Child Care Subsidy (Scholarship) Quarterly Report

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

Division of Early Childhood

June 15, 2026

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June 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 (June 15, 2026)

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, 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 3 of State Fiscal Year (SFY) 2026, over 40,000 children received Child Care Scholarships each month. In January 2026, 40,862 children were enrolled, 40,495 children were enrolled in February 2026, and 40,385 children were enrolled in March 2026. Despite the small decline in enrollment during Quarter 3, 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, 2025, 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.
2. Fiscal 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 by income eligibility category by month, total expenditures for those scholarships, and average cost per child.
4. Quarterly updates on whether the Department is maintaining a CCS waitlist and, if so, which income categories are impacted and how many children and families have applied for CCS benefits and been added to the waitlist by county and/or city and family income levels.
5. Updates on the implementation of a partial enrollment freeze, including the anticipated savings and how the freeze will affect the Program's budget.

The data included in this report were obtained in early May 2026 and should not be interpreted to represent the CCS Program financial or enrollment situation at the time of this publication, in June 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 CCS Program 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 funds set aside as part of the CCDF Quality Improvement Activities Set Aside. 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 and 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. Infant and toddler specialists in each of the 7 regional child care resource centers 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.

Maryland projects to expend approximately $550.3 million on CCS direct payments in SFY 2026.

Table 1: Estimated Expenditures for Child Care Scholarship Payment and MSDE Headquarters for State Fiscal Year 2026 through March 31, 2026, Preliminary

Expenses	Amount ($)
Child Care Scholarship Payment	
CCDF Current Year (Federal Fiscal (FF) 2026)	550,324,166.60
Total Child Care Scholarship Payment	**550,324,166.60**
Other CCDF Expense in Support of CCS Program	
Administration	9,197,594.99
Non-direct - System	89,381,926.27
Non-direct - Eligibility	1,497,086.79

Expenses	Amount ($)
Non-direct - All Other (CCS, Licensing & Maryland EXCELS)	2,952,472.07
Total Other CCDF Expense in Support of CCS Program	**103,029,080.12**
Quality Improvement Activities (Set Asides)	
Accreditation Support	33,467.37
Maryland EXCELS Quality Rating Improvement System (QRIS)/Accreditation	7,187,598.23
Local Early Childhood Advisory Councils Grants	254,999.52
Child Care Resource and Referral Grants	3,466,524.01
Salaries for Maryland EXCELS Office, Family Engagement/Support Office, Workforce, and Licensing Office Staff	16,197,352.09
Total Quality Improvement Activities (Set Asides)	**27,139,941.22**
Total Uses	**680,493,187.94**

Source: Data retrieved from the FMIS Data Warehouse on May 12, 2026.

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

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

CCDF Prior Year Funds (FFY 2025-Quarter 4)	CCDF Current Year (FFY 2026-Quarters 1-3)	SFY2026 General Funds	Total Scholarships
$20,289,928.40	111,452,467.00	414,247,835.00	545,990,230.40

Source: Data retrieved from the FMIS Data Warehouse on May 12, 2026.

Table 3: Balance of Unobligated SFY 2026 Federal Funds through March 31, 2026

CCDF Prior Years (FFY 23-25 Awarded Prior to June 30, 2025)	CCDF Current Year (FFY 25 Q4 and FFY 26 Q1-3)*	Total SFY 26 CCDF Appropriation Remaining
$0	34,011,907.28	34,011,907.28

Source: Data retrieved from the FMIS Data Warehouse on May 12, 2026.

Table 4a presents the actual expenditures through March 31, 2026, along with projected expenditures for April through June of SFY 2026. Projected expenditures include expected spending on direct spending, salaries, and contract awards, among other expenditure categories. It also presents the number of children enrolled in the CCS Program for whom we have already issued payment for child care services received during the month. Projected expenditures are based on a combination of metrics, such as average spending on salaries, award amounts for Notice of Guarantee Availability (NOGA) and contracts, etc. Projected enrolled children's estimates for May and June are based on past trends.

