



Child Care Subsidy (Scholarship) Quarterly Report

Joint Chairmen's Report, 2025 Session
pg. 236-237

Division of Early Childhood

March 15, 2026

MARYLAND STATE DEPARTMENT OF EDUCATION

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March 15, 2026

The Honorable Guy J. Guzzone
Senate Budget and Taxation Committee
3 West Miller Senate Office Building
11 Bladen Street
Annapolis, MD 21401

The Honorable Ben Barnes
House Appropriations Committee
121 Taylor House Office Building
6 Bladen Street
Annapolis, MD 21401

RE: 2025_JCR_p236-237_ Child Care Scholarship (CCS) Program Quarterly Reports (March 15, 2025)

Dear Senator Guzzone and Delegate Barnes,

The Maryland State Department of Education (MSDE) has implemented a series of significant changes under the Child Care Scholarship (CCS) Program. These changes, along with increasing program enrollment, have contributed to higher costs and shortfalls in fiscal 2023, 2024, and 2025. In response to these financial pressures, MSDE implemented an enrollment freeze and wait list as a cost-saving measure to control program expenditures and align them with available funding.

As a result, the 2025 Joint Chairman's Report, pages 236 – 237, requires MSDE to submit quarterly reports to the budget committees of the Maryland General Assembly with the following information:

The report includes:

1. CCS expenditures for fiscal year 2026 by fund, including Child Care and Development Fund spending carried over from prior fiscal years;
2. Fiscal year 2026 year-to-date spending and annualized cost estimates, noting the adequacy of remaining State and federal fund sources;
3. The number of scholarships awarded to-date in fiscal year 2026 by income eligibility category by month, total expenditures for those scholarships, and average cost per child;
4. Quarterly updates on the CCS Frozen Status list (waiting list) for fiscal year 2025 and to-date in fiscal year 2026: which income categories are impacted and how many children and families have applied for CCS benefits and have been added to the Frozen Status list (waiting list) by county and family income levels;

5. Updates on the implementation of an enrollment freeze, including the anticipated savings to-date in fiscal year 2026, and how the freeze will affect the program's budget.

MSDE continues to closely monitor enrollment and expenditures for fiscal year 2026. Due to the Program reaching its maximum budget capacity, it is important to note that the CCS Program has implemented Frozen Status (waitlist) effective May 1, 2025. Families not subject to Frozen Status are families currently receiving CCS benefits who add a new child to their application and the highest-need families eligible for Priority 1 placement, which consists of families that are eligible for Temporary Cash Assistance (TCA) and Social Security Income (SSI). MSDE will continue to monitor to determine the impact of issuing those scholarships while other families' applications remain in frozen status. MSDE will follow the appropriate notification process to communicate changes to the General Assembly, as required by the Budget Reconciliation and Financing Act of 2024.

If you have questions or need additional information, please contact Laurel Cratsley, Interim Executive Director, Governmental Affairs, Education Policy, and External Relations by email at Laurel.cratsley@maryland.gov or by telephone at 443-571-5461.

Sincerely,



Carey M. Wright, Ed.D.
State Superintendent of School

c: Sarah Albert, Mandated Reports Specialist, Department of Legislative Services (five copies)

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Executive Summary

In Quarter 1 of SFY 2026, over 40,000 children received Child Care Scholarships each month. In July 2025, 45,113 children were enrolled, 45,271 children were enrolled in August 2025, and 43,632 children were enrolled in September 2025. Despite the small decline in enrollment during Quarter 1, the Child Care Scholarship (CCS) Program partial enrollment freeze remains in place. The continued partial enrollment freeze is due to enrollment remaining above the level that allows the Program to maintain fiscal stability. The CCS Program experienced a surge of applications just prior to the implementation of the freeze of May 1, which drove enrollment numbers above previously estimated levels throughout the summer and early fall.

Introduction

Pursuant to the 2025 Joint Chairman's Report (pages 236–237), the Maryland State Department of Education (MSDE) respectfully submits the following quarterly report to the budget committees of the Maryland General Assembly, providing the information as specified in the legislative directive.

The report includes:

1. Child Care Scholarship (CCS) expenditures by fund, including Child Care and Development Fund (CCDF) carried over from prior fiscal years; see page 4.
2. Fiscal 2026 year-to-date spending and annualized cost estimates, noting the adequacy of remaining State and federal fund sources; see page 6.
3. The number of scholarships awarded by income eligibility category by month, total expenditures for those scholarships, and average cost per child; see pages 10 through 12.
4. Quarterly updates on whether the Department is maintaining a CCS Frozen Status list (waiting list) and, if so, which income categories are impacted and how many children and families have applied for CCS benefits and been added to the Frozen Status list (waiting list) by county and/or city and family income levels; see page 16.
5. Updates on the implementation of an enrollment freeze, including the anticipated savings and how the freeze will affect the Program's budget; see page 28.

The data included in this report were obtained between mid-January and early February 2026 and should not be interpreted to represent the CCS Program financial or enrollment situation at the time of this publication, in March 2026.

1. Fiscal Year 2026 Year-to-Date Expenditures and Projected Spending

This section of the Quarterly Report includes the actual and forecasted expenses for Child Care Scholarship (CCS) in State Fiscal Year (SFY) 2026.

Table 1 shows federal Child Care Development Fund (CCDF) and General Fund expenses for CCS payments and other related expenses to maintain the CCS Program in SFY 2026 including Quality Set Improvement Activities Set Aside dollars. Maryland projects to expend almost \$560 million to cover the cost of CCS in SFY 2026. Allowable uses of the Quality Improvement Activities Set Aside include:

- **Accreditation Support:** Provide support to child care providers and programs that pursue state or national accreditation through accreditation fee costs and costs of purchasing learning materials.
- **Maryland EXCELS Quality Rating Improvement System (QRIS)/Accreditation:** Provide support for Maryland EXCELS for online registration/application system and technical support.
- **Local Early Childhood Advisory Councils Grants:** Support advisory councils in the required periodic assessment of local early childhood needs.
- **Child Care Resource & Referral Grants:** Support resource and referral centers to train and mentor providers in their efforts to improve quality and expand capacity to serve infants and toddlers. Support of infant and toddler specialists in each of the 7 regional child care resource centers to provide technical assistance, training, and support to child care providers serving infants and toddlers.
- **Salaries for Maryland EXCELS Office, Family Engagement/Support Office, Workforce, and Licensing Office Staff:** Support for the management, training, and oversight of Quality Improvement Activities.

Table 1: Estimated Expenditures for Child Care Scholarship Payment and MSDE Headquarters for State Fiscal Year 2026 as of December 31, 2025, Preliminary

Expenses	Amount (\$)
Child Care Scholarship Payment	
CCDF Current Year (Federal Fiscal (FF) 2026)	535,036,302.81
Total Child Care Scholarship Payment	535,036,302.81
Other CCDF Expense in Support of CCS Program	
Administration	3,926,472.73
Non-direct - System	92,294,772.92
Non-direct - Eligibility	2,510,416.78
Non-direct - All Other (CCS, Licensing & Maryland EXCELS)	2,537,532.43

Expenses	Amount (\$)
Total Other CCDF Expense in Support of CCS Program	101,269,194.86
Quality Improvement Activities (Set Asides)	
Accreditation Support	158,425.93
Maryland EXCELS Quality Rating Improvement System (QRIS)/Accreditation	7,187,597.66
Local Early Childhood Advisory Councils Grants	255,000.10
Child Care Resource & Referral Grants	3,466,524.01
Salaries for Maryland EXCELS Office, Family Engagement/Support Office, Workforce, and Licensing Office Staff	21,918,873.98
Total Quality Improvement Activities (Set Asides)	32,986,421.68
Total Uses	669,291,919.35

Source: Data retrieved from the FMIS Data Warehouse on February 3, 2026.

