



# Early Care and Education Facility Fund

(P602504)

|               |                           |                      |                           |
|---------------|---------------------------|----------------------|---------------------------|
| Category      | Health and Human Services | Date Last Modified   | 05/20/24                  |
| SubCategory   | Health and Human Services | Administering Agency | Health and Human Services |
| Planning Area | Countywide                | Status               | Planning Stage            |

## EXPENDITURE SCHEDULE (\$000s)

| Cost Elements             | Total        | Thru FY24 | Rem FY24 | Total<br>6 Years | FY 25        | FY 26    | FY 27    | FY 28    | FY 29    | FY 30    | Beyond<br>6 Years |
|---------------------------|--------------|-----------|----------|------------------|--------------|----------|----------|----------|----------|----------|-------------------|
| Other                     | 4,000        | -         | -        | 4,000            | 4,000        | -        | -        | -        | -        | -        | -                 |
| <b>TOTAL EXPENDITURES</b> | <b>4,000</b> | <b>-</b>  | <b>-</b> | <b>4,000</b>     | <b>4,000</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>-</b>          |

## FUNDING SCHEDULE (\$000s)

| Funding Source               | Total        | Thru FY24 | Rem FY24 | Total<br>6 Years | FY 25        | FY 26    | FY 27    | FY 28    | FY 29    | FY 30    | Beyond<br>6 Years |
|------------------------------|--------------|-----------|----------|------------------|--------------|----------|----------|----------|----------|----------|-------------------|
| Current Revenue: General     | 4,000        | -         | -        | 4,000            | 4,000        | -        | -        | -        | -        | -        | -                 |
| <b>TOTAL FUNDING SOURCES</b> | <b>4,000</b> | <b>-</b>  | <b>-</b> | <b>4,000</b>     | <b>4,000</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>-</b>          |

## APPROPRIATION AND EXPENDITURE DATA (\$000s)

|                             |       |                          |       |
|-----------------------------|-------|--------------------------|-------|
| Appropriation FY 26 Request | -     | Year First Appropriation | FY25  |
| Cumulative Appropriation    | 4,000 | Last FY's Cost Estimate  | 4,000 |
| Expenditure / Encumbrances  | -     |                          |       |
| Unencumbered Balance        | 4,000 |                          |       |

## PROJECT DESCRIPTION

This project establishes the Early Care and Education (ECE) Facility Fund to provide financial resources and technical assistance to both family care providers and child care centers. The fund will support the expansion and enhancement of family care and child care facilities, thereby advancing the quality of early childhood education across Montgomery County. The fund will extend no-interest and forgivable loans to licensed EXCELS-rated child care providers, prioritizing those serving low-income and underserved communities within the County. A Community Development Financial Institution (CDFI) will be selected through a competitive process to create and manage the fund, ensuring that financial assistance and business support are delivered efficiently and effectively to eligible child care facilities. This strategic effort underscores Montgomery County's commitment to bolstering early childhood education infrastructure and making quality care accessible to all families across all income levels.

## ESTIMATED SCHEDULE

Pilot loan program expected to be administered in FY25.

## PROJECT JUSTIFICATION

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Child care is not only crucial for the healthy development and well-being of children but also serves as a cornerstone for the economic stability and productivity of working families. The vital role of child care as an economic driver and its impact on the well-being of children and working families was never more evident than during the COVID-19 pandemic. This period highlighted the indispensable support child care providers offer to working families, ensuring parents can fulfill their employment responsibilities, particularly those in essential roles. It also cast a spotlight on the financial vulnerabilities within the sector; many providers operate on tight margins, significantly constraining their capacity for facility investments to expand and enhance service quality. This financial reality poses a direct challenge to the availability and improvement of child care services, crucial for early childhood development outcomes, such as kindergarten readiness.

Montgomery County's ECE Facility Fund will work to meet the urgent and growing demand for accessible, high-quality child care. This initiative is particularly focused on empowering providers who cater to low-income and underserved communities, enabling them to expand and upgrade their facilities. The fund aims to bridge the gap for low-income families, ensuring equitable access to high-quality child care options in underserved areas. Child care not only serves as a backbone for economic productivity but is also critical in shaping the educational and social foundations of the County's youngest citizens. This initiative aligns with Blueprint for Maryland's Future by supporting equitable access to quality care and education for children who are in economically challenged households, special needs children, and children where quality options are limited.

The ECE Facility Fund represents a strategic intervention to support the sector's growth, quality enhancement, and financial sustainability. By offering flexible financial solutions through no-interest and forgivable loans, the fund is designed to address the diverse needs of child care providers, enabling them to invest in their facilities without prohibitive financial strain. This initiative ensures that child care providers can continue to offer vital services to the community, support the County's broader goals of economic vitality, educational excellence, and social equity. Through this fund, Montgomery County invests in its future, recognizing the foundational role of child care in supporting working families and fostering a resilient, inclusive community.

## **FISCAL NOTE**

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The project will be funded with \$4 million current revenue available from unspent balance in the Early Care and Education nondepartmental account.

## **COORDINATION**

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Department of Health and Human Services, Office of Management and Budget, nonprofit partners, community stakeholders, and private consultants