Table 4a: Actual and Forecasted Expenses in State Fiscal Year 2026 (Preliminary) ($)

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	80,597,816	49,762,892	58,088,376	42,801,987	46,899,969	43,971,138	40,021,998	20,789,511	57,351,613	43,387,445	*43,930,872*	*22,720,551*	**550,324,167**
Total Children	45,114	45,276	43,658	42,468	41,508	41,162	40,890	40,491	40,358	40,024	*40,000*	*40,000*	**-**
Other CCDF Expense in Support of CCS Program													
Administration	448,822	427,408	1,872,877	490,597	751,843	1,139,051	997,514	865,680	1,222,185	327,206	*327,206*	*327,206*	**9,197,595**
Non-Direct – Systems	1,020,036	2,718,110	7,227,093	7,732,325	1,417,014	5,487,183	14,773,197	2,798,296	4,073,871	14,044,934	*14,044,934*	*14,044,934*	**89,381,926**
Non-Direct – Eligibility	(57,931)	34,911	60,771	67,914	74,974	43,752	79,500	34,527	82,776	358,631	*358,631*	*358,631*	**1,497,087**
Total Other CCDF Expense in Support of CCS Program	1,410,928	3,180,428	9,160,741	8,290,836	2,243,830	6,669,986	15,850,211	3,698,503	5,378,832	14,730,771	*14,730,771*	*14,730,771*	**100,076,608**
Other CCDF Expenses – Non-Set Asides													
Non-Direct – All Other (CCS, Licensing & MD EXCELS)	320,074	298,226	306,273	503,145	146,917	(369,510)	322,533	191,765	598,665	211,461	*211,461*	*211,461*	**2,952,472**
Quality Improvement Activities (Set Asides)													
MD EXCELS and Quality Rating Improvement System Contract – JHU	496,203	130,356	26,424	1,034,752	885,115	-	1,481,377	529,505	525,147	692,907	*692,907*	*692,906*	**7,187,598**

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
Accreditation Support	-	1,800	1,368	7,780	2,166	2,458	2,501	2,200	4,827	2,789	*2,789*	*2,789*	**33,467**
Accreditation Support – Validator	7,500	10,800	(25,069)	1,260	7,950	9,450	28,080	10,175	13,925	7,119	*7,119*	*7,119*	**85,428**
Licensing – Fire Marshall Contract for Inspections	-	-	5,606	5,569	7,570	6,925	43,961	10,074	6,044	9,528	*9,528*	*9,528*	**114,332**
Local Early Childhood Advisory Councils Grants	21,859	55,283	(88,912)	4,953	(2,243)	6,627	112,516	12,160	(1,767)	44,841	*44,841*	*44,842*	**255,000**
Child Care Resource & Referral Grants	105,398		256,515	310,529	120,886	451,865	-	279,942	65,373	625,339	*625,339*	*625,338*	**3,466,524**
Salaries for MD EXCELS Office, Family Engagement/ Support Office, Workforce, and Licensing Office Staff	1,051,941	1,118,497	1,247,425	1,208,866	1,406,963	2,597,690	928,033	1,299,414	1,289,185	1,349,779	*1,349,779*	*1,349,779*	**16,197,352**
Total Quality Improvement Activities (Set Asides)	**1,682,901**	**1,316,737**	**1,423,358**	**2,573,709**	**2,428,407**	**3,075,015**	**2,596,467**	**2,143,469**	**1,902,733**	**2,732,302**	***2,732,302***	***2,732,301***	**27,339,701**

Source: Data retrieved from the FMIS Data Warehouse on May 12, 2026.

Note: Expenses for July – April 2026 reflect actual program expenditures. Expenses and enrollment for May 2026 and June 2026 reflect projected expenses and enrollment.

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

⁺Projected estimates based on prior month trends, and subject to change in future iterations of this report.

Table 4b shows projected expenses and revenues. Based on expenditure and revenue data from May 2026, the CCS Program is expected to experience a budget shortfall of approximately $5.4 million in SFY 2026. This estimate is subject to change based on actual spending and revenue, which will be included in the September 2026 Quarterly Report.

The total projected revenue in SFY 2026 is $675,260,073. The projected expenses on direct CCS payments will be $653,353,247. This excludes the set asides described in Table 1. Including the set asides, the total projected expenses are expected to be $680,692,948 in SFY 2026, resulting in a $5,432,875 shortfall in the budget.