Table 2 demonstrates the breakdown of the CCS funding from July 1, 2025, to June 30, 2026. Table 3 shows the balance of unobligated CCDF funding as of December 31, 2025. Note that while this is unobligated, it is committed as part of the Child Care Scholarship Payments for FY 2026.

Table 2: Child Care Scholarship Payments Funding for July 1, 2025-June 30, 2026

CCDF Prior Year (FFY 2025-Quarter 4)	CCDF Current Year (FFY 2026-Quarters 1-3)	State Fiscal 2026 General Funds	Total Scholarships
\$20,289,928.40	\$112,292,535.79	\$414,247,835.00	\$546,830,299.19

Table 3: Balance of Unobligated SFY 2026 Federal Funds as of December 31, 2025

CCDF Prior Years (FFY 23-25 Awarded Prior to June 30, 2025)	CCDF Current Year (FFY 25 Q4 and FFY 26 Q1-3)*	Total FY26 CCDF Appropriation Remaining
\$0	\$109,756,364.00	\$109,756,364.00

Table 4a shows the actual expenditures in SFY 2026 as of December 31, 2025.

Table 4a: Actual and Forecasted Expenses in State Fiscal Year (SFY) 2026 as of December 31, 2025 Preliminary (\$)

Projected Expenses by Month	Jul.-25	Aug.-25	Sep.-25	Oct.-25	Nov.-25	Dec.-25	Jan.-26	Feb.-26	Mar.-26	Apr.-26	May-26	Jun.-26	Total
FY26 Forecasted Child Care Scholarship													
Total Expenditures	81,563,077	49,125,180	42,190,469	42,573,417	41,685,117	43,769,750	39,126,371	40,789,704	44,174,350	43,387,445	43,930,872	22,720,551	535,036,303
Total Children	45,114	45,276	43,658	42,468	41,513	41,079	40,819	40,480*	40,161*	39,843	40,000*	40,000*	339,770
Other CCDF Expense in Support of CCS Program													
Administration	(25,868)	197,283	(2,169,496)	3,150,099	100,436	710,784	327,206	327,206	327,206	327,206	327,206	327,206	3,926,473
Non-Direct – Systems	1,177,536	2,651,734	10,618,907	4,669,428	1,543,458	5,364,106	11,044,934	11,044,934	11,044,934	11,044,934	11,044,934	11,044,934	92,294,773
Non-Direct – Eligibility	(66,009)	140,551	(30,374)	88,691	72,452	153,319	358,631	358,631	358,631	358,631	358,631	358,631	2,510,417
Total Other CCDF Expense in Support of CCS Program	1,085,659	2,989,567	8,419,037	7,908,218	1,716,346	6,228,210	11,730,771	11,730,771	11,730,771	11,730,771	11,730,771	11,730,771	98,731,662
Other CCDF Expenses – Non-Set Asides													
Non-Direct – All Other (CCS, Licensing & MD EXCELS)	164,276	115,889	309,418	346,286	220,462	112,436	211,461	211,461	211,461	211,461	211,461	211,461	2,537,532
Quality Improvement Activities (Set Asides)													
MD EXCELS and Quality Rating Improvement	496,203	130,356	26,424	1,034,752	885,115	-	769,125	769,125	769,125	769,125	769,125	769,125	7,187,598

Projected Expenses by Month	Jul.-25	Aug.-25	Sep.-25	Oct.-25	Nov.-25	Dec.-25	Jan.-26	Feb.-26	Mar.-26	Apr.-26	May-26	Jun.-26	Total
System Contract – JHU													
Accreditation Support	1,209	1,800	55,626	4,697	2,188	13,692	13,202	13,202	13,202	13,202	13,202	13,202	158,426
Accreditation Support – Validator	7,500	10,800	1,950	1,350	7,950	9,450	6,500	6,500	6,500	6,500	6,500	6,500	78,000
Licensing – Fire Marshall Contract for Inspections	-	-	5,606	5,569	7,570	6,925	6,417	6,417	6,417	6,417	6,417	6,417	64,172
Local Early Childhood Advisory Councils Grants	21,859	55,283	1,632	4,953	34,573	6,627	21,679	21,679	21,679	21,679	21,679	21,679	255,000
Child Care Resource & Referral Grants	105,398	-	256,515	310,529	120,886	451,865	370,221	370,221	370,221	370,221	370,221	370,221	3,466,524
Salaries for MD EXCELS Office, Family Engagement/ Support Office, Workforce, and Licensing Office Staff	1,531,800	1,491,862	1,813,998	1,751,335	1,824,064	2,546,286	1,826,588	1,826,588	1,826,588	1,826,588	1,826,588	1,826,588	21,918,874
Total Quality Improvement Activities (Set Asides)	2,163,969	1,690,101	2,161,752	3,113,185	2,882,346	3,034,845	3,013,732	3,013,732	3,013,732	3,013,732	3,013,732	3,013,732	33,128,593

Note: The CCS expenditure data from July 2025 to December 2025 is based on FMIS Data Warehouse. Expenses for July – December 2025 reflect actual program expenditures. Expenses for January 2026 – June 2026 reflect projected expenses.

* The data for this month is preliminary at the time of this report and is likely to change in future iterations of this report.

Table 4b shows projected expenses and revenues. Based on expenditure and revenue data from January 2026, the CCS Program was expected to experience a budget surplus of almost \$8.6 million in SFY 2026. This estimate is subject to change based on actual spending and revenue, which will be included in the June 2026 Quarterly Report.

The total projected revenue in SFY 2026 is \$677,988,918. The projected expenses on direct CCS payments will be \$535,036,303. This excludes the set asides from Table 1. Including the set asides, the total projected expenses are expected to be \$669,434,091 in SFY 2026, resulting in a \$8,554,827 surplus in the budget.

Table 4b: Projected Revenues and Expenses in State Fiscal Year (SFY) 2026 for State Fiscal 2026 as of December 31, 2025, Preliminary

Revenues/Expenses	Amount (\$)
Projected FY26 Revenues	
FFY23-25 CCDF Unused Funds *	72,808,816
FFY25 CCDF Budget – Quarter 4	28,985,612
FFY26 CCDF Budget – Quarter 1-3**	161,946,654
FY26 State CCS General Fund	414,247,835
Total Projected Revenues (DEC and CCS)	677,988,918
Projected FY26 Expenses	
Child Care Scholarship Payments	535,036,303
Administration	3,926,473
Non-direct – System	92,294,773
Non-direct – Eligibility	2,510,417
Non-direct – All Other	2,537,532
Quality Improvement Activities (Set Asides)	33,128,593

Revenues/Expenses	Amount (\$)
Total Projected FY 26 Expenses	669,434,091
Total Projected FY26 Encumbrances	0
Projected FY26 Surplus/Shortfall ***	8,554,827

Notes:

* Unused funds due to CCS Funds are categorized as unencumbered before usage. All funds are already committed to be used in the second quarter of FY26 for CCS.

