Child Care Subsidy (Scholarship) Quarterly Report

Joint Chairmen's Report, 2026 Session
pg. 230-231

Division of Early Childhood

September 15, 2026

Maryland
STATE DEPARTMENT OF EDUCATION

MARYLAND STATE DEPARTMENT OF EDUCATION

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

Sarah Neville-Morgan
Chief
Early Childhood

Wes Moore
Governor

MARYLAND STATE BOARD OF EDUCATION

Joshua L. Michael, Ph.D., President

James C. Bell, Jr., Ed.D., Vice President

Lorena Wu, Student Member

Dr. Peggy Carr

Alverne "Chet" Chesterfield

Kenny Clash

Monica Goldson, Ed.D.

Nick Greer

Dr. Irma E. Johnson

Marcy Leonard

Dr. Kim Lewis

Xiomara V. Medina, M.Ed.

Nicole Murray-Lewis

Samir Paul, Esq.

Maryland
STATE DEPARTMENT OF EDUCATION

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

September 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: 2026_JCR_p230-231_ Child Care Scholarship (CCS) Program Quarterly Reports (September 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 years 2023 through 2026. In response to these financial pressures, MSDE implemented a partial enrollment freeze and waiting list in May 2025 as a cost-saving measure to control program expenditures and align them with available funding.

As a result, the 2026 Joint Chairman's Report, pages 230 – 231, requires MSDE to submit quarterly reports to the budget committees of the Maryland General Assembly with the following information:

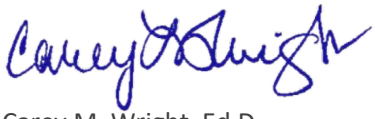
1. Monthly CCS expenditures by fund;
2. Fiscal 2027 year-to-date spending and annualized cost estimates, noting the adequacy of remaining State and federal fund sources;
3. The number of scholarships awarded by income eligibility category by month, total expenditures for those scholarships, and average cost per child;
4. Updates on the CCS waiting list including which income categories are impacted, how many children and families have applied for CCS benefits and been added to the waiting list by county and family income levels;

5. Information on outreach efforts to families on the waiting list, including how families are notified of their status, any actions required to maintain eligibility, and strategies used to ensure families remain informed during the enrollment freeze;
6. The number of children and families removed from the waiting list and subsequently enrolled in the program, disaggregated by county and family income level, including the average length of time on the waiting list prior to enrollment; and
7. The total available federal funds updated quarterly including carry-over balances from prior years.

All reports are required to provide data on a monthly basis for fiscal 2027 year to date; the September 15, 2026 report additionally includes CCS program data for the final quarter of fiscal 2026, and aggregate fiscal 2026 data.

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)

Table of Contents

Executive Summary 4

Introduction 4

1. Fiscal Year 2026 and Fiscal Year 2027 Year-to-Date Expenditures and Projected Spending 5

2. Child Care Scholarship Awards 10

3. Child Care Scholarship Expenditures 14

4. Program Partial Enrollment Freeze Update 17

5. Outreach Efforts to Families on the Waitlist 20

6. Children and Families Awarded Scholarship from the Waitlist 21

Executive Summary

In Quarter 4 of State Fiscal Year (SFY) 2026, over 39,000 children received Child Care Scholarships each month. In April 2026, 40,157 children were enrolled, 39,451 children were enrolled in May 2026, and 40,222 children were enrolled in June 2026. The decline in enrollment observed during this quarter is a continuation of the decline observed in the previous quarters due to the partial enrollment freeze and resulting waitlist. Despite the small decline in enrollment during Quarter 4, the Child Care Scholarship (CCS) Program partial enrollment freeze remains in place. However, as of July 1, per Child Care Scholarship Program – Freeze in Enrollment – Exceptions and Waitlist, H.B. 849, 2026 Reg. Sess. (Md. ch. 594, 2026), children experiencing homelessness are no longer subject to the waitlist. Due to enrollment falling to 39,451 children in May (below the targeted 40,000 children threshold) and to below 39,000 children in July, scholarships are currently being issued to children from the waitlist who are experiencing homelessness or who have income below 20% of state median income (SMI). Data on the number of children who have received scholarships from the waitlist will be included in future reports.