Table 4b: Projected Revenues and Expenses in State Fiscal Year 2026 for State Fiscal 2026 through March 31, 2026, 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**	159,217,810
FY26 State CCS General Fund	414,247,835
Total Projected Revenues (DEC and CCS)	**675,260,073**
Projected FY26 Expenses	
Child Care Scholarship Payments	550,324,167
Administration	9,197,595
Non-direct – System	89,381,926
Non-direct – Eligibility	1,497,087
Non-direct – All Other	2,952,472
Quality Improvement Activities (Set Asides)	27,339,701

Revenues/Expenses	Amount ($)
Total Projected FY 26 Expenses	680,692,948
Total Projected FY26 Encumbrances	0
Projected FY26 Surplus/Shortfall * **	**(5,432,875)**

Source: Data retrieved from the FMIS Data Warehouse on May 12, 2026.

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 May 2026 expenditure and revenue data, CCS projections showed a potential variance of approximately $5.4 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 September 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 unduplicated number of children who received CCS in SFY 2026 by income category, regardless of payment status. These numbers are drawn from receipted vouchers for children who were enrolled in the CCS Program during each month. There has been an overall downward trend in the number of enrolled children over the fiscal year, with the numbers steadily declining since August 2025. In July 2025, there were 45,061 children enrolled in the CCS Program. This number rose to 45,518 children in August 2025 and declined to 40,061 children in April 2026. The four jurisdictions with the largest number of children enrolled in April were Baltimore County (8,356), Prince George's County (6,622), Baltimore City (6,268) and Montgomery County (6,215). Together, they accounted for 68.5% of the 40,061 children. 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: Count of Unduplicated 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	Feb.-26	Mar.-26	Apr.-26
Allegany County	363	360	313	287	272	262	259	260	251	250
Anne Arundel County	2,456	2,545	2,386	2,304	2,258	2,241	2,232	2,203	2,187	2,146
Baltimore County	9,160	9,304	9,117	8,857	8,647	8,578	8,519	8,428	8,451	8,356
Calvert County	329	338	326	324	312	312	316	304	305	304
Caroline County	175	173	166	161	156	158	160	154	158	153
Carroll County	578	583	552	539	523	513	508	499	500	498
Cecil County	627	612	607	583	554	543	551	538	536	546
Charles County	1,713	,753	1,642	1,595	1,555	1,530	1,514	1,514	1,500	1,488
Dorchester County	272	266	262	260	259	253	250	234	236	232
Frederick County	1,206	1,250	1,139	1,106	1,078	1,080	1,063	1,056	1,051	1,051
Garrett County	101	101	100	93	86	86	82	78	82	82

County of Residence	Jul.-25	Aug.-25	Sep.-25	Oct.-25	Nov.-25	Dec.-25	Jan.-26	Feb.-26	Mar.-26	Apr.-26
Harford County	1,510	1,479	1,469	1,421	1,405	1,392	1,388	1,384	1,372	1,378
Howard County	1,816	1,765	1,700	1,649	1,615	1,598	1,582	1,577	1,564	1,550
Kent County	82	88	79	64	64	66	62	61	61	61
Montgomery County	7,126	7,147	6,776	6,627	6,479	6,439	6,374	6,306	6,282	6,215
Prince George's County	7,420	7,571	7,192	7,049	6,886	6,834	6,762	6,716	6,700	6,622
Queen Anne's County	159	169	156	155	147	147	141	143	137	133
Saint Mary's County	466	59	436	429	411	406	404	405	410	407
Somerset County	225	218	215	202	195	195	195	200	190	180
Talbot County	209	215	192	190	188	191	187	183	178	178
Washington County	930	960	838	816	792	794	790	793	789	788
Wicomico County	1,168	1,146	1,071	1,021	995	969	974	984	979	982
Worcester County	264	260	224	213	210	205	202	198	197	193
Baltimore City	6,706	6,756	6,662	6,540	6,410	6,364	6,347	6,277	6,269	6,268
Total	**45,061**	**45,518**	**43,620**	**42,485**	**41,497**	**41,156**	**40,862**	**40,495**	**40,385**	**40,061**

Source: Data retrieved from CCATS on May 7, 2026.

Table 6 presents the unduplicated number of children within FY 2026 CCS Expenditure data (i.e. payment data) by income category. In other words, Table 6 includes those children for whom we have already issued payment for child care services received during the month and was compiled mainly to enable the computation of average monthly cost per child disaggregated by income category. Additionally, Table 6 is also limited only to advance payments and true-up payments, so it does not include children associated with manual checkwriter payments. Therefore, any discrepancy between the monthly totals in Table 5 (i.e. the number of children enrolled in the CCSP) and the monthly totals in Table 6 is because Table 5 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 6 shows that the income categories with the highest numbers enrolled in the CCS program were from families with incomes from 20% of the State Median Income (SMI) to less than 50% SMI. In total, the expenditure data shows that care was paid for 51,937 unique children since July 2025.

