

MAINE STATE LEGISLATURE

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131st MAINE LEGISLATURE

FIRST SPECIAL SESSION-2023

Legislative Document

No. 1726

S.P. 690

In Senate, April 20, 2023

An Act to Build Maine's Economy by Supporting Child Care for Working Families

Reference to the Committee on Health and Human Services suggested and ordered printed.

A handwritten signature in black ink, appearing to read 'D M Grant'.

DAREK M. GRANT
Secretary of the Senate

Presented by President JACKSON of Aroostook.
Cosponsored by Representative TERRY of Gorham and
Senators: BALDACCI of Penobscot, BENNETT of Oxford, RENY of Lincoln, VITELLI of
Sagadahoc, Representatives: COLLAMORE of Pittsfield, MEYER of Eliot, MILLETT of
Waterford, MILLETT of Cape Elizabeth.

1 **Be it enacted by the People of the State of Maine as follows:**

2 **Sec. 1. 5 MRSA §12004-I, sub-§39-A** is enacted to read:

3 **39-A. Human Services**

4 <u>Human</u>	<u>Child Care Task Force</u>	<u>Not Authorized</u>	<u>22 MRSA</u>
5 <u>Services</u>			<u>§3740-E</u>

6 **Sec. 2. 22 MRSA §3731-A** is enacted to read:

7 **§3731-A. Maine Child Care Scholarship Program**

8 The Maine Child Care Scholarship Program is established in the department to provide
9 child care subsidies under this chapter in accordance with the principles described under
10 section 3732 to support the quality child care needs of children and working families while
11 also providing a living wage to early childhood educators. Eligibility for child care
12 subsidies under the Maine Child Care Scholarship Program must be determined in
13 accordance with this chapter and rules adopted pursuant to this chapter. Rules adopted
14 pursuant to this paragraph are routine technical rules as defined in Title 5, chapter 375,
15 subchapter 2-A.

16 **Sec. 3. 22 MRSA §3736, sub-§2**, as enacted by PL 1993, c. 158, §2, is amended to
17 read:

18 **2. Eligibility decision within 30 15 days; retroactive reimbursement.** The
19 department shall determine eligibility for child care programs administered under this
20 chapter within 30 15 days of receiving an application. If a contractor determines eligibility,
21 the department shall require that the contractor determine eligibility within 30 15 days of
22 receiving an application. The department shall provide retroactive reimbursement to a
23 child care program that provided tuition assistance to an applicant during the application
24 period.

25 **Sec. 4. 22 MRSA §3736, sub-§4** is enacted to read:

26 **4. Changes in eligibility.** The department shall notify a provider of child care services
27 provided under this chapter within 2 days of when a recipient's eligibility changes.

28 **Sec. 5. 22 MRSA §3736, sub-§5** is enacted to read:

29 **5. Payments to providers within 15 days.** The department shall reimburse a provider
30 of child care services provided under this chapter within 15 days.

31 **Sec. 6. 22 MRSA §3740-A** is enacted to read:

32 **§3740-A. Report**

33 The department shall evaluate child care subsidies provided under this chapter and,
34 beginning December 6, 2023 and annually thereafter, submit a report of the evaluation with
35 recommendations on increasing enrollment and reducing barriers to families receiving
36 child care subsidies to the joint standing committee of the Legislature having jurisdiction
37 over health and human services matters. The report must include:

38 **1. Barriers.** The identification of access barriers:

39 A. For children and families to know about and enroll in the Maine Child Care
40 Scholarship Program established under section 3731-A; and

1 B. For all child care programs to participate in the Maine Child Care Scholarship
2 Program established under section 3731-A;

3 **2. Feedback.** The ways in which the department has engaged in feedback from
4 families and child care programs through multiple engagement tools, such as surveys,
5 listening sessions and focus groups; and

6 **3. Reimbursement.** The instances and frequency of and reasons for delayed or late
7 reimbursement payments from the Office of Child and Family Services to participating
8 child care programs and plans to remedy delayed or late reimbursement payments.

9 **Sec. 7. 22 MRSA §3740-B** is enacted to read:

10 **§3740-B. Quality child care costs estimator tool**

11 The department, in consultation with the Children's Cabinet established under Title 5,
12 section 19131, subsection 1 and the council, shall create and maintain an estimator tool in
13 accordance with this section to calculate the actual cost of quality child care.