Introduction

Pursuant to the 2026 Joint Chairmen's Report (pages 230–231), 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. Monthly Child Care Scholarship (CCS) expenditures by fund.
2. Final Fiscal Year 2026 and Fiscal Year 2027 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. Updates on the CCS waitlist including which income categories are impacted and how many children and families have applied for CCS benefits and have been added to the waitlist by county and family income levels.
5. Information on outreach efforts to families on the waiting list, including how families are notified of their status, any actions required to maintain eligibility, and strategies used to ensure families remain informed during the enrollment freeze;
6. The number of children and families removed from the waiting list and subsequently enrolled in the program, disaggregated by county and family income level, including the average length of time on the waiting list prior to enrollment; and
7. The total available federal funds, including carry over balances from prior years.

The data included in this report were obtained on August 10 and 12, 2026 and should not be interpreted to represent the CCS Program financial or enrollment situation at the time of this publication, in September 2026.

1. Fiscal Year 2026 and Fiscal Year 2027 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 and 2027.** CCS is funded by the federal Child Care and Development Fund (CCDF), alongside State General Funds. Maryland projects to expend approximately $552 million on CCS direct payments in SFY 2026 and $567 million in SFY 2027. Tables 1a and 1b demonstrate projected CCS expenditures, including both CCDF (federal) and State General Funds for State Fiscal Years 2027 and 2026.

Table 1a: Projected CCS Expenditures for State Fiscal Year 2027, Preliminary

CCS Federal Fiscal Year 2027 Expenses (Projected)	Amount ($)
Child Care Scholarship Direct Payments (CCDF and State General Funds)	567,143,996.79
CCS Operating Expenditures (CCDF funds)	39,721,995.00
Other Quality Improvement Activities (CCDF funds)	31,735,547.00
Total CCS Expenditures	**638,601,538.00**

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

Table 1b: Projected CCS Expenditures for State Fiscal Year 2026, Preliminary

CCDF Federal Fiscal Year 2026 Expenses	Amount ($)
Child Care Scholarship Direct Payments (CCDF and State General Funds)	551,970,822.00
CCS Operating Expenditures (CCDF funds)	60,572,882.00
Other Quality Improvement Activities (CCDF funds)	33,053,936.00
Total CCS Expenditures	**645,597,639.00**

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

Tables 2a and 2b demonstrate the breakdown of CCS funding from July 1, 2026, to June 30, 2027, and July 1, 2025, to June 30, 2026, respectively. **Note:** These tables include all CCDF funding, including funding for direct services, and CCS-enabling activities such as child care licensing, quality improvement activities, etc.

Table 2a: Total Child Care Scholarship Program Funding (Revenue) for July 1, 2026-June 30, 2027

CCDF Prior Year Funds (FFY 2026-Quarter 4)	CCDF Current Year (FFY 2027-Quarters 1-3)	SFY2027 General Funds	Total CCS Program Funding (Including program-enabling activities)
33,577,806.00	160,238,145.00	434,247,835.00	628,063,785.00

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

Table 2b: Total Child Care Scholarship Program Funding (Revenue) 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 CCS Program Funding (Including program-enabling activities)
72,808,816.00	188,203,422.00	414,247,835.00	675,260,073.00

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

Tables 3a and 3b show the balance of unobligated CCDF funding through June 30 of both fiscal years. Note that while this is unobligated, it is committed as part of the Child Care Scholarship Payments for both SFY 2027 and SFY 2026.