** Estimated Awards for FFY26 Quarters 1-3

*** Based on preliminary January 2026 expenditure and revenue data, CCS projections showed a potential variance of approximately \$8.6 million for SFY 2026. This figure is not final, and we expect it to change significantly as additional months of spending and federal drawdown data are incorporated. Updated and more accurate estimates will be provided in the June 2026 Quarterly Report.

2. Child Care Scholarship Awards

This section of the Quarterly Report includes the number of children receiving and providers accepting Child Care Scholarships in SFY 2026.

Table 5 shows the number of children within FY 2026 CCS Expenditure data by income category. Table 6 shows the number of children who received CCS in SFY 2026 by income category, regardless of payment status. The majority of children (37,146) who received CCS were below 40% of the State Median Income (SMI). In total, 50,346 children received CCS since July 2025, mostly including children whose families are under 70% SMI. Table 5 shows that total enrollment is declining, with fewer children receiving scholarships in January than in any prior month of SFY 2026. The decline in enrollment during the earlier months aligns with typical enrollment trends at the beginning of the school year, when attrition is typically higher than other months of the year due to school-age children re-enrolling in school. However, the continued enrollment attrition is due to the continuation of the partial enrollment freeze.

Table 5: The Number of Children in CCS Expenditure Data in SFY 2026

Income Category	Jul.-25	Aug.-25	Sep.-25	Oct.-25	Nov.-25	Dec.-25	Jan.-26	FY 2026 Q1 Total	FY 2026 Q2 Total	FY 2026 Total **
0 to < 10% SMI	4,682	4,666	4,560	4,503	4,331	4,331	4,346	5,397	4,908	6,237
10% to < 20% SMI	5,478	5,382	5,189	5,010	4,739	4,590	4,510	6,118	5,288	6,662
20% to < 30% SMI	9,872	9,828	9,534	9,208	8,837	8,689	8,559	10,979	9,730	12,062
30% to < 40% SMI	9,821	9,812	9,557	9,215	8,934	8,768	8,751	10,998	9,816	12,185
40% to < 50% SMI	7,753	7,831	7,599	7,433	7,175	7,067	7,036	8,835	7,952	9,942
50% to < 60% SMI	5,441	5,465	5,325	5,236	5,083	5,017	5,028	6,154	5,551	6,891
60% to < 70% SMI	2,167	2,214	2,166	2,168	2,186	2,220	2,242	2,580	2,405	3,024

Income Category	Jul.-25	Aug.-25	Sep.-25	Oct.-25	Nov.-25	Dec.-25	Jan.-26	FY 2026 Q1 Total	FY 2026 Q2 Total	FY 2026 Total **
70% to < 80% SMI	640	746	851	962	1,032	1,100	1,195	923	1,138	1,324
80% SMI and Higher	96	90	84	85	70	77	73	112	97	135
Total Children	45,114	45,276	43,658	42,468	41,508	41,108	40,767	48,851	43,605	50,677

* The data for this month is preliminary at the time of this report and is likely to change in future iterations of this report.

** The number of children who received child care scholarships during any specific period within the year is lower than the total number for the entire year because the annual total includes all children who entered and exited the Program throughout the year. Additionally, the numbers in Table 5 are based on payment data. Therefore, any discrepancy between the numbers in Table 5 and the number of children participating in the CCSP in the monthly CCS report is because the latter is based on enrollment (i.e. voucher) data.

Table 6: Unduplicated Count of Children Participating in the Child Care Scholarship Program in SFY26*

County of Residence	Jul.-25	Aug.-25	Sep.-25	Oct.-25	Nov.-25	Dec.-25	Jan.-26
Allegany County	363	360	313	287	272	262	259
Anne Arundel County	2,456	2,545	2,386	2,304	2,258	2,242	2,230
Baltimore County	9,156	9,300	9,113	8,855	8,646	8,576	8,506
Calvert County	329	338	326	324	312	312	316
Caroline County	175	173	167	162	157	159	160
Carroll County	578	583	552	539	523	513	508
Cecil County	627	612	607	583	554	543	551
Charles County	1,713	1,753	1,642	1,595	1,555	1,530	1,516
Dorchester County	272	266	262	260	259	253	250
Frederick County	1,206	1,250	1,137	1,104	1,076	1,080	1,063
Garrett County	101	101	100	93	86	86	82

County of Residence	Jul.-25	Aug.-25	Sep.-25	Oct.-25	Nov.-25	Dec.-25	Jan.-26
Harford County	1,510	1,479	1,469	1,421	1,405	1,392	1,389
Howard County	1,815	1,764	1,700	1,649	1,615	1,599	1,584
Kent County	82	88	79	64	64	66	62
Montgomery County	7,126	7,147	6,777	6,628	6,480	6,436	6,369
Prince George's County	7,420	7,570	7,191	7,050	6,887	6,835	6,764
Queen Anne's County	159	169	156	155	147	147	141
Saint Mary's County	466	459	436	429	411	406	404
Somerset County	225	218	215	202	195	195	194
Talbot County	209	215	192	190	188	191	187
Washington County	929	960	840	818	793	795	791
Wicomico County	1,168	1,146	1,071	1,021	995	968	973
Worcester County	264	260	224	213	210	205	202
Baltimore City	6,705	6,756	6,661	6,538	6,407	6,360	6,341
Total	45,054	45,512	43,616	42,484	41,495	41,151	40,842

*Data retrieved from CCATS on 2/09/2026.

Table 5 includes those children for whom we have already issued payment for childcare services received during the month and was compiled so as to enable the computation of average monthly cost per child. This is different from the child participation numbers presented in Table 6, also seen in the monthly report, which show children with active vouchers. Table 6 may include children who will be included in a future true-up payment, so they do not yet appear in the current payment data. Table 5 is also limited only to advance payments and true-up payments, so it does not include children associated with manual checkwriter payments.

Table 7 presents the number of providers by care setting who serve children participating in the Child Care Scholarship (CCS) Program. The number of providers accepting scholarships is typically lower in July than all other months of the year because before-and-after school programs affiliated with schools are typically closed during this month, but open for at least part of all other months of the year.

Table 7: The Number of Providers Who Cared for CCS Children in SFY 2026

Provider Type	Jul.-25	Aug.-25	Sep.-25	Oct.-25	Nov.-25	Dec.-25	Jan.-26*	FY 2026 Q1 Total	FY 2026 Q2 Total	FY 2026 Total
Licensed Centers	1,490	1,701	1,775	1,775	1,770	1,773	1,776	1,823	1,787	1,852
Licensed Homes	1,780	1,783	1,738	1,720	1,696	1,680	1,674	1,840	1,754	1,903
Informal Providers	160	159	151	134	122	132	128	170	151	188
Total Providers	3,430	3,643	3,664	3,629	3,588	3,585	3,578	3,833	3,692	3,943

* The data for this month is preliminary at the time of this report and is likely to change in future iterations of this report.

