

VETOES

May 25, 1990

The Honorable Thomas V. Mike Miller, Jr.
President of the Senate
State House
Annapolis, Maryland 21401

Dear Mr. President:

In accordance with Article II, Section 17 of the Maryland Constitution, I have today vetoed Senate Bill 738.

This bill would expand the existing Child Care Facilities Direct Loan Fund within the Department of Economic and Employment Development to include a grant fund for family day care providers. An applicant for a grant could not receive more than \$500 per year and the total amount of money expended for grants under the fund could not exceed \$50,000 per year.

The Department of Economic and Employment Development has requested a veto because "the offering of grant funds rather than loans will represent a significant drain on the existing Fund." Under the existing Child Care Facilities Direct Loan Fund, interest from loans provide the major portion of the Fund's operating budget. In addition, repayments of these loans allow the Fund to be a revolving fund with revenue available in future years for new loan activities. Under the proposed grant fund, all interest income and repayment revenue will be lost and additional administrative and servicing costs will be incurred.

The bill is intended to assist family day care providers meet the new regulatory requirements governing day care. To ensure children receive care in a safe environment, the proposed family day care regulations would require providers to equip their homes with hard-wired smoke detectors, obtain criminal background checks, and receive first aid and child development training. Proponents are concerned that the increased cost associated with these regulations may discourage new providers and drive existing providers underground. Senate Bill 738 was introduced to help remove the financial disincentive to becoming a registered family day care provider.

I understand the need this legislation tries to address, and I support the sponsors' efforts. It is critical to both families and businesses that we meet the growing demand for affordable and quality child care.

I am concerned, however, that the unintended effect of this bill may be to adversely impact the existing Child Care Facilities Direct Loan Fund. In order to protect the existing loan fund, and at the same time offer assistance to family day care providers, I have directed the Department of Housing and Community Development (DHCD) to allocate \$50,000 of unrestricted funds to finance a pilot family day care grant program. Grants of up to \$500 each will be made to family day care providers for expenses on equipment, material, training, or other activities required to comply with State and local codes and regulations governing child care. The program will be developed by DHCD, in consultation with the Office for Children, Youth, and Families, the Department of