Table 3a: Balance of Unobligated SFY 2027 Federal Funds through June 30, 2027 ($)

CCDF Prior Years (FFY 26 Awarded Prior to June 30, 2026)	CCDF Current Year (FFY27 QTR 1-3)	Total CCDF available
0	160,238,145.00	160,238,145.00

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

Table 3b: Balance of Unobligated SFY 2026 Federal Funds through June 30, 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	33,826,194.44	33,826,194.44

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

Tables 4a and 4b present the actual expenditures for SFY 2027 and SFY 2026 through June 30 of both years, respectively. 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 2027 (Preliminary) ($)

Expenses by Month	Jul.-26	Aug.-26*	Sep.-26*	Oct.-26*	Nov.-26*	Dec.-26*	Jan.-27*	Feb.-27*	Mar.-27*	Apr.-27*	*May-27**	*Jun.-27**	Total
FY27 Forecasted Child Care Scholarship Direct Payments													
Total Expenditures	81,011,931	47,706,022	44,915,733	45,094,336	46,075,952	45,912,959	43,134,775	45,013,155	46,854,674	45,148,455	48,502,487	27,298,359	567,143,997
Total Children	38,288	39,000	40,650	40,650	40,650	40,6565	40,655	40,650	40,650	40,650	40,650	40,650	**NA**
Other CCDF Expenses in Support of CCS Program													
CCS Operating Expenditures (CCDF Funds)	1,873,358	3,440,785	3,440,785	3,440,785	3,440,785	3,440,785	3,440,785	3,440,785	3,440,785	3,440,785	3,440,785	3,440,785	39,721,995
Other CCDF Expenditures	795,868	2,812,698	2,812,698	2,812,698	2,812,698	2,812,698	2,812,698	2,812,698	2,812,698	2,812,698	2,812,698	2,812,698	31,735,547
Total Non-Direct Payment CCDF Expenditures	**2,669,226**	**6,253,483**	**6,253,483**	**6,253,483**	**6,253,483**	**6,253,483**	**6,254,483**	**6,253,483**	**6,253,483**	**6,253,483**	**6,253,483**	**6,253,483**	**71,457,542**

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

Note: Expenses for July 2026 reflect actual program expenditures.

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

Table 4b: 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 Child Care Scholarship Direct Payments													
Total Expenditures	82,329,702	49,785,600	58,094,200	42,803,458	46,915,741	43,973,919	40,059,615	20,789,511	57,351,774	44,330,453	42,885,832	22,651,017	**551,970,822**
Total Children	45,061	45,518	43,621	42,490	41,503	41,163	40,872	40,504	40,413	40,157	39,451	40,222	**NA**
Other CCDF Expenses in Support of CCS Program													
CCS Operating Expenditures (CCDF Funds)	1,067,392	2,771,580	11,536,119	4,651,107	1,626,319	6,671,087	14,847,015	3,176,029	4,960,387	2,312,890	(7,571,549)	14,254,505	**60,572,882**
Other CCDF Expenditures	2,346,511	2,023,977	(645,913)	6,716,583	3,192,836	2,705,309	3,922,196	2,857,708	2,918,938	1,894,501	2,751,545	2,369,744	**33,053,936**
Total Non-Direct Payment CCDF Expenditures	**3,413,903**	**4,795,557**	**10,890,206**	**11,367,690**	**4,819,154**	**9,376,396**	**18,769,211**	**6,033,737**	**7,879,325**	**4,207,391**	**(4,820,004)**	**16,894,250**	**93,626,817**

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

Note: Expenses for July 2025–June 2026 reflects actual program expenditures.

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

Based on early projections, expenditure and revenue data from August 2026, the CCS Program is expected to experience a budget shortfall of approximately $30.1 million in SFY 2027. However, there was an estimated surplus of approximately $20.05 million in SFY 2026. The SFY 2027 estimates are subject to change based on actual spending and revenue, while the SFY 2026 numbers may change once the final data have been collected. All changes will be reflected in **the December 2026 Quarterly Report.**

The total projected revenue in SFY 2027 is $628,063,785. The projected expenses on direct CCS payments are $567,143,997. Including CCS Operating and other CCDF Expenditures, the total projected expenses are expected to be $638,601,538 in SFY 2027, resulting in a $10,537,753 shortfall in the budget, which is largely attributed to increasing operating and IT costs that cannot be covered by projected CCDF revenues.

