Childcare Scholarship and Subsidies

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Problem Definition

Based on recent reports, Maryland is in 21st place for being the least affordable state for infant care. Infant care programs in Maryland are 60.13% more than the average tuition and fees at an in-state, four-year public university (Child Care Aware of America, n.d.). Reports show that for a median married-couple family income ($159,911) 15.8% of annual income is spent on center-based childcare. For the median single parent household (52,696), over 48% of income can be consumed by the cost of infant day care (FFYF, 2025).

If you are a parent with an infant and are seeking to place your child at a childcare center, for an infant the monthly cost is $2,110 ($25,321 annually) , and toddler care costs $1,883 a month ($22,594 annually). Childcare for a 4-year-old is $1,327 monthly or $15,919 annually. Lastly, for school-aged children, the average monthly cost is $852 a month and $10,226 a year. These prices differ from the cost of family child care at home, where for an infant it would cost $1,327 a month and $15,919 annually; a toddler costs $1,306 a month and $15,676 annually; a 4-year-old costs $1,118 or $13,416 annually; and lastly, a school-age child costs $709 a month and $8,505 annually (*Childcare Subsidies & Scholarships*, n.d.).

While there are differences in price between a care center and family home care, there are also differences in how children react to each setting . A research study comparing children in center-based care (such as preschool or Head Start) to those in in-home childcare found that center-based care had positive effects on metrics like vocabulary (*Center-Based Versus Home-Based*, 2017).

Parents are struggling to put their children in childcare, with costs and lack of resources creating significant barriers. Maryland's Child Care Scholarship program was supposed to help eligible families in the state of Maryland pay for high-quality childcare and early education programs (*Child Care Scholarship Program | Division of Early Childhood*, n.d.). However, it has been frozen for nine months due to a surge in enrollment that reached budget capacity, forcing Maryland to prioritize already-enrolled families and exclude other families in need due to fiscal limitations (*Childcare Subsidies & Scholarships*, n.d.).

Maryland's child care scholarship program is currently serving only about 15% of eligible families. If applications do not resume within 12 months, 43% of the approximately 3,500 childcare institutions will face closure (Wicke, 2026). The supply and demand dynamics of childcare also create a critical problem. There are simply not enough childcare providers for the number of children in need, which far exceeds the available slots in childcare facilities. Following the COVID-19 pandemic, Maryland lost 15% of its childcare providers and 7% of its childcare slots between 2020 and 2024 (Winebrenner & Shaughnessy, 2024). Additionally, funding for Maryland's Child Care Credential Program (MCCP) was eliminated in 2024, removing opportunities for childcare providers to further their educational training. This has negatively impacted the childcare workforce; the funding cut was estimated to affect over 55,000 childcare providers and over 20,000 program participants (Peusch, 2024). Not only does this make enrollment harder for families, but halting programs like the MCCP also harms Maryland's overall workforce and creates another barrier for parents by driving up the cost of available care. Maryland's lack of affordable, quality childcare is severely impacting the state's economy and employers. In 2018, the Maryland Family Network reported that childcare breakdowns led to 50% of working parents missing work, costing employers $2.41 billion (Aludwig, 2024).

Consequences:

By pausing programs like the childcare scholarship program, parents will continue to miss work, hurting Maryland's economy. Even a $100 increase in childcare costs per child reduces labor force participation among mothers across all income brackets. For low income mothers, a $100 increase leads to a 1.2% decline in workforce participation from their average participation rate of 41%; for middle class mothers, there is a 0.63% decrease from their average of 64%; and high income mothers experience a 0.27% decrease from their average rate of 73% (Araujo et al., 2025). This shows that low income mothers are affected the most by increases in childcare costs, making them more vulnerable to outcomes like unemployment, and demonstrates that a mother's workforce participation is affected regardless of income. In the 2023 State of the Economy report for Maryland, only 80.3% of women aged 25 to 45 with children aged 5 or younger at home were in the labor force. In comparison, men in the same age group with children of the same age had a participation rate of 96.9%, and women of the same age without children had a participation rate of 86.4% (COMPTROLLER OF MARYLAND, 2024). Consequently, many parents are forced to rely on family members for childcare, while other families or single parents must struggle to choose between childcare, groceries, and rent.

Current State of Maryland Law and Policy

The Maryland State Department of Education's Office of Child Care is the primary agency responsible for implementing and enforcing childcare and early childhood care programs. Maryland offers several initiatives regarding early childhood care. It enforces federal mandates by providing Head Start programs throughout the state, offers state-funded pre-K to children ages 4 to 5 whose families are in need, and has provided childcare scholarships to eligible families before the current freeze. Head Start is available in all 23 counties in Maryland, with the highest concentration of programs in Baltimore City (63 locations), Prince George's County (34 locations), and Montgomery County (33 locations) (*Maryland Head Start Programs | Head Start Center Locator, n.d.*). Childcare costs vary depending on location, with the most expensive rates found in major cities such as Baltimore, Silver Spring, Annapolis, Frederick, and Rockville (Sauls, n.d.).

- Care in Baltimore averaging $1,320 per month
- Silver spring care averaging $1,500 per month in just infant care

- In Annapolis, which is Maryland’s capital city, infant care is $1,200 per month
- Frederick averaging anywhere between $1,200 to $1,300 a month
- Rockville costing around $1,550 per month

In terms of how childcare is structured in Maryland, the state enforces strict restrictions on staff to child ratios and ranks second nationwide among states with stringent child to staff requirements (Team, 2025). The Code of Maryland Regulations (COMAR) provides a set of rules and regulations that must be followed within the state. These regulations emphasize that all children must receive proper attention and that their needs must be met through supervision by qualified staff members. The regulations also provide tables to specify the required staff to child ratios, which are:

- Infants should have a 1 to 3 staff/child ratio
- Toddlers should have a 1 to 3 staff/child ratio
- Mixed groups of infants and toddlers (with 1 or 2 infants): 1 to 3 staff to child ratio
- Mixed groups of infants and toddlers (with 3 or more infants): 1 to 3 staff to child ratio
- Children 2 years of age: 1 to 6 staff to child ratio
- Children 3 to 4 years of age: 1 to 10 staff to child ratio
- Children 5 years of age and older: 1 to 15 staff to child ratio

While all of these requirements state that the staff-to-child ratio be 1 to 3, there are cases where more children can be accommodated but the maximum should never exceed 9 for toddlers and for infants and toddlers with 1 or 2 infants in a group. And the maximum should never exceed 6 for infants, and for infants and toddlers, with 3 or more infants in the group. For 2 year olds, group size should not exceed 12; for 3 or 4 year olds, it should not exceed 20; and for children 5 years of age and older, the group size should not exceed 30 (*.03 Group Size and Staffing. | Library of Maryland Regulations*, n.d.).

Due to Maryland’s highly ranked and strict staff-to-child ratios, it is expected for childcare costs to be higher, and that is what drives them up.

Strengths of Current Maryland Approach

While Maryland faces challenges in meeting childcare demand, it has attempted to remedy the issue. The Child Care Scholarship Program was created to relieve financial burdens by sharing childcare costs between families and the state. As of December 2025, 27,235 families were recipients of the scholarship, with 41,148 children enrolled (Maryland State Department of Education, 2026). The scholarship program received an influx of 2,395 new applicants in the single week before the freeze took effect.

To apply for the scholarship, applicants must access the Child Care Scholarship Family Portal, create an account, fill out the application, and wait three days to hear back from CCS

Central 2, the centralized vendor managing the program. If a family is eligible, CCS Central 2 covers part of the childcare costs, and the family pays a copayment for the remaining portion. The family then finds a participating provider in the Maryland EXCELS program and splits the cost (Child Care Scholarship Program | Division of Early Childhood, n.d.).

Due to the program freeze during Maryland's 2026 legislative session, legislators are seeking to expand access to childcare by passing bills such as SB467/HB561, SB503/HB742, SB668/HB680, HB849, and HB1321.

SB467/HB561 (Maryland Child Care Credential Program—Extension of Funding): This bill expands funding for the program by appropriating $5,687,000 annually from fiscal years 2028 through 2030.

SB503/HB742 (Growing Child Care Opportunities Program—Funding): This bill requires an annual budget appropriation of $450,000 from the governor for fiscal years 2028 through 2030. It covers startup costs for family child care centers in local communities.

SB668/HB680 (Children's Cabinet Fund—Renaming and Funding for Grants to Local Management Boards): This bill renames the fund and maintains required appropriations through 2030, with an additional $500,000 allocated in fiscal year 2031. Governor-mandated appropriations will fund grants for local management boards to deliver services to children with disabilities.

HB849 (Child Care Scholarship Program—Freeze in Enrollment—Exceptions and Waitlist): This bill protects vulnerable families by prohibiting enrollment freezes for those in greatest financial need, homeless children, and children with enrolled siblings. It requires the state to grant priority access to the program and allow eligible applicants living in impoverished conditions and receiving government assistance to bypass the waitlist.

HB1321 (Child Care Scholarship Program—Application Process and Copays): This bill addresses gaps in the application process by prioritizing high-need families and reducing waitlist times. For families with incomes above the federal poverty line, copays are capped at no more than 7% of total household income. Additionally, the bill ensures low-income families receive information about available support options, including Head Start, Pre-K, and eligible tax credits.

Lessons from Other States

State A: New Mexico

New Mexico became the first state in the nation to pass a bill with nonpartisan support that offers universal childcare as of November 1, 2025. This policy allows families to access childcare regardless of income level. While childcare is available to all, there is a designated plan to target low-income families and families with infants and toddlers, as well as to grow and support care providers (Solutions, 2025).

This policy differs from Maryland's in many ways, including affordability, capacity, and expansion. New Mexico is currently addressing the root causes of childcare challenges simultaneously by funding provider training, attempting to open more childcare centers, and increasing family access. Following the implementation of universal childcare, New Mexico's childcare workforce grew by 64 percent by December 2025, even as the national childcare workforce declined by 7.4 percent. This growth created jobs to meet increased capacity and childcare demand (Universal Child Care | Early Childhood Education & Care Department, n.d.). Within the first month of its launch, the program enrolled 7,036 new children and supported over 12,000 children total (Universal Child Care | Early Childhood Education & Care Department, n.d.). For fiscal year 2026, 44,000 children across 30,000 families are on track to receive free childcare (Solutions, 2025), and funding for the Early Childhood Education and Care Department is projected to increase to $165.5 million to help support demand (Fiscal Year 2026 State Agency Budget Requests | New Mexico Department of Finance and Administration, 2024).

Looking to New Mexico for guidance is politically feasible and could lead to nonpartisan legislation that supports families statewide. Adopting this approach would address Maryland's current shortcomings and help resolve its childcare provider shortage. However, New Mexico is currently struggling to meet demand due to staffing limitations. If Maryland were to implement a similar policy, the state might need to establish a cap, rendering care universal only to a certain extent. Alternatively, Maryland could replace its Child Care Scholarship Program by making childcare free for all families below a specified income threshold.

State B: Missouri

Missouri differs from other states by implementing a distinct program titled the "Missouri Child Care Works Program." While it shares the goals of making childcare more affordable and accessible, the program utilizes a tri-share cost model where the state, employers, and families all contribute to childcare expenses (Reporter, 2025). It targets working families seeking high quality care, offering employers a simple way to support employees with childcare needs to improve retention, recruitment, and workforce stability (Child Care WORKS | MARC, n.d.).

Initiated on November 1, 2025, this new program received $2.5 million from Missouri's state budget. It aims to reduce childcare costs by up to 75% while working toward the creation of approximately 32,000 infant and toddler slots and 6,000 pre-K slots (Businesses Needed for New Program Tackling Child Care Affordability | MARC, n.d.). As of December 2025, just one month after launch, 287 seats had been awarded across 19 participating communities statewide (Fenske, 2026).

If a program like Child Care Works were implemented in Maryland, it could help state workforce participation thrive. The state currently faces high turnover rates among early childhood educators who cannot afford childcare themselves. In 2024, the Comptroller of Maryland reported that state labor force participation had declined significantly since the pandemic, and the number of childcare workers dropped by approximately 27% between 2019 and 2022 (E. Lierman, 2024).

One gap in Missouri's program is its focus on care access without a corresponding emphasis on provider training. If implemented, Maryland could address this gap by using a shared cost model to prioritize provider training and fair compensation before expanding available slots. Payments would then support the full ecosystem, from training programs to centers and direct care subsidies. While Maryland's Child Care Scholarship Program currently splits costs between the state and families, incorporating employer contributions, especially from larger corporations, could create a crucial additional funding stream. Incentivizing employer participation would expand available resources and maximize program efficiency.

State C: Colorado

Colorado is also attempting to make childcare affordable, especially for low-income families. The Colorado Child Care Assistance Program (CCCAP) focuses on helping families who are experiencing homelessness, working, job searching, or enrolled in school or job training to secure care (Colorado Child Care Assistance Program (CCCAP) for Families | Colorado Department of Early Childhood, n.d.). While this initiative supports many families, some felt it was insufficient, leading a rural community in Colorado to address housing and childcare simultaneously. The local community partnered with the Rural Homes Early Childhood Initiative to tackle dual shortages by constructing affordable, childcare-friendly homes, such as those established in Ouray, Colorado (Early Childhood Initiative — Rural Homes: For Sale for Locals, n.d.).

This program has built two homes in Ouray, Colorado. The Rural Homes Early Childhood Initiative also developed an education module providing a 13-week training program to assist individuals in starting licensed family childcare home businesses. Each home is designed to accommodate six children initially, with plans to expand capacity over time (Contributor, 2024). This strategy helps address both workforce housing needs and the shortage of childcare slots.

Maryland is similarly facing an affordable housing crisis. In 2023, Maryland faced a shortage of 96,000 housing units. Governor Wes Moore and the General Assembly attempted to tackle this issue during the 2024 legislative session by introducing targeted legislation (Turning the Key: Unlocking Maryland's Potential, n.d.). However, as of 2025, Maryland continues to experience a crisis with a deficit of approximately 100,000 units, driving some residents to migrate to states that offer greater affordability (Lierman, 2025).

Given Maryland's simultaneous deficits in affordable housing and childcare providers, implementing a program modeled after Colorado's initiative would be cost-efficient, effective, and feasible. To build on this approach, Maryland could allocate dedicated funding to address childcare needs across both urban and rural communities. Starting with a single childcare home per county would provide an effective foundation for statewide expansion.

Best Practice

When evaluating transferability, feasibility, cost efficiency, and political context, adapting Colorado's model emerges as the best option. Maryland is currently facing simultaneous affordable housing and childcare crises, and this model addresses both challenges concurrently. Although Maryland faces budgetary constraints, Governor Wes Moore has already approved a $300 million investment in affordable housing (Maryland Department of Housing and Community Development, 2026). Under this framework, new housing developments could be designed to meet daycare operating standards simultaneously. Implementing this approach would expand available childcare slots, enable individuals to afford housing, and empower residents to operate small businesses that serve their communities.

Conclusion

Maryland needs childcare to be a priority more than ever. Childcare should not serve as a burden where families must choose between working, groceries, rent, and other necessities. If left unaddressed, this issue will continue to impact Maryland's economy and workforce. Maryland employers have already lost billions of dollars due to parental absenteeism stemming from childcare breakdowns, including unavailable or unreliable care. Currently, 5.6% of Maryland's population is aged 5 and under (United States Census Bureau QuickFacts, n.d.), and their families deserve to have accessible and affordable choices for childcare.

Research indicates that high childcare costs stem in part from Maryland's strict child to staff ratios, such as the required 1 to 3 ratio for infants and toddlers. This requirement makes it difficult for families to find slots in childcare centers due to limited availability, driving costs up through high demand. Additionally, Maryland has lost a significant portion of its early childhood workforce over the past five years, largely due to providers being unable to afford care for their own children. This has resulted in a 15% decrease in childcare providers between 2020 and 2024, a figure that has struggled to recover.

While Maryland is taking steps toward addressing these challenges, three feasible recommendations emerge. These recommendations share the common objective of addressing root causes by prioritizing provider training, constructing facilities to house care operations, and ultimately adopting a capped universal childcare model to fill available slots. This strategy can foster economic growth while creating jobs for state residents.

Lastly, future research should evaluate the effectiveness of the five newly passed legislative bills while identifying remaining gaps that require attention. If these measures prove successful, Maryland can build a stable, sustainable childcare system.