



Department of Commerce – Report on Child Care Special Loans

In accordance with p. 209 of the 2021 Joint Chairmen's Report

Submitted by
Maryland Department of Commerce

June 2021

Introduction

Page 209 of the 2021 Joint Chairmen's Report requested a report on the support provided to child care providers through the Maryland Economic Development Assistance Authority and Fund (MEDAAF). The Department of Commerce was asked to submit a report detailing how many child care providers have applied for assistance in the form of a child care special loan through the MEDAAF program and a list of any loans made to child care providers under the program in the past ten years, including the award amount, jurisdiction, and project description.

Maryland Economic Development Authority and Fund (MEDAAF) Child Care Special Loans

Economic Development Article §5-342 grants the Department of Commerce the ability to provide special loans to child care providers through the MEDAAF program. These loans may be made "to finance the expansion or improvement of child care services at child care facilities in the State."¹ The program was initially created as a stand alone loan fund in 1988 and was added as a capability within MEDAAF in 2000.

In the last ten years, Commerce has made six such loans. Below is a chart detailing each of those six.

Business Name	Business Location	Fiscal Year	Project Description	Project Costs	Status	Original Amount	Remaining Balance
Downtown Baltimore Child Care	Baltimore City	FY 2010	Renovation & Expansion	\$86,000	Paid in full	\$43,070	\$0
Successful Children Learning Center	Baltimore County	FY 2010	Renovations	\$8,000	Paid in full	\$8,000	\$0
Learning to Blossom Childcare	Baltimore City	FY 2011	Equipment & Furnishings	\$15,000	Paid in full	\$10,000	\$0
Temple Christian Academy, Inc.	Baltimore County	FY 2012	Equipment & Supplies	\$7,433	Paid in full	\$7,433	\$0
Toinette Thomas t/a Tiny Tots	Baltimore County	FY 2013	Renovation & Expansion	\$10,000	Paid in full	\$10,000	\$0

¹ Economic Development Article §5-342(b)

Successful Children Learning Center II	Baltimore County	FY 2014	Renovations	\$279,494	Work out ²	\$142,746	\$81,956
---	---------------------	------------	-------------	-----------	--------------------------	-----------	----------

The Chairmen have also requested that Commerce report on the total number of child care providers that have applied for assistance through this program. Commerce does not maintain records of conversations had regarding particular programs if the applicant is not eligible for the program. A child care provider may have contacted many people throughout the Department requesting assistance, but this particular program would have only been mentioned if they were potentially eligible. For that reason there are no formal “applications” for the program that were not approved.

Financial Support for Child Care Providers

It should be noted that while this specific capability of the MEDAAF program has not been widely utilized by child care providers, that is most likely due to the fact that it is not the correct tool to fit the needs of these businesses, and the Department has other available tools to assist. The MEDAAF program is not able to be used to provide working capital to businesses in need of assistance with expenses that occur in the ordinary course of operations. Often child care providers in need of assistance are not in need of funds for a renovation or expansion which could be funded through MEDAAF. When the program was created that may have been a more common need for these specific businesses, but Commerce now has other available tools, most notably the Small, Minority, and Women-Owned Businesses Account (SMWOBA), which are better suited to meet those needs. Commerce currently has contracts with eight Fund Managers throughout the State that administer funding awarded to them through SMWOBA which is funded through 1.5 percent of the proceeds from Video Lottery Terminals at each of the State’s casinos. The Fund Managers are able to provide flexible terms for loans to small, minority, and women-owned businesses and are therefore better able to meet these businesses needs than traditional bank loans, or other State funded programs such as the MEDAAF Child Care Special Loans.

² Represents a problem loan due to difficulties encountered by the borrower after the loan was made. When payment is past due 15 days but less than 90 the client is contacted and reminded to make payment. When payment becomes greater than 90 days past due the loan is escalated to the Project Manager/Finance specialist to contact the client to resolve outstanding issues. The loan may be modified or restructured to better fit the repayment ability of the business and assist its potential for success.