3. Child Care Scholarship Expenditures

This section presents expenditures for the overall CCS Program and per-child spending by income level for SFY 2026 and pertain only to payments for child care provided within the specific months. Of the \$320.5 million in total expenditures as of February 23, 2026, the largest share was allocated to children from households earning at or below 60% of the State Median Income (SMI). As shown in Table 8, the average CCS expenditure per child to date during SFY 2026 is \$6,324 (July 2025-January 2026 total average costs per child). We project that the annual cost per child is approximately \$13,000 per year.¹

Table 8: Child Care Scholarship (CCS) Expenditure in SFY 2026 (as of February 23, 2026)

Income Category	Jul.-25	Aug.-25	Sep.-25	Oct.-25	Nov.-25	Dec.-25	Jan.-26*	FY 2026 Q1 Total	FY 2026 Q2 Total	FY 2026 Total
0 to < 10% SMI	\$5,446,406	\$4,680,627	\$4,312,382	\$4,430,183	\$3,868,848	\$4,397,820	\$4,311,512	\$14,439,416	\$12,696,851	\$31,447,779
10% to < 20% SMI	\$6,367,280	\$5,299,947	\$4,849,918	\$4,846,744	\$4,117,195	\$4,600,702	\$4,387,319	\$16,517,145	\$13,564,641	\$34,469,105
20% to < 30% SMI	\$12,426,369	\$10,527,768	\$9,768,380	\$9,745,216	\$8,423,791	\$9,470,507	\$9,096,737	\$32,722,516	\$27,639,515	\$69,458,768
30% to < 40% SMI	\$12,339,218	\$10,529,480	\$9,692,099	\$9,805,418	\$8,405,642	\$9,485,469	\$9,222,970	\$32,560,797	\$27,696,528	\$69,480,295
40% to < 50% SMI	\$9,841,108	\$8,272,521	\$7,630,031	\$7,686,642	\$6,694,075	\$7,536,974	\$7,279,526	\$25,743,660	\$21,917,691	\$54,940,877
50% to < 60% SMI	\$6,893,163	\$5,752,944	\$5,276,749	\$5,353,249	\$4,657,940	\$5,294,123	\$5,181,453	\$17,922,856	\$15,305,312	\$38,409,621
60% to < 70% SMI	\$2,721,295	\$2,257,944	\$2,003,680	\$2,069,549	\$1,873,717	\$2,166,593	\$2,162,379	\$6,982,919	\$6,109,858	\$15,255,156

¹ This projection is based on average CCS payments per child across all age groups and geographic regions. Actual per child payments will vary based on age and geographic location in the state.

Income Category	Jul.-25	Aug.-25	Sep.-25	Oct.-25	Nov.-25	Dec.-25	Jan.-26*	FY 2026 Q1 Total	FY 2026 Q2 Total	FY 2026 Total
70% to < 80% SMI	\$784,580	\$752,406	\$809,889	\$937,464	\$920,147	\$1,117,006	\$1,197,961	\$2,346,874	\$2,974,617	\$6,519,452
80% SMI and Higher	\$97,700	\$86,644	\$75,155	\$71,329	\$58,302	\$66,412	\$63,748	\$259,499	\$196,043	\$519,290
Total Expenditures	\$56,917,117	\$48,160,281	\$44,418,283	\$44,945,793	\$39,019,657	\$44,135,605	\$42,903,604	\$149,495,682	\$128,101,055	\$320,500,341

* The data for this month is preliminary at the time of this report and is likely to change in future iterations of this report. Also, the expenditure numbers presented in the table are strictly for scholarship payments and do not include any other ancillary costs.

Table 9: Average CCS Cost Per Child in SFY 2026

Income Category	Jul.-25	Aug.-25	Sep.-25	Oct.-25	Nov.-25	Dec.-25	Jan.-26*	FY 2026 Q1 Total	FY 2026 Q2 Total	FY 2026 Total
0 to < 10% SMI	\$1,163	\$1,003	\$946	\$984	\$893	\$1,015	\$992	\$2,675	\$2,587	\$5,042
10% to < 20% SMI	\$1,162	\$985	\$935	\$967	\$869	\$1,002	\$973	\$2,700	\$2,565	\$5,174
20% to < 30% SMI	\$1,259	\$1,071	\$1,025	\$1,058	\$953	\$1,090	\$1,063	\$2,980	\$2,841	\$5,758
30% to < 40% SMI	\$1,256	\$1,073	\$1,014	\$1,064	\$941	\$1,082	\$1,054	\$2,961	\$2,822	\$5,702
40% to < 50% SMI	\$1,269	\$1,056	\$1,004	\$1,034	\$933	\$1,067	\$1,035	\$2,914	\$2,756	\$5,526
50% to < 60% SMI	\$1,267	\$1,053	\$991	\$1,022	\$916	\$1,055	\$1,031	\$2,912	\$2,757	\$5,574
60% to < 70% SMI	\$1,256	\$1,020	\$925	\$955	\$857	\$976	\$964	\$2,707	\$2,540	\$5,045

Income Category	Jul.-25	Aug.-25	Sep.-25	Oct.-25	Nov.-25	Dec.-25	Jan.-26*	FY 2026 Q1 Total	FY 2026 Q2 Total	FY 2026 Total
70% to < 80% SMI	\$1,226	\$1,009	\$952	\$974	\$892	\$1,015	\$1,002	\$2,543	\$2,614	\$4,924
80% SMI and Higher	\$1,018	\$963	\$895	\$839	\$833	\$862	\$873	\$2,317	\$2,021	\$3,847
Overall	\$1,262	\$1,064	\$1,017	\$1,058	\$940	\$1,074	\$1,052	\$3,060	\$2,938	\$6,324

* The data for this month is preliminary at the time of this report and is likely to change in future iterations of this report.

Please note the following for Tables 5 to 9:

1. Income categories are based on State Median Income (SMI) by household size as recommended by the Administration for Children and Families (ACF).
2. It is possible that during any of the above periods of time, a child will have two active scholarship vouchers related to two different eligibility determinations at different income levels. For this reason, a child may be counted in more than one income category.
3. The "Total Children" row is a deduplicated count of unique children across all income categories.
4. Statistics for each month are based on payments made for child care services rendered in that specific month.
5. MSDE's Advance Payment System involves a true-up process to capture any excess or deficient payments to child care providers. With the monthly true-up process, Advance Payments are reconciled to capture any retroactive changes (e.g. children leaving care or new enrollments). Therefore, the number of children served and the associated expenditure for June will change in the coming weeks and will be updated in the next quarterly report.