Table 6: The Number of Unduplicated Children in Child Care Scholarship Expenditure Data in SFY 2026

Income Category	Jul.-25	Aug.-25	Sep.-25	Oct.-25	Nov.-25	Dec.-25	Jan.-26	Feb.-26	Mar.-26	Apr.-26*	FY 2026 Q1 Total	FY 2026 Q2 Total	FY 2026 Q3 Total	FY 2026 Total **
0 to < 10% SMI	4,682	4,666	4,560	4,503	4,331	4,331	4,371	4,318	4,392	4,379	**5,397**	**4,915**	**4,844**	**6,881**
10% to < 20% SMI	5,478	5,382	5,189	5,010	4,739	4,596	4,525	4,401	4,373	4,327	**6,118**	**5,294**	**4,871**	**7,117**
20% to < 30% SMI	9,872	9,828	9,534	9,208	8,837	8,706	8,599	8,390	8,255	8,034	**10,979**	**9,746**	**9,121**	**12,719**
30% to < 40% SMI	9,821	9,812	9,557	9,215	8,934	8,779	8,781	8,631	8,595	8,489	**10,998**	**9,830**	**9,456**	**13,072**
40% to < 50% SMI	7,753	7,831	7,599	7,433	7,175	7,078	7,055	6,979	6,957	6,880	**8,835**	**7,961**	**7,607**	**10,683**
50% to < 60% SMI	5,441	5,465	5,325	5,236	5,083	5,024	5,052	5,024	5,030	4,994	**6,154**	**5,557**	**5,438**	**7,440**
60% to < 70% SMI	2,167	2,214	2,166	2,168	2,186	2,225	2,249	2,280	2,383	2,415	**2,580**	**2,410**	**2,541**	**3,436**
70% to < 80% SMI	640	746	851	962	1,032	1,101	1,202	1,259	1,334	1,382	**923**	**1,139**	**1,385**	**1,597**
80% SMI and Higher	96	90	84	85	70	77	73	72	79	77	**112**	**97**	**91**	**156**
Total Children	**45,114**	**45,276**	**43,658**	**42,468**	**41,508**	**41,162**	**40,890**	**40,491**	**40,358**	**40,024**	**48,851**	**43,663**	**42,107**	**51,937**

Source: Data retrieved from CCATS on May 13, 2026.

* 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 7 presents the number of providers by care setting who serve children participating in the 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. This is observed mainly among licensed centers in Table 7. However, the number of licensed centers caring for children receiving CCS remained relatively stable during the remainder of the year. Meanwhile, though the number of home and informal providers caring for children receiving CCS in July are not typically lower in July than in adjacent months, there is a downward trend in their numbers: The number of licensed family child care providers caring for children with CCS

declined from 1,770 in July 2025 to 1,665 in April 2026, while the number of informal CCS providers declined from 159 to 114 over the same time period.

Table 7: The Number of Providers Who Cared for Child Care Scholarship Children in SFY 2026

Provider Type	Jul.-25	Aug.-25	Sep.-25	Oct.-25	Nov.-25	Dec.-25	Jan.-26	Feb.-25	Mar.-25	Apr.-26*	FY 2026 Q1 Total	FY 2026 Q2 Total	FY 2026 Q3 Total	FY 2026 Total
Licensed Centers	1,490	1,702	1,775	1,775	1,770	1,773	1,777	1,777	1,778	1,779	**1,823**	**1,787**	**1,791**	**1,874**
Licensed Homes	1,779	1,783	1,737	1,719	1,695	1,680	1,675	1,667	1,675	1,665	**1,839**	**1,754**	**1,726**	**1,959**
Informal Providers	159	158	150	133	121	131	127	125	122	114	**169**	**150**	**141**	**200**
Total Providers	**3,428**	**3,643**	**3,662**	**3,627**	**3,586**	**3,584**	**3,579**	**3,569**	**3,575**	**3,558**	**3,831**	**3,691**	**3,658**	**4,033**

Source: Data retrieved from CCATS on May 7, 2026.

