budget matters. Committee members deserve great credit for freely exchanging information and perspectives, even—or rather, especially—when they differ, in a spirit of shared commitment to Maryland's children.

MFN's annual day of advocacy brought more than 325 parents, young children, staff from Family Support Centers and Child Care Resource Centers, and staunch MFN supporters to Annapolis—many of them for the first time—to meet with their legislators, learn about the legislative process, and make their voices heard. The "stroller brigade" once again carried MFN's mission and message into the halls of the State House and legislative offices.

Looking forward, MFN will urge Governor Hogan to sign into law legislation supporting Maryland's young children and their families this month and next. Our public policy work of necessity continues throughout the "Interim" between General Assembly sessions, as freshly minted legislation is implemented, task forces meet, new budget proposals are developed, contracts are negotiated, regulations are promulgated, and new ideas for legislation emerge for discussion and debate. The Interim often provides additional opportunities to inform elected officials about the many critical issues surrounding early care and education.

When the 2020 Session commences next January, the House of Delegates will have a new Speaker. The State Senate may also have a new President. Ripple effects may place key committee assignments and leadership positions in flux. Altered power dynamics and leadership styles will make for a treacherous landscape. Debate over the final Kirwan Commission recommendations and the monumental legislation that embodies them promises to be exceptionally intense.

In times of change and challenge, the role of a respected and resourceful advocate grows all the more critical. MFN will stand prepared to protect the needs and advance the interests of Maryland's young children and their families.

Special thanks are due to the organizations that targeted funds for MFN's advocacy work in 2019: The Alliance for Early Success, the Annie E. Casey Foundation, the Hopewell Fund, the Fund for Change, and the Washington Area Women's Foundation.