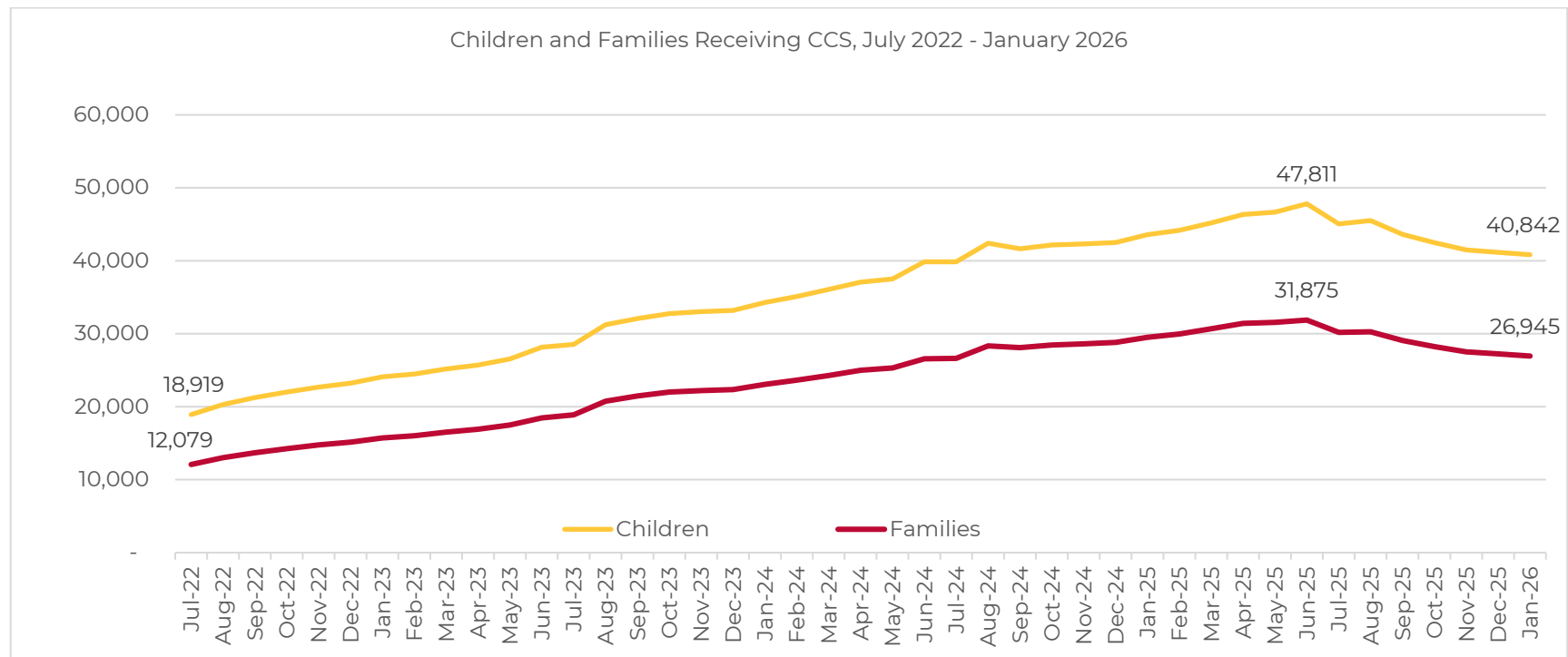
4. Program Partial Enrollment Freeze Update

This section presents data on the Child Care Scholarship Program Partial Enrollment Freeze and waitlist since the partial freeze went into effect on May 1, 2025, and remains in effect as of the publication of this report.

CHILD CARE SCHOLARSHIP (CCS) FROZEN LIST STATUS

MSDE submitted a formal notification to the General Assembly on January 31, 2025, indicating that there would be a program freeze implemented on May 1, 2025, due to budget constraints and exponential growth in enrollment. In the January 2025 letter, MSDE informed the General Assembly of a projected \$116.6 million shortfall in funding for the CCS Program for SFY 2025 despite record investments by the Moore-Miller Administration.² Since the start of the Moore-Miller Administration state investments in the Child Care Scholarship Program have climbed more than 600 percent to \$414 million, up from just \$59 million as recently as FY23. The new funding allowed for a 172 percent increase in the number of children served by the Program, from 16,000 children in 2022 to almost 48,000 children served in June 2025, with 42,484 children enrolled in October 2025 and 41,151 children served in December 2025, see Figure 1. Originally, the freeze was anticipated to last until September 2025 based on enrollment estimates provided by the Regional Economic Studies Institute (RESI) at Towson University, MSDE's vendor that supports data analysis. Per Senate Bill (SB) 350, the earliest possible date the freeze could have been implemented was April 8, 2025, following the closure of the General Assembly's regular legislative session.

² The estimated budget shortfall was provided by a consultant, Prenatal-to-Five Fiscal Strategies.

Figure 1: Number of Children and Families Receiving CCS, June 2022 – January 2026

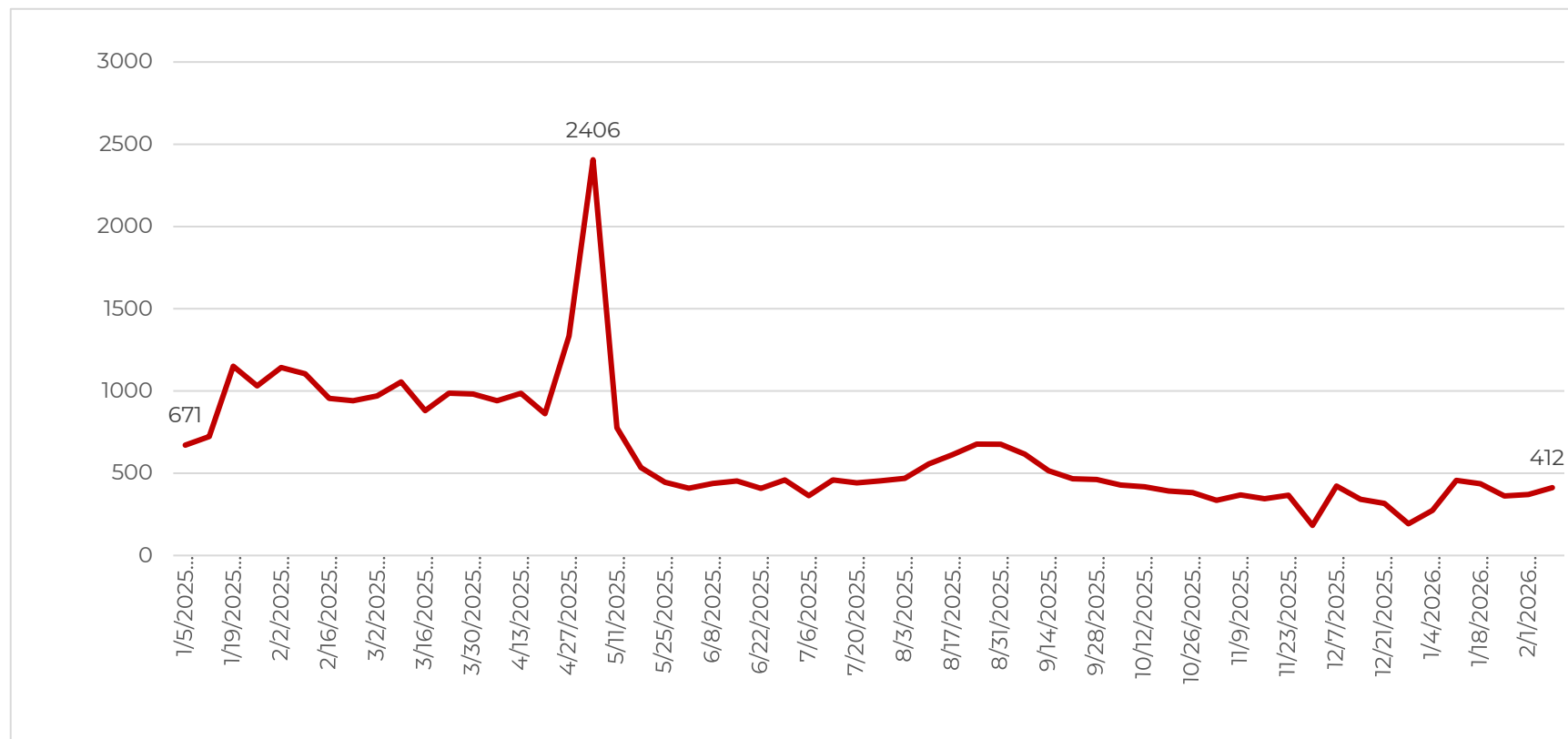
Source: DEC internal data systems accessed 11/10/2025.