* 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 (Tables 8a and 8b) and per-child spending (Tables 9a and 9b) by income level for SFY 2026 and pertains only to payments for child care provided within the specific months. Table 8b shows that of the $451.3 million in total expenditures as of May 13, 2026, the largest share was allocated to children from households earning at or below 60% of SMI. As shown in Table 9b, the average CCS expenditure per child to date during SFY 2026 is $8,689 (July 2025-April 2026 total average costs per child). We project that the annual cost per child will be approximately $13,000 per year. [1]

Table 8a: Child Care Scholarship Expenditure in Q1 and Q2 of SFY 2026

Income Category	Jul.-25	Aug.-25	Sep.-25	Oct.-25	Nov.-25	Dec.-25	FY 2026 Q1 Total	FY 2026 Q2 Total
0 to < 10% SMI	$5,446,406	$4,680,627	$4,312,382	$4,430,183	$3,868,848	$4,395,348	**$14,439,416**	**$12,694,379**
10% to < 20% SMI	$6,367,280	$5,299,947	$4,849,918	$4,846,744	$4,117,195	$4,610,675	**$16,517,145**	**$13,574,614**
20% to < 30% SMI	$12,426,369	$10,527,768	$9,768,380	$9,745,216	$8,423,791	$9,491,264	**$32,722,516**	**$27,660,271**
30% to < 40% SMI	$12,339,218	$10,529,480	$9,692,099	$9,805,418	$8,405,642	$9,505,364	**$32,560,797**	**$27,716,423**
40% to < 50% SMI	$9,841,108	$8,272,521	$7,630,031	$7,686,642	$6,694,075	$7,553,095	**$25,743,660**	**$21,933,811**
50% to < 60% SMI	$6,893,163	$5,752,944	$5,276,749	$5,353,249	$4,657,940	$5,304,258	**$17,922,856**	**$15,315,448**
60% to < 70% SMI	$2,721,295	$2,257,944	$2,003,680	$2,069,549	$1,873,717	$2,173,732	**$6,982,919**	**$6,116,998**
70% to < 80% SMI	$784,580	$752,406	$809,889	$937,464	$920,147	$1,118,385	**$2,346,874**	**$2,975,996**

[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	FY 2026 Q1 Total	FY 2026 Q2 Total
80% SMI and Higher	$97,700	$86,644	$75,155	$71,329	$58,302	$66,412	**$259,499**	**$196,043**
Total Expenditures	**$56,917,117**	**$48,160,281**	**$44,418,283**	**$44,945,793**	**$39,019,657**	**$44,218,533**	**$149,495,682**	**$128,183,983**

Source: Data retrieved from CCATS on May 13, 2026.

Table 8b: Child Care Scholarship Expenditure in Q3 and Q4 of SFY 2026 (as of May 13, 2026)

Income Category	Jan.-26	Feb.-26	Mar.-26	Apr.-26*	FY 2026 Q3 Total	FY 2026 Total
0 to < 10% SMI	$4,326,386	$3,936,041	$4,745,881	$4,697,142	**$13,008,308**	**$44,839,245**
10% to < 20% SMI	$4,398,337	$3,901,269	$4,620,553	$4,538,337	**$12,920,159**	**$47,550,255**
20% to < 30% SMI	$9,136,117	$8,180,940	$9,527,064	$9,141,037	**$26,844,121**	**$96,367,945**
30% to < 40% SMI	$9,260,989	$8,359,156	$9,913,587	$9,715,806	**$27,533,732**	**$97,526,758**
40% to < 50% SMI	$7,302,954	$6,619,418	$7,844,992	$7,685,272	**$21,767,363**	**$77,130,107**
50% to < 60% SMI	$5,207,073	$4,726,381	$5,575,411	$5,443,143	**$15,508,865**	**$54,190,312**
60% to < 70% SMI	$2,169,934	$2,032,410	$2,500,758	$2,566,897	**$6,703,103**	**$22,369,917**
70% to < 80% SMI	$1,201,493	$1,157,999	$1,432,327	$1,487,458	**$3,791,818**	**$10,602,146**
80% SMI and Higher	$63,748	$54,971	$64,755	$75,979	**$183,473**	**$714,994**
Total Expenditures	**$43,067,032**	**$38,968,583**	**$46,225,328**	**$45,351,071**	**$128,260,942**	**$451,291,679**

Source: Data retrieved from CCATS on May 13, 2026.