14 **1. Requirements.** The estimator tool must:

15 A. Include a living wage compensation scale for early childhood educators pursuant to
16 the recommendations of the Child Care Task Force established in section 3740-E;

17 B. Include regional differences in costs;

18 C. Include employee salaries and benefits;

19 D. Include facility costs;

20 E. Include costs associated with compliance with statutory and rule requirements,
21 including the child care quality rating system participation under section 3737,
22 subsection 3 and specific costs associated with each step of the rating system and any
23 quality indicators used; and

24 F. Use data and research available from existing studies and reports.

25 **2. Considerations.** In developing the estimator tool, the department shall:

26 A. Evaluate the effectiveness of current boundaries of child care subsidy regions;

27 B. Consider differentiating child care subsidy rates by child age and geographic region;
28 and

29 C. Examine alternatives to the current system under paragraph B, such as zip code level
30 regions or regionalization based on urban, suburban or rural designations.

31 **3. Accessibility.** The estimator tool must be publicly accessible. The department's
32 process for making changes to the tool must be transparent to the public.

33 **Sec. 8. 22 MRSA §3740-C** is enacted to read:

34 **§3740-C. Affordable child care implementation plan**

35 The department, in consultation with the Office of Child and Family Services, the
36 Children's Cabinet, established under Title 5, section 19131, subsection 1, and the council
37 shall develop, in accordance with this section, a phased implementation plan with
38 benchmarks for limiting child care costs, by 2030, to no more than 7% of a family's income
39 for a family earning up to 250% of the median family income in the State. The

1 implementation plan must focus on children and families that are the furthest from
2 opportunity, as determined by family income, and must include recommended targeted
3 supports for providers serving children who are underserved, and must emphasize greater
4 racial equity. The implementation plan must include:

5 **1. Phased approach.** A phased approach with benchmarks, that gradually increases
6 eligibility based on income until 2030;

7 **2. Copayments.** A graduated system of copayments to eliminate the benefit cliff effect
8 as defined in Title 26, section 3801, subsection 1 for families and to limit the amount a
9 family pays for child care;

10 **3. Cost modeling.** Payment rates informed by a cost modeling tool that includes
11 providing a living wage to licensed child care providers;

12 **4. Expanded access.** Expanded access to a child care subsidy by developing a model
13 to enable the department to provide contracted slots to programs that service a family using
14 the child care subsidy; and

15 **5. Strategy.** A strategy, a budget, revenue recommendations and a timeline to achieve
16 the goals of this section.

17 **Sec. 9. 22 MRSA §3740-D** is enacted to read:

18 **§3740-D. Early childhood integrated data system**

19 This section governs data collection and reporting relating to an early childhood
20 integrated data system.

21 **1. Data collection.** The commissioner shall collect data in accordance with this
22 subsection to create an early childhood integrated data system to provide information
23 across agencies to make decisions about programs and policies that promote access, quality
24 and a strong workforce to support children who have not attained 10 years of age. The data
25 collected must include information on the early childhood educator workforce and child
26 care data for child care facilities and family child care providers licensed under section
27 8301-A, including, but not limited to, workforce demographics, salaries and benefits;
28 enrollment and staffing demographics; and assessments on cost-of-care and affordability.
29 Race, ethnicity and geographic information must be included in each data set collected.

30 **2. Report.** No later than December 15, 2023 and biennially thereafter, the
31 commissioner, the Commissioner of Education and the Commissioner of Labor shall
32 jointly submit a report to the joint standing committees of the Legislature having
33 jurisdiction over child care matters that includes a review of the adequacy of the pathways
34 to early childhood education careers and an evaluation of how the collection of data under
35 subsection 1 and coordinated, dedicated funding are supporting the ongoing development
36 of an early care and education system. The joint standing committees that receive the report
37 may report out legislation relating to the report.

38 **Sec. 10. 22 MRSA §3740-E** is enacted to read:

39 **§3740-E. Child Care Task Force**

40 The Child Care Task Force, referred to in this section as "the task force," is established
41 to make recommendations to the department about child care.

1 **1. Membership.** The task force consists of 14 members appointed by the
2 commissioner as follows:

3 A. One nonprofit child care administrator;

4 B. One for-profit child care administrator;

5 C. Two family child care provider owners;

6 D. Two educators working in child care programs;

7 E. One representative from a state association representing early childhood education;

8 F. One representative from a state association representing diversity, equity and
9 inclusion;

10 G. One representative of child care providers;

11 H. One representative of the child care quality rating system under section 3737;

12 I. Two parents;

13 J. One economist; and

14 K. One policy analyst or researcher.

15 **2. Chairs.** The first 2 named members of the task force serve as chairs.