Note: Total new applications include fast-track applications and full applications. There may be some applications counted in both fast track and full applications; therefore, the numbers shown in this graphic represent a high-end estimate of total applications.

On April 22, MSDE publicly announced Maryland would implement a program enrollment freeze on May 1, 2025, due to a fiscally unstable level of enrollment at the current budget appropriation. Application data shows that following the public announcement of the program freeze, applications surged from an average of 967 per week between January and late April 2025 to 1,392 per week in April 2025. The peak week of applications, April 28 – May 4, 2025, saw 2,406 applications, 80% more than the next highest number of applications, with 1,337 applications received between April 21 – 27, 2025. This increased enrollment from 43,783 on March 31, 2025, to 45,030 on April 30, 2025, the day before the freeze went into effect, see Figure 2. Following the surge in applications prior to the announcement there was an increase in CCS enrollment for several reasons:

- Children included on applications submitted and approved prior to May 1, 2025, actively enrolled at a provider after May 1.
- Applications submitted prior to May 1, 2025, continued to be processed normally, meaning the application would be determined after the freeze went into effect. The sudden surge in applications just prior to the enrollment freeze going into effect led to a large number of applications being processed and eligible children enrolled beginning in May 2025.
- There is typically a short period of time between when an application is approved and when children are actively enrolled at a child care provider.

Figure 2: Weekly Total New CCS Applications, CY 2025



Source: DEC internal data systems accessed 2/10/2026.

Note: Total new applications include fast track applications and full applications up until May 1, 2025. After the initiation of the freeze on May 1, 2025, fast track applications were no longer able to be submitted, and total new applications only include full applications. There may be some applications counted in both fast track and full applications; therefore, the numbers shown in this graphic represent a high-end estimate of total applications. Historical data may fluctuate slightly to reflect updated historical data.

Since the beginning of the waitlist on May 1, 2025, through January 31, 2026, 5,113 children in 3,688 families have been placed on the waitlist, see Table 10 and Table 11. Key observations about families on the waitlist shown in Table 10 include:

- Families earning 30% to 40% of SMI account for the highest number of families placed on the waitlist.
- Very few families with earnings near the income eligibility threshold (75% of SMI) apply for CCS and are added to the waitlist.
- The largest number of families on the waitlist are in counties with the largest populations, including Prince George's and Montgomery Counties.

Table 10: Families on the Waitlist (through January 31, 2026) by County and Income Category

County of Residence	Income 0 to 10% SMI	Income 10% to 20% SMI	Income 20% to 30% SMI	Income 30% to 40% SMI	Income 40% to 50% SMI	Income 50% to 60% SMI	Income 60% to 70% SMI	Income 70% to 80% SMI	Total Families
Allegany County	0	5	3	1	1	2	4	1	17
Anne Arundel County	35	25	43	61	40	25	21	8	258
Baltimore City	71	71	88	104	84	40	26	8	492
Baltimore County	89	62	114	151	109	64	49	15	653
Calvert County	6	1	3	7	3	2	0	1	23
Caroline County	0	0	6	6	1	0	1	0	14
Carroll County	7	5	15	9	5	4	0	2	47
Cecil County	8	5	9	7	9	2	3	1	44
Charles County	15	15	19	16	26	18	15	4	128
Dorchester County	2	5	5	5	1	0	0	0	18
Frederick County	8	10	19	20	13	7	5	2	84
Garrett County	2	0	0	0	1	1	1	0	5
Harford County	12	14	24	20	15	8	9	3	105
Howard County	16	19	19	34	13	16	11	6	134

County of Residence	Income 0 to 10% SMI	Income 10% to 20% SMI	Income 20% to 30% SMI	Income 30% to 40% SMI	Income 40% to 50% SMI	Income 50% to 60% SMI	Income 60% to 70% SMI	Income 70% to 80% SMI	Total Families
Kent County	1	0	1	2	0	0	1	0	5
Montgomery County	84	61	96	120	124	86	56	32	659
Prince George's County	91	75	123	146	144	76	66	26	747
Queen Anne's County	0	0	4	1	0	1	1	0	7
Saint Mary's County	2	3	14	6	3	2	1	0	31
Somerset County	3	3	4	5	0	0	0	0	15
Talbot County	2	2	5	5	0	0	1	1	16
Washington County	15	8	11	21	12	11	9	1	88
Wicomico County	14	8	14	12	14	9	7	1	79
Worcester County	3	4	4	5	0	1	0	2	19
Total	486	401	643	764	618	375	287	114	3,688

Key observations about children on the waitlist shown in Tables 10 and 11 include:

- The waitlist varies by county. County-level child waitlist data should be interpreted within the context of the county's population, and of the children on the waitlist:
 - 20% lived in Prince George's County
 - 18% lived in Montgomery County
 - 18% lived in Baltimore County
 - 13% lived Baltimore City
- Children in the two older age groups were placed on the waitlist at nearly the same rate, with the waitlist including 1,959 (38%) children aged two to five years old and 2002 (39%) school-aged children. However, children under 2 made up 23% (1,152) of the waitlist, see Table 11 and Figure 3.

Table 11: Children on the Waitlist (through January 31, 2026) by County and Income Category

County of Residence	Income 0 to 10% SMI	Income 10% to 20% SMI	Income 20% to 30% SMI	Income 30% to 40% SMI	Income 40% to 50% SMI	Income 50% to 60% SMI	Income 60% to 70% SMI	Income 70% to 80% SMI	Total Children
Allegany County	0	12	5	2	1	5	6	3	34
Anne Arundel County	55	36	54	79	54	29	29	10	346
Baltimore City	97	112	128	136	99	50	34	11	667
Baltimore County	133	96	175	200	142	75	59	22	902
Calvert County	9	3	8	12	6	2	0	1	41
Caroline County	0	0	9	8	1	0	1	0	19
Carroll County	10	8	26	16	6	5	0	2	73
Cecil County	12	7	17	8	10	2	3	2	61
Charles County	23	19	26	22	43	20	20	4	177
Dorchester County	2	8	5	6	1	0	0	0	22
Frederick County	10	20	32	27	20	10	5	4	128
Garrett County	2	0	0	0	2	2	1	0	7
Harford County	18	20	35	28	23	9	10	3	146
Howard County	19	30	21	50	18	20	17	7	182
Kent County	2	0	2	3	0	0	2	0	9
Montgomery County	126	94	139	176	161	118	76	45	935
Prince George's County	136	98	185	185	195	96	82	38	1,015
Queen Anne's County	0	0	4	1	0	1	1	0	7
Saint Mary's County	4	6	25	9	3	2	1	0	50
Somerset County	3	4	5	7	0	0	0	0	19
Talbot County	2	4	6	6	0	0	2	1	21
Washington County	21	13	15	27	21	14	15	1	127
Wicomico County	19	10	17	15	18	14	8	1	102

County of Residence	Income 0 to 10% SMI	Income 10% to 20% SMI	Income 20% to 30% SMI	Income 30% to 40% SMI	Income 40% to 50% SMI	Income 50% to 60% SMI	Income 60% to 70% SMI	Income 70% to 80% SMI	Total Children
Worcester County	4	4	7	5	0	1	0	2	23
Total	707	604	946	1,028	824	475	372	157	5,113