The total revenue in SFY 2026 was $675,260,073 while the projected expenses on direct CCS payments were $551,970,822. Including CCS Operating and other CCDF Expenditures, the total expenditures in SFY 2026 were $645,597,639, along with $9,616,503 in outstanding encumbrances, resulting

in a $20,045,931 surplus in the budget. This surplus was mainly due to CCS Direct Payment Advances posting in SFY 2027 and all remaining surplus funds were expended in the first advance of the new year.

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 39,451 children in May 2026. The number rose to 40,222 in June 2026 and declined again to 38,288 in July 2026. The four jurisdictions with the largest number of children enrolled in June were Baltimore County (8,417), Prince George's County (6,559), Baltimore City (6,263) and Montgomery County (6,220). Together, they accounted for 68.3% of the 40,222 children. The decline in enrollment is due primarily to the continuation of the partial enrollment freeze. Based on program attrition, in July 2026, MSDE began outreach to families on the waitlist who were experiencing homelessness at the time of their application, and to families with very low incomes to offer new scholarships in alignment with House Bill 849, 2026.

Table 5: Count of Unduplicated Children Participating in the Child Care Scholarship Program in SFY 2026 and SFY 2027

County of Residence	Jul.-25	Aug.-25	Sep.-25	Oct.-25	Nov.-25	Dec.-25	Jan.-26	Feb.-26	Mar.-26	Apr.-26	*May-26*	*Jun.-26*	Jul.-26*
Allegany County	363	360	313	287	272	262	259	260	251	250	249	261	262
Anne Arundel County	2,456	2,545	2,386	2,304	2,258	2,241	2,232	2,203	2,187	2,146	2,125	2,185	2,025
Baltimore County	9,160	9,304	9,117	8,857	8,647	8,578	8,519	8,428	8,452	8,379	8,263	8,417	7,968
Calvert County	329	338	326	324	312	312	316	304	305	306	302	308	294
Caroline County	175	173	166	161	156	158	160	154	158	153	153	155	148
Carroll County	578	583	552	539	523	513	508	499	500	498	484	495	440
Cecil County	627	612	607	583	554	543	551	538	539	551	533	554	532
Charles County	1,713	1,753	1,642	1,595	1,555	1,530	1,514	1,514	1,500	1,491	1,467	1,499	1,479
Dorchester County	272	266	262	260	259	253	250	234	236	232	227	235	242
Frederick County	1,206	1,250	1,139	1,106	1,078	1,080	1,063	1,056	1,051	1,051	1,044	1,088	1,015
Garrett County	101	101	100	93	86	86	82	78	82	84	85	80	76
Harford County	1,510	1,479	1,469	1,421	1,405	1,392	1,388	1,384	1,372	1,377	1,344	1,396	1,293

County of Residence	Jul.-25	Aug.-25	Sep.-25	Oct.-25	Nov.-25	Dec.-25	Jan.-26	Feb.-26	Mar.-26	Apr.-26	*May-26*	*Jun.-26*	Jul.-26*
Howard County	1,816	1,765	1,700	1,649	1,615	1,598	1,584	1,580	1,568	1,552	1,518	1,531	1,454
Kent County	82	88	79	64	64	66	62	61	61	61	61	69	63
Montgomery County	7,126	7,147	6,776	6,627	6,479	6,439	6,375	6,307	6,286	6,229	6,118	6,263	5,963
Prince George's County	7,420	7,571	7,192	7,049	6,886	6,834	6,762	6,713	6,702	6,631	6,511	6,559	6,335
Queen Anne's County	159	169	156	155	147	147	141	143	137	133	127	128	119
Saint Mary's County	466	459	436	429	411	406	404	405	410	407	396	389	381
Somerset County	225	218	215	202	195	195	195	200	191	181	185	191	189
Talbot County	209	215	192	190	188	191	187	183	178	178	176	176	177
Washington County	930	960	838	816	792	794	790	793	789	790	787	836	755
Wicomico County	1,168	1,146	1,072	1,024	998	972	977	987	985	996	977	998	964
Worcester County	264	260	224	213	210	205	202	198	197	193	188	189	181
Baltimore City	6,706	6,756	6,662	6,542	6,413	6,368	6,351	6,282	6,276	6,288	6,131	6,220	5,933
Total	**45,061**	**45,518**	**43,621**	**42,490**	**41,503**	**41,163**	**40,872**	**40,504**	**40,413**	**40,157**	**39,451**	**40,222**	**38,288**

Source: Data retrieved from CCATS on August 10, 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 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 CCS program) 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 and present in the expenditure data 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 53,075, unique children from July 2025 through June 2026 and 38,235 children in July 2026.