16 **3. Duties.** The task force shall develop policy recommendations and provide the
17 recommendations to the Office of Child and Family Services regarding the following:

18 A. Preserving and increasing racial and ethnic equity and diversity and recognizing the
19 value of cultural competency and multilingualism in the child care workforce;

20 B. Providing a salary floor that supports recruitment and retention of a qualified
21 workforce in every early education setting, determined by an analysis of fields that
22 compete to recruit workers with comparable skills, competencies and experience of
23 early childhood educators;

24 C. Indexing salaries for child care providers against the salary for a typical preschool
25 lead teacher, differentiating base compensation for varying levels of responsibility
26 within the early childhood workplace, including consideration of center directors,
27 assistant directors, lead teachers, assistant teachers, paraprofessionals, family child
28 care facility owners and family home assistants;

29 D. Incentivizing attainment of relevant higher education credentials and credential
30 equivalencies, including early learning certificates, associate degrees, bachelor's
31 degrees, master's degrees and doctoral degrees; training; and years of experience by
32 increasing compensation for each of these;

33 E. Considering credential equivalencies, including certified demonstration of
34 competencies developed through apprenticeships, peer learning models, community-
35 based training, elective training and other strategies;

36 F. Considering a child care provider's years of experience in the field and years of
37 experience at the child care provider's current site;

38 G. Differentiating subsidy rates by region; and

1 H. Providing additional targeted investments for child care providers serving a high
2 proportion of families receiving a child care subsidy, child care providers
3 demonstrating additional linguistic or cultural competency and child care providers
4 serving populations furthest from opportunity, as defined by family income, including:

5 (1) Families experiencing homelessness;

6 (2) Children in foster care;

7 (3) Underserved geographic communities;

8 (4) Underserved ethnic or linguistic communities;

9 (5) Underserved age groups, such as infants and toddlers; and

10 (6) Populations with specialized health or educational needs.

11 **4. Staffing.** The department shall provide staffing for the task force.

12 **Sec. 11. Department of Health and Human Services to make changes to**
13 **the child care subsidy program.** The Department of Health and Human Services shall:

14 1. Review department rules, department materials and department publications,
15 including on the department's publicly accessible website, and replace references to "Child
16 Care Subsidy Program" with "Maine Child Care Scholarship Program";

17 2. Promote the Maine Child Care Scholarship Program, established in the Maine
18 Revised Statutes, Title 22, section 3731-A, statewide with a plan to reach underserved and
19 marginalized populations; and

20 3. Streamline and simplify the online invoicing and billing systems for child care
21 providers to accurately reflect reimbursements, including quality bumps, payments to child
22 care programs and parent copays, and to isolate payments for the changes to eligibility
23 under the department's child care subsidy rules from state funding.

24 **Sec. 12. Child care subsidy rules.** The Department of Health and Human Services
25 shall amend its rules in Child Care Subsidy Program Rules, Chapter 6 to:

26 1. Increase eligibility for child care subsidies from 85% of the State's median income
27 to 125% of the State's median income;

28 2. Add eligibility for an employee of a licensed child care center or family child care
29 provider if the applicant otherwise meets the eligibility requirements after the department
30 disregards all of the employee's earned and unearned income and verifies the employee's
31 employment; and

32 3. Reimburse child care providers that accept child care subsidies based on enrollment
33 and not attendance.

34 **Sec. 13. Head Start eligibility rules.** The Department of Health and Human
35 Services shall amend its rules in Head Start Program, Chapter 5 to increase eligibility for
36 enrollment in Head Start to 185% of the federal poverty level.

37 **Sec. 14. Report on salary supplement rulemaking.** The Department of Health
38 and Human Services shall, no later than December 15, 2023, report to the joint standing
39 committee of the Legislature having jurisdiction over health and human services matters

1 on the status of its rulemaking pursuant to the Maine Revised Statutes, Title 22, section
2 3737-A.

3 **Sec. 15. Appropriations and allocations.** The following appropriations and
4 allocations are made.