Table 12: Children on the Waitlist (through January 31, 2026) by County and Age Group

County of Residence	Age Birth to Under 2 Years Old	Age 2 to 5 Years Old	School Age (5 Years Old and Older)	Total Children
Allegany County	7	11	16	34
Anne Arundel County	83	151	112	346
Baltimore City	167	241	259	667
Baltimore County	218	319	365	902
Calvert County	7	11	23	41
Caroline County	5	11	3	19
Carroll County	18	25	30	73
Cecil County	17	24	20	61
Charles County	35	58	84	177
Dorchester County	8	7	7	22
Frederick County	28	47	53	128
Garrett County	2	2	3	7
Harford County	29	50	67	146
Howard County	41	60	81	182
Kent County	3	4	2	9
Montgomery County	168	351	416	935
Prince George's County	231	433	351	1,015
Queen Anne's County	4	1	2	7
Saint Mary's County	10	19	21	50

County of Residence	Age Birth to Under 2 Years Old	Age 2 to 5 Years Old	School Age (5 Years Old and Older)	Total Children
Somerset County	7	9	3	19
Talbot County	3	12	6	21
Washington County	31	60	36	127
Wicomico County	27	40	35	102
Worcester County	3	13	7	23
Total	1,152	1,959	2,002	5,113

Figure 3: Waitlist Broken Down by Age

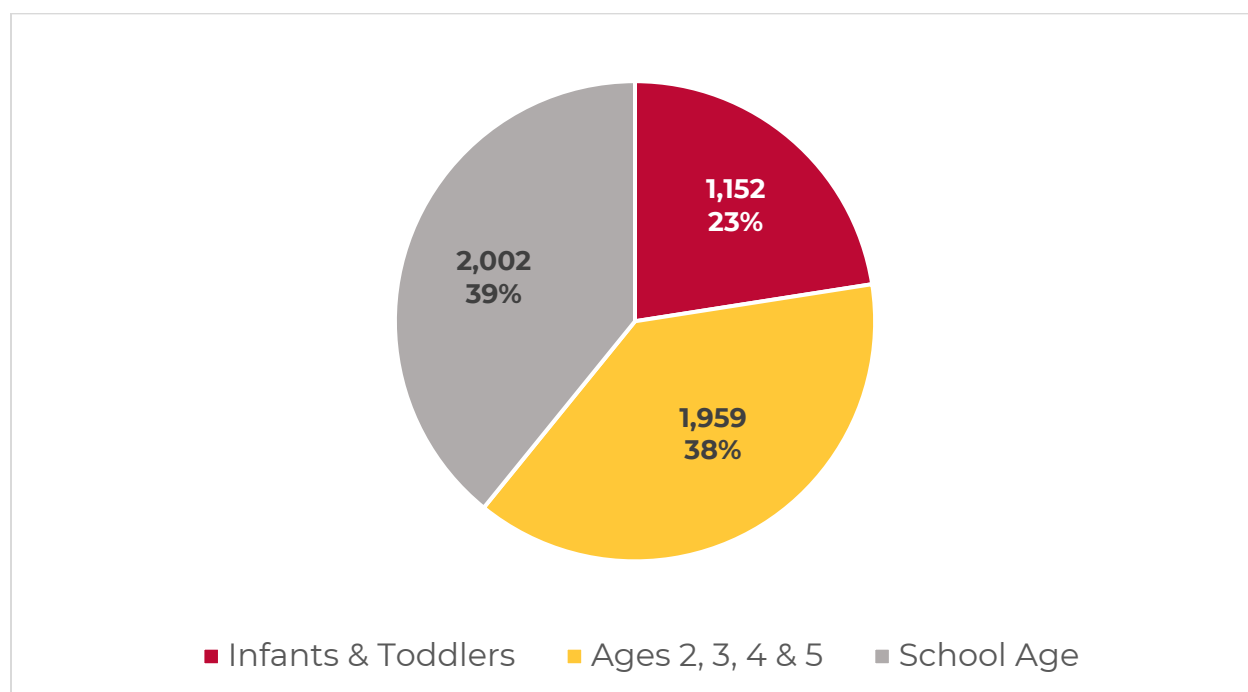


Table 13 shows the total number of new children enrolled in CCS during the program freeze. Children were eligible to receive a new scholarship if they met certain criteria:

- New applications:
 - Receiving TCA (TANF)
 - Receiving SSI
- Interim changes to an existing case:
 - Having a sibling already receiving a scholarship.

Overall, 2,482 children have received new scholarships since the freeze went into effect, with 31.9% (792) of them being new applicants while the majority were enrolled due to interim changes (1,690 or 68.1%) in a family's case.

Table 13: New Children Enrolled in CCS During the Program Freeze by Reason (as of January 31, 2026)

Reason	Number	Percent
New Application	792	31.9%
Interim Change	1,690	68.1%
Total	2,482	100%

Of the children newly enrolled in the CCS Program since May 1:

- 66.3% were from very low-income families (under 30% SMI)
- 2.8% had homelessness status
- 2.9% received SSI
- 25.6% received TCA (TANF)
- 52.2% were infants
- 19.9% were ages 2 through 5
- 28.0% were age 6 or older

See Table 14 and Figures 4, 5, and 6 for further details.

Table 14: Characteristics of New Children Enrolled in CCS During the Program Freeze (as of January 31, 2026)

Characteristics	Number	Percent
SSI Receipt	72	2.9%
TCA Receipt	635	25.6%
Disability Status	63	2.5%
Homelessness Status	69	2.8%
Very Low Income (under 30% SMI)	1,646	66.3%
Ages 0-1	1,295	52.2%
Ages 2-5	493	19.9%
Ages 6+	694	28.0%

Characteristics	Number	Percent
Total	2,482	100%

Note: Numbers in this table will not sum to the total.

Figure 4: CCS Enrollments due to Children Not Subject to the Waitlist by Age (as of January 31, 2026)