Note, 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 CCS payments and do not include any other ancillary costs.

Table 9a: Average Child Care Scholarship Cost Per Child in Q1 and Q2 of SFY 2026

Income Category	Jul.-25	Aug.-25	Sep.-25	Oct.-25	Nov.-25	Dec.-25	FY 2026 Q1 Total	FY 2026 Q2 Total
0 to < 10% SMI	$1,163	$1,003	$946	$984	$893	$1,015	**$2,675**	**$2,583**
10% to < 20% SMI	$1,162	$985	$935	$967	$869	$1,003	**$2,700**	**$2,564**
20% to < 30% SMI	$1,259	$1,071	$1,025	$1,058	$953	$1,090	**$2,980**	**$2,838**
30% to < 40% SMI	$1,256	$1,073	$1,014	$1,064	$941	$1,083	**$2,961**	**$2,820**
40% to < 50% SMI	$1,269	$1,056	$1,004	$1,034	$933	$1,067	**$2,914**	**$2,755**
50% to < 60% SMI	$1,267	$1,053	$991	$1,022	$916	$1,056	**$2,912**	**$2,756**
60% to < 70% SMI	$1,256	$1,020	$925	$955	$857	$977	**$2,707**	**$2,538**
70% to < 80% SMI	$1,226	$1,009	$952	$974	$892	$1,016	**$2,543**	**$2,613**
80% SMI and Higher	$1,018	$963	$895	$839	$833	$862	**$2,317**	**$2,021**
Overall	**$1,262**	**$1,064**	**$1,017**	**$1,058**	**$940**	**$1,074**	**$3,060**	**$2,936**

Source: Data retrieved from CCATS on May 13, 2026.

Table 9b: Average Child Care Scholarship Cost Per Child in Q3 and Q4 of SFY 2026

Income Category	Jan.-26	Feb.-26	Mar.-26	Apr.-26*	FY 2026 Q3 Total	FY 2026 Total
0 to < 10% SMI	$990	$912	$1,081	$1,073	**$2,685**	**$6,516**
10% to < 20% SMI	$972	$886	$1,057	$1,049	**$2,652**	**$6,681**
20% to < 30% SMI	$1,062	$975	$1,154	$1,138	**$2,943**	**$7,577**
30% to < 40% SMI	$1,055	$969	$1,153	$1,145	**$2,912**	**$7,461**
40% to < 50% SMI	$1,035	$948	$1,128	$1,117	**$2,861**	**$7,220**
50% to < 60% SMI	$1,031	$941	$1,108	$1,090	**$2,852**	**$7,284**
60% to < 70% SMI	$965	$891	$1,049	$1,063	**$2,638**	**$6,510**
70% to < 80% SMI	$1,000	$920	$1,074	$1,076	**$2,738**	**$6,639**
80% SMI and Higher	$873	$763	$820	$987	**$2,016**	**$4,583**
Overall	**$1,053**	**$962**	**$1,145**	**$1,133**	**$3,046**	**$8,689**

Source: Data retrieved from CCATS on May 13, 2026

Note, 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 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 providers 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 contains multiple tables and figures summarizing the children and families who were placed on CCS Program waitlist. Unlike data presented earlier in this report, data presented here covers months outside of SFY 2026. The data begins in May 2025, when the CCS partial enrollment freeze went into effect.

Table 10 presents the number of children on the CCS Program waitlist by county and their SMI category. Table 10 demonstrates that 74.9% (4,941) of the children on the CCS Program waitlist reside in Prince George's County (1,323 or 20.1%), Montgomery County (1,183 or 17.9%), Baltimore County (1,125 or 17.1%), Baltimore City (872 or 13.2%), and Anne Arundel County (438 or 6.6%). This is to be expected since these are the five largest jurisdictions in Maryland, in terms of both total population and the number of children aged 0 to 12 and, as a result, have more families applying for Child Care Scholarships. Additionally, these jurisdictions had the highest number of children in poverty in 2024: Baltimore City had 27,868 children; Prince George's County had 26,856 children; Montgomery County had 21,947 children; Baltimore County had 18,443 children; and Anne Arundel County had 10,323 children[2].

