



**Caring For Maryland's Most  
Important Natural Resource™**

## **Maryland State Child Care Association**

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*The Maryland State Child Care Association (MSCCA) is a non-profit, statewide, professional association incorporated in 1984 to promote the growth and development of child care and learning centers in Maryland. MSCCA has over 5500 members working in the field of child care/early childhood education. We believe children are our most important natural resource and work hard to advocate for children, families and for professionalism within the early childhood community.*

### **Testimony: HB 859: Access to Health Insurance for Child Care Professionals-Outreach and Qualifying Nonprofit Satellite Organizations Submitted to: Budget and Taxation Committee March 27, 2025**

MSCCA enthusiastically supports HB 859.

Health care benefits are critical for the early childhood education and care workforce because access to necessary medical treatment when needed ensures the health and well-being of the essential child care professional workforce, which is vital for providing quality care to children. Child care businesses are declining in Maryland.

Health care and other benefits help to attract and retain employees in a field often plagued by low wages and high turnover rates; a healthy caregiver can better support the development of young children. HB 859 supports a collaborative approach to ensure outreach and opportunities for access to health insurance for child care professionals.

There are many positive outcomes to offering health care benefits for child care professionals in the workforce including, but not limited to:

1. Reduced absenteeism: Access to healthcare allows caregivers to address health issues