5 **HEALTH AND HUMAN SERVICES, DEPARTMENT OF**

6 **Child Care Services 0563**

7 Initiative: Provides funding to double the monthly wage supplement for all child care
8 workers.

9	GENERAL FUND	2023-24	2024-25
10	All Other	\$15,000,000	\$15,000,000
11			
12	GENERAL FUND TOTAL	<u>\$15,000,000</u>	<u>\$15,000,000</u>

13 **Child Care Services 0563**

14 Initiative: Provides funding to increase eligibility for child care subsidies from 85% of the
15 State's median income to 125% of the State's median income.

16	GENERAL FUND	2023-24	2024-25
17	All Other	\$3,700,000	\$3,700,000
18			
19	GENERAL FUND TOTAL	<u>\$3,700,000</u>	<u>\$3,700,000</u>

20 **Child Care Services 0563**

21 Initiative: Provides funding to include child care staff in the Maine Child Care Scholarship
22 Program.

23	GENERAL FUND	2023-24	2024-25
24	All Other	\$2,500,000	\$2,500,000
25			
26	GENERAL FUND TOTAL	<u>\$2,500,000</u>	<u>\$2,500,000</u>

27 **Child Care Services 0563**

28 Initiative: Provides funding for delivery of Head Start services to support families earning
29 up to 185% of the federal poverty level.

30	GENERAL FUND	2023-24	2024-25
31	All Other	\$3,600,000	\$3,600,000
32			
33	GENERAL FUND TOTAL	<u>\$3,600,000</u>	<u>\$3,600,000</u>

34 **Child Care Services 0563**

35 Initiative: Provides funding to make system improvements to the Maine Child Care
36 Scholarship Program.

37	GENERAL FUND	2023-24	2024-25
38	All Other	\$100,000	\$100,000
39			
40	GENERAL FUND TOTAL	<u>\$100,000</u>	<u>\$100,000</u>

1	Child Care Services 0563		
2	Initiative: Provides one-time funding for the Department of Health and Human Services,		
3	Office of Child and Family Services, in consultation with the Maine Children's Cabinet and		
4	Children's Cabinet Early Childhood Advisory Council, to create an estimator tool to		
5	calculate the cost of quality child care, which enables the State to model actual costs of		
6	child care.		
7	GENERAL FUND	2023-24	2024-25
8	All Other	\$200,000	\$0
9			
10	GENERAL FUND TOTAL	<u>\$200,000</u>	<u>\$0</u>
11	Child Care Services 0563		
12	Initiative: Provides one-time funding for the Department of Health and Human Services,		
13	Office of Child and Family Services to develop a phased implementation plan and		
14	benchmarks for limiting child care costs for families by 2030.		
15	GENERAL FUND	2023-24	2024-25
16	All Other	\$100,000	\$0
17			
18	GENERAL FUND TOTAL	<u>\$100,000</u>	<u>\$0</u>
19	Child Care Services 0563		
20	Initiative: Provides one-time funding for the Department of Health and Human Services,		
21	Office of Child and Family Services to develop an early childhood integrated data system.		
22	GENERAL FUND	2023-24	2024-25
23	All Other	\$100,000	\$0
24			
25	GENERAL FUND TOTAL	<u>\$100,000</u>	<u>\$0</u>
26	Child Care Services 0563		
27	Initiative: Provides funding to continue to reimburse child care providers who accept		
28	subsidies based on enrollment, not attendance.		
29	GENERAL FUND	2023-24	2024-25
30	All Other	\$4,800,000	\$4,800,000
31			
32	GENERAL FUND TOTAL	<u>\$4,800,000</u>	<u>\$4,800,000</u>
33			
34	HEALTH AND HUMAN SERVICES,		
35	DEPARTMENT OF		
36	DEPARTMENT TOTALS	2023-24	2024-25
37			
38	GENERAL FUND	\$30,100,000	\$29,700,000
39			
40	DEPARTMENT TOTAL - ALL FUNDS	<u>\$30,100,000</u>	<u>\$29,700,000</u>

SUMMARY

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This bill establishes the Maine Child Care Scholarship Program within the Department of Health and Human Services to encompass the former child care subsidy program and new eligibility for child care providers. The bill directs the department to amend its procedures regarding eligibility and reimbursement, submit an annual report relating to child care subsidies to the joint standing committee of the Legislature having jurisdiction over health and human services matters and to implement various departmental improvements to the child care subsidy program. The bill establishes the Child Care Task Force to make recommendations to the department regarding quality child care. The bill provides funding to increase eligibility and wages for child care services and to implement the improvements to child care subsidies. The bill also directs the department, by 2030, to implement a program to achieve affordable child care.