Overall, 79.5% and 89.3% of the children on the waitlist are from families with incomes below 50% and 60% of the SMI, respectively. The largest number of children, 1,323 (20.1% of the total), are from families with incomes in the 30% to 40% SMI category, closely followed by 1,245 children (18.9%) from families with incomes in the 20% to 30% SMI category, and 1,084 children (16.4%) from the 40% to 50% SMI category.

Table 10: Children on the CCS Program Waitlist as of April 2026 by County and Income Category (% SMI)

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	-	13	8	2	1	6	6	3	**39**
Anne Arundel County	66	50	72	95	68	41	34	12	**438**
Baltimore City	119	143	184	168	126	73	46	13	**872**
Baltimore County	151	124	218	238	182	108	73	31	**1,125**
Calvert County	11	3	8	15	6	3	2	1	**49**

[2] Data source: Children in poverty | KIDS COUNT Data Center

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
Caroline County	-	-	11	10	1	-	4	-	**26**
Carroll County	11	16	30	18	8	5	4	2	**94**
Cecil County	11	11	21	18	20	6	4	2	**93**
Charles County	25	31	29	40	56	28	23	11	**243**
Dorchester County	2	9	7	7	4	-	-	-	**29**
Frederick County	16	24	43	36	29	14	10	4	**176**
Garrett County	2	-	1	1	2	2	1	-	**9**
Harford County	18	25	44	38	28	11	13	3	**180**
Howard County	21	36	36	63	29	31	22	9	**247**
Kent County	2	-	3	3	-	-	2	-	**10**
Montgomery County	141	116	176	212	226	140	112	60	**1,183**
Prince George's County	149	142	246	256	236	135	107	52	**1,323**
Queen Anne's County	-	-	5	2	-	1	4	-	**12**
Saint Mary's County	4	6	31	17	6	7	1	-	**72**
Somerset County	5	3	9	8	-	-	-	-	**25**
Talbot County	2	4	6	6	4	-	3	1	**26**
Washington County	21	17	24	39	28	18	15	2	**164**
Wicomico County	19	13	21	26	23	18	9	1	**130**
Worcester County	5	4	12	5	1	1	-	2	**30**
Total	**801**	**790**	**1,245**	**1,323**	**1,084**	**648**	**495**	**209**	**6,595**

Source: Data retrieved from CCATS on May 7, 2026.

Table 11 presents the number of families with children on the waitlist, and it shows a pattern like the number of children shown in Table 10.

Table 11: Families on the CCS Program Waitlist as of April 2026 by County and Income Category (% SMI)

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	6	5	1	1	3	4	1	**21**
Anne Arundel County	42	34	59	74	51	32	25	9	**326**
Baltimore City	90	97	130	132	110	61	35	10	**665**
Baltimore County	102	78	146	180	157	90	62	22	**837**
Calvert County	7	1	3	9	3	3	1	1	**28**
Caroline County	0	0	7	8	1	0	2	0	**18**
Carroll County	8	9	18	11	7	4	2	2	**61**
Cecil County	8	8	12	13	14	6	4	1	**66**
Charles County	19	24	22	29	34	24	18	10	**180**
Dorchester County	2	6	7	6	3	0	0	0	**24**
Frederick County	12	14	24	27	19	10	8	2	**116**
Garrett County	2	0	1	1	1	1	1	0	**7**
Harford County	12	19	32	29	20	10	11	3	**136**
Howard County	18	22	29	42	19	24	14	7	**175**
Kent County	1	0	2	2	0	0	1	0	**6**
Montgomery County	98	78	122	142	171	103	79	44	**837**
Prince George's County	97	106	168	200	176	109	85	37	**978**
Queen Anne's County	0	0	5	2	0	1	2	0	**10**
Saint Mary's County	2	3	17	10	5	5	1	0	**43**
Somerset County	4	2	6	6	0	0	0	0	**18**
Talbot County	2	2	5	5	3	0	2	1	**20**
Washington County	15	11	17	28	17	13	9	2	**112**
Wicomico County	14	11	17	19	18	12	8	1	**100**
Worcester County	4	4	8	5	1	1	0	2	**25**
Total	**559**	**535**	**862**	**981**	**831**	**512**	**374**	**155**	**4,809**

Source: Data retrieved from CCATS on May 7, 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 partial 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 partial enrollment would have continued to increase at approximately the same rate as seen prior to the 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 follows[3]:

- 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
- From July 1 through March 31: approximately $90.6 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.