Table 6: The Number of Unduplicated Children in Child Care Scholarship Expenditure Data in SFY 2026 and SFY 2027

Income Category	SFY 2026 Q1 Total	SFY 2026 Q2 Total	SFY 2026 Q3 Total	Apr.-26	May-26	Jun.-26	SFY 2026 Q4 Total	SFY 2026 Total	Jul.-26*
0 to < 10% SMI	**5,397**	**4,915**	**4,846**	4,417	4,338	4,546	**5,037**	**7,417**	4,415
10% to < 20% SMI	**6,118**	**5,294**	**4,871**	4,355	4,187	4,191	**4,696**	**7,389**	3,973
20% to < 30% SMI	**10,979**	**9,746**	**9,128**	8,080	7,766	7,804	**8,635**	**13,172**	7,369
30% to < 40% SMI	**10,998**	**9,830**	**9,458**	8,526	8,311	8,358	**9,197**	**13,626**	7,981
40% to < 50% SMI	**8,835**	**7,961**	**7,607**	6,898	6,680	6,758	**7,438**	**11,129**	6,400
50% to < 60% SMI	**6,154**	**5,557**	**5,439**	5,020	4,905	4,937	**5,422**	**7,769**	4,645
60% to < 70% SMI	**2,580**	**2,410**	**2,541**	2,422	2,453	2,546	**2,676**	**3,660**	2,483
70% to < 80% SMI	**923**	**1,139**	**1,385**	1,390	1,422	1,520	**1,572**	**1,762**	1,489
80% SMI and Higher	**112**	**97**	**91**	78	77	90	**95**	**172**	89
Total Children	***48,851***	***43,663***	***42,112***	***40,146***	***39,450***	***40,167***	***42,215***	***53,075***	***38,235***

Source: Data retrieved from CCATS on August 10, 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 caring for children receiving scholarships declined in each quarter of SFY 2026, beginning with 3,831 providers in the first quarter and ending with 3,632 providers in the last quarter. This overall decline was caused by constant declines in both licensed home providers and informal providers during the year, with the number of homes declining from 1,839 in the first quarter to 1,701 in the last quarter, and the number of informal providers declining from 169 to 119 in the last quarter. In the meantime, the number of centers declined from 1,823 in the first quarter to 1,787 in the second

quarter but rose to 1,812 by the last quarter. Though the number of providers caring for children receiving scholarships is highest in the first quarter, the July number is typically lower 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 Child Care Scholarship Children in SFY 2026 and SFY 2027

Provider Type	SFY 2026 Q1 Total	SFY 2026 Q2 Total	SFY 2026 Q3 Total	Apr.-26	May-26	Jun.-26	SFY 2026 Q4 Total	SFY 2026 Total	Jul.-26*
Licensed Centers	**1,823**	**1,787**	**1,791**	1,779	1,775	1,783	**1,812**	**1,899**	1,509
Licensed Homes	**1,839**	**1,754**	**1,727**	1,665	1,645	1,641	**1,701**	**1,987**	1,612
Informal Providers	**169**	**150**	**141**	114	114	110	**119**	**203**	103
Total Providers	**3,831**	**3,691**	**3,659**	**3,558**	**3,534**	**3,534**	**3,632**	**4,089**	**3,224**

Source: Data retrieved from CCATS on August 10, 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 (Table 8) and per-child spending (Table 9) by income level for SFY 2026 and July of SFY 2026 and pertains only to payments for child care provided within the specific months. Table 8 shows that of the $546.9 million in total SFY 2026 expenditures as of August 10, 2026, the largest share was allocated to children from households earning at or below 60% of SMI. As shown in Table 9, the average CCS expenditure per child in SFY 2026 was $10,305. The average cost per child in July 2026 was $1,430 and, with the increase in reimbursement rates we project that this average annual cost per child will increase to approximately $11,087 per year. [1]