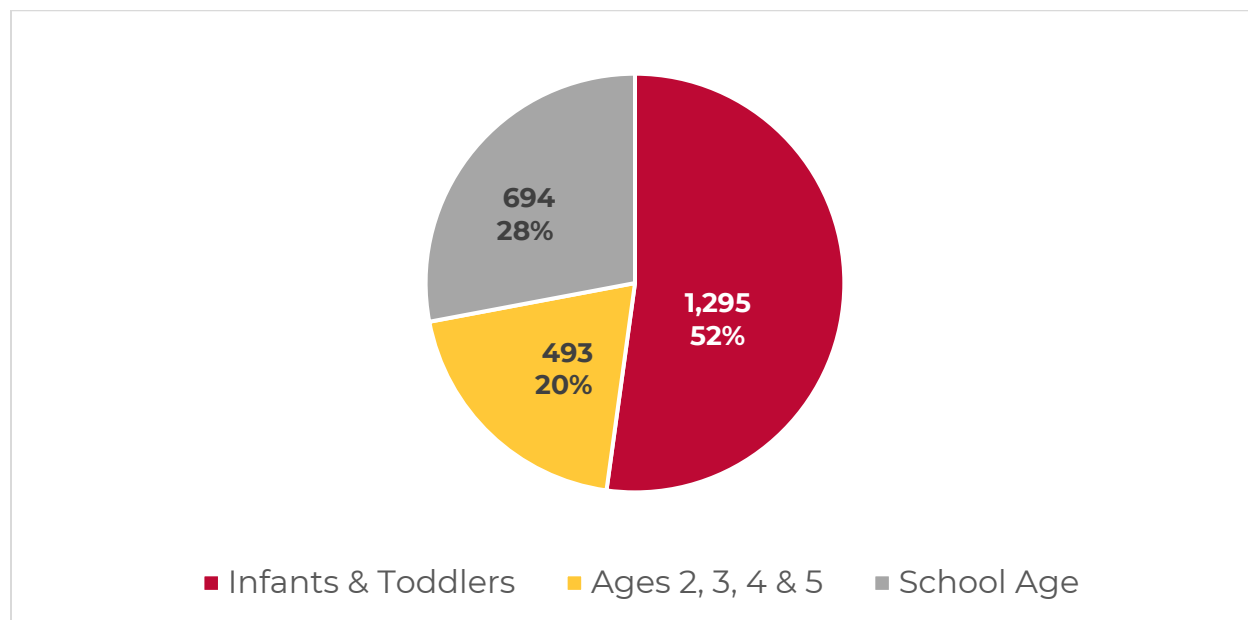


Figure 5: Income Levels for Children on the CCS Waitlist and Children Not Subject to the CCS Waitlist (as of January 31, 2026)

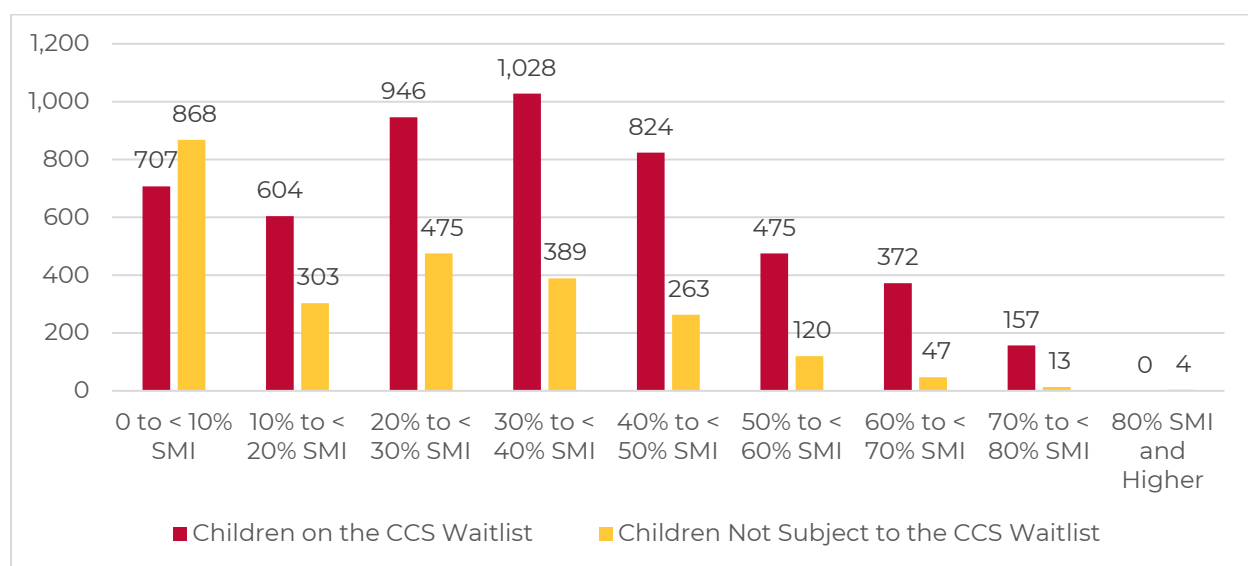
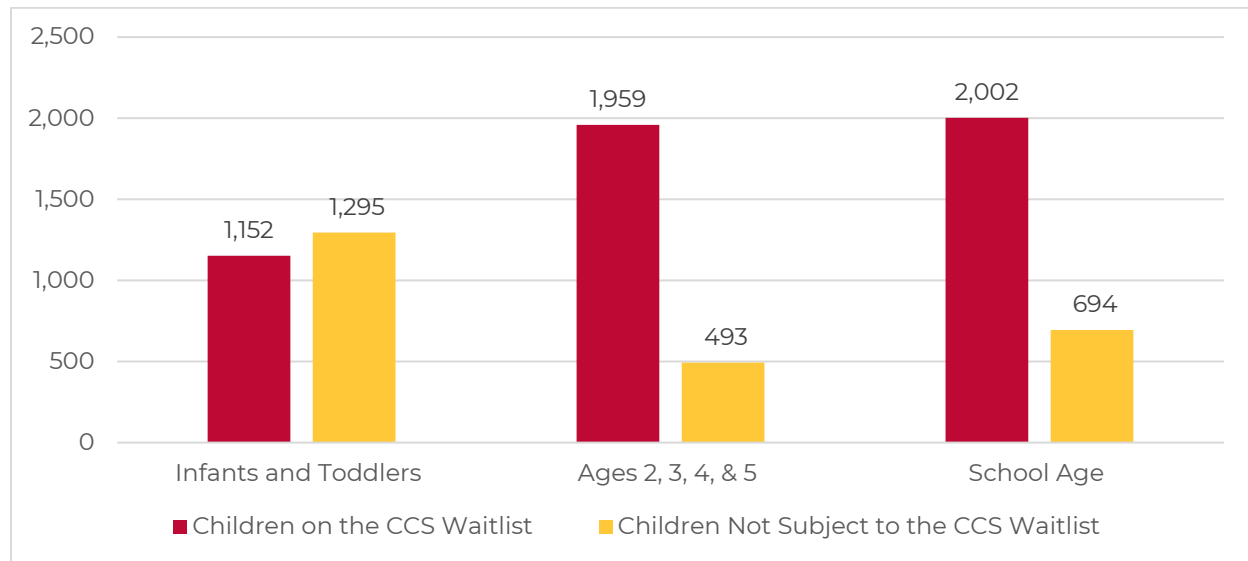


Figure 6: Children on the CCS Waitlist, Children Not Subject to the CCS Waitlist (as of January 31, 2026)



5. Enrollment Freeze Fiscal Impacts

UPDATES ON THE IMPLEMENTATION OF ENROLLMENT FREEZE AND CHANGES IN ASSIGNED CO-PAYMENTS, INCLUDING UP-TO-DATE SAVINGS ESTIMATES

The CCS Program enrollment freeze remains in place as of the publication of this report. As shared in the original notification to the Maryland General Assembly, the freeze will remain in place until monthly enrollment reaches 40,000 children.

To estimate the associated savings stemming from the enrollment freeze, we first assumed that enrollment would have continued to increase at approximately the same rate as seen prior to the enrollment freeze. We then computed the average daily growth for the year prior to the freeze and applied it to each day after the freeze to estimate the enrollment count without the freeze. The average cost per child prior to the freeze was then used to estimate the total cost without the freeze and the difference between that hypothetical total cost and our actual cost (with the freeze) calculated.

Using this method, we estimated cost savings as follows³:

- Through June 30: approximately \$2.6 million
- From July 1 through September 30: approximately \$19.2 million
- From July 1 through December 31: approximately \$49.6 million
- From July 1 through January 31: approximately \$62.2 million

³ The monthly savings are not constant for each month. It actually increased each month because a comparison was made between the current numbers and the projected numbers without a waitlist and with the same growth before the waitlist was introduced.