Table 8: Child Care Scholarship Expenditure ($) in SFY 2026 and SFY 2027 (as of August 10, 2026)

Income Category	SFY 2026 Q1 Total	SFY 2026 Q2 Total	SFY 2026 Q3 Total	Apr.-26	May-26	Jun.-26	SFY 2026 Q4 Total	SFY 2026 Total	Jul.-26
0 to < 10% SMI	**14,439,416**	**12,694,379**	**13,006,083**	4,728,984	4,605,205	5,536,962	**14,871,150**	**55,011,027**	5,983,786
10% to < 20% SMI	**16,517,145**	**13,574,614**	**12,914,737**	4,566,522	4,274,155	4,992,990	**13,833,666**	**56,840,162**	5,162,630
20% to < 30% SMI	**32,722,516**	**27,660,271**	**26,845,128**	9,200,955	8,659,660	10,101,503	**27,962,118**	**115,190,033**	10,433,337
30% to < 40% SMI	**32,560,797**	**27,716,423**	**27,537,752**	9,767,639	9,244,279	10,928,581	**29,940,500**	**117,755,473**	11,448,563
40% to < 50% SMI	**25,743,660**	**21,933,811**	**21,760,344**	7,711,373	7,305,843	8,734,312	**23,751,528**	**93,189,343**	9,207,644
50% to < 60% SMI	**17,922,856**	**15,315,448**	**15,510,777**	5,476,040	5,251,637	6,311,058	**17,038,735**	**65,787,815**	6,626,258
60% to < 70% SMI	**6,982,919**	**6,116,998**	**6,703,103**	2,572,704	2,540,656	3,251,285	**8,364,646**	**28,167,665**	3,542,420
70% to < 80% SMI	**2,346,874**	**2,975,996**	**3,791,818**	1,490,544	1,522,185	1,953,316	**4,966,044**	**14,080,733**	2,150,924
80% SMI and Higher	**259,499**	**196,043**	**183,473**	76,189	74,999	99,658	**250,846**	**889,862**	115,969
Total Expenditures	***149,495,682***	***128,183,983***	***128,253,216***	***45,590,949***	***43,478,618***	***51,909,665***	***140,979,233***	***546,912,113***	***54,671,532***

[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.

Source: Data retrieved from CCATS on August 10, 2026.

Table 9: Average Child Care Scholarship Cost ($) Per Child in SFY 2026 and SFY 2027

Income Category	SFY 2026 Q1 Total	SFY 2026 Q2 Total	SFY 2026 Q3 Total	Apr.-26	May-26	Jun.-26	SFY 2026 Q4 Total	SFY 2026 Total	Jul.-26*
0 to < 10% SMI	**2,675**	**2,583**	**2,684**	1,071	1,062	1,218	**2,952**	**7,417**	1,355
10% to < 20% SMI	**2,700**	**2,564**	**2,651**	1,049	1,021	1,191	**2,946**	**7,693**	1,299
20% to < 30% SMI	**2,980**	**2,838**	**2,941**	1,139	1,115	1,294	**3,238**	**8,745**	1,416
30% to < 40% SMI	**2,961**	**2,820**	**2,912**	1,146	1,112	1,308	**3,255**	**8,642**	1,434
40% to < 50% SMI	**2,914**	**2,755**	**2,861**	1,118	1,094	1,292	**3,193**	**8,374**	1,439
50% to < 60% SMI	**2,912**	**2,756**	**2,852**	1,091	1,071	1,278	**3,143**	**8,468**	1,427
60% to < 70% SMI	**2,707**	**2,538**	**2,638**	1,062	1,036	1,277	**3,126**	**7,696**	1,427
70% to < 80% SMI	**2,543**	**2,613**	**2,738**	1,072	1,070	1,285	**3,159**	**7,991**	1,445
80% SMI and Higher	**2,317**	**2,021**	**2,016**	977	974	1,107	**2,640**	**5,174**	1,303
Overall	***3,060***	***2,936***	***3,046***	***1,136***	***1,102***	***1,292***	***3,340***	***10,305***	***1,430***

Source: Data retrieved from CCATS on August 10, 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 State Median Income (SMI) category. Table 10 demonstrates that 74.3% (6,127) of the children on the CCS program waitlist reside in the state's four most populated counties. Specifically, Prince George's County (1,606 or 19.5%), Baltimore County (1,432 or 17.4%), Montgomery County (1,418 or 17.2%), Baltimore City (1,082 or 13.1%), and Anne Arundel County (588 or 7.1%). 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, 78.2% of the children on the waitlist are from families with incomes below 50% of the SMI. The largest number of children, 1,666 (20.2% of the total), are from families with incomes in the 30% to 40% SMI category, closely followed by 1,553 children (18.8%) from families with incomes in the 20% to 30% SMI category, and 1,391 children (16.9%) from the 40% to 50% SMI category.

Table 10: Children on the CCS Program Waitlist as of July 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	-	15	9	5	4	6	6	3	**48**
Anne Arundel County	71	79	103	119	84	66	49	17	**588**
Baltimore City	129	163	220	210	175	106	57	23	**1,083**
Baltimore County	166	157	280	291	260	145	92	41	**1,432**
Calvert County	11	3	8	19	10	7	2	4	**64**

[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	-	3	9	11	5	-	4	-	**32**
Carroll County	12	21	31	27	9	8	7	2	**117**
Cecil County	13	15	26	21	22	8	6	4	**115**
Charles County	27	44	45	53	66	40	26	14	**315**
Dorchester County	3	14	13	7	5	2	2	-	**46**
Frederick County	17	29	54	44	39	19	16	6	**224**
Garrett County	2	-	1	2	2	6	1	-	**14**
Harford County	17	30	50	47	50	20	15	8	**237**
Howard County	23	41	41	75	34	41	26	11	**292**
Kent County	2	3	4	4	1	-	2	-	**16**
Montgomery County	146	134	217	265	263	181	138	74	**1,418**
Prince George's County	143	184	300	327	272	178	147	55	**1,606**
Queen Anne's County	-	-	5	7	1	1	4	-	**18**
Saint Mary's County	4	7	37	20	7	9	1	1	**86**
Somerset County	5	8	16	9	2	-	-	-	**40**
Talbot County	2	5	6	7	5	2	4	1	**32**
Washington County	24	22	35	47	36	24	18	2	**208**
Wicomico County	18	16	28	38	37	20	11	1	**169**
Worcester County	5	5	15	11	2	2	-	3	**43**
Total	**840**	**998**	**1,553**	**1,666**	**1,391**	**891**	**634**	**270**	**8,243**

Source: Data retrieved from CCATS on August 10, 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 July 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	7	6	2	3	3	4	1	**26**
Anne Arundel County	45	50	79	92	64	49	36	13	**428**
Baltimore City	90	109	166	163	149	86	46	19	**828**
Baltimore County	115	97	188	216	207	116	79	30	**1,048**
Calvert County	7	1	3	13	5	5	1	3	**38**
Caroline County	0	1	6	9	5	0	2	0	**23**
Carroll County	9	12	19	17	9	5	4	2	**77**
Cecil County	10	10	16	15	16	8	5	3	**83**
Charles County	18	30	33	38	41	34	21	13	**228**
Dorchester County	3	10	12	6	4	2	1	0	**38**
Frederick County	13	16	32	30	26	15	13	3	**148**
Garrett County	2	0	1	2	1	2	1	0	**9**
Harford County	11	21	35	36	36	17	12	6	**174**
Howard County	20	28	32	52	22	31	18	8	**211**
Kent County	1	2	3	3	1	0	1	0	**11**
Montgomery County	103	93	153	180	199	133	96	53	**1,010**
Prince George's County	95	134	201	252	206	141	116	41	**1,186**
Queen Anne's County	0	0	5	5	1	1	2	0	**14**
Saint Mary's County	2	3	22	14	6	7	1	1	**56**
Somerset County	4	5	11	7	2	0	0	0	**29**
Talbot County	2	3	5	6	4	2	3	1	**26**
Washington County	16	13	25	36	24	17	12	2	**145**
Wicomico County	13	14	21	29	27	16	10	1	**131**
Worcester County	4	5	10	7	2	2	0	3	**33**
Total	**583**	**664**	**1,084**	**1,230**	**1,060**	**692**	**484**	**203**	**6,000**

Source: Data retrieved from CCATS on August 10, 2026.

5. Outreach Efforts to Families on the Waitlist

The Child Care Scholarship Program entered a partial program enrollment freeze on May 1, 2025. The categories which are exempt from the freeze include:

1. Families receiving Temporary Cash Assistance (TCA) benefits;
2. Families receiving Supplemental Security Income (SSI) benefits; or
3. Families who are active participants who would like to add siblings to their case

As of July 1, 2026, House Bill (H.B.) 849 went into effect, which included a new exempted category: families experiencing homelessness. Additionally, HB 849 established new prioritization categories for families to be issued scholarships from the waitlist once funding is available. The following reflects efforts to update families on the waitlist and their status:

1. On June 25, 2026, all families on the waitlist were sent email notification of CCS Program Changes.
2. On July 1, 2026, families on the waitlist who identified themselves as experiencing homelessness under the McKinney-Vento Act received notification to submit missing documents within the CCS Family Portal. The notification was sent via email and the CCS Family Portal Message Center. If families opted in for SMS messaging, then those families also received text messaging.
    a. Federal Child Care and Development Fund (CCDF) regulations require states to establish a grace period for families experiencing homelessness to verify certain information and to enroll in child care while certain documentation is obtained. In accordance with federal regulations, all families that self-identified as experiencing homeless category were issued 90-day scholarships. This means, immediate scholarship issuance was provided while the program awaits additional documentation.
3. On July 29, 2026,families whose income is under 10% of SMI received targeted notification to submit missing documents within the CCS Family Portal. The notification was sent via email and the CCS Family Portal Message Center. Families would have also received text messaging, with their consent. Families are allotted 30 days to return the required documentation.
4. On August 18, 2026, families whose income is between 10 and 20% of SMI received targeted notification to submit missing documents within the CCS Family Portal. The notification was sent via email and the CCS Family Portal Message Center. Families would have also received text messaging, with their consent. Families are allotted 30 days to return the required documentation.

6. Children and Families Awarded Scholarship from the Waitlist

While CCS enrollment has declined substantially since the waitlist was initiated in May 2025, the CCS program continues to operate with a partial enrollment freeze (waitlist). The program is under a "partial" enrollment freeze because families are exempt from the enrollment freeze if they are either experiencing homelessness or receive Temporary Assistance for Needy Families (TANF), Temporary Cash Assistance (TCA), or Supplemental Security Income (SSI) and meet all other eligibility requirements. Siblings of children already receiving a scholarship are also eligible to be added to an existing case.

The Maryland State Department of Education (MSDE) began issuing scholarships to children experiencing homelessness on the waitlist per *Child Care Scholarship Program – Freeze in Enrollment – Exceptions and Waitlist, H.B. 849, 2026 Reg. Sess. (Md. ch. 594, 2026)* on July 1, 2026. Families had 30 days to submit additional documentation to confirm continued eligibility for CCS. Due to the time allowed for document submission and verification, data on the number of children experiencing homelessness who have been awarded scholarships since July 1, 2026, will be included in future quarterly reports. We expect that enrollment data for this group of families will be available prior to the submission of the December 2026 quarterly report.

Further, as a result of the decline in CCS program enrollment, new scholarships are currently being offered to all children with income below 10% of state median income (SMI) in alignment with the prioritization criteria established in H.B. 849. MSDE anticipates awarding scholarships to children on the waitlist with income below 20% of SMI soon. Data on both groups of children will be included in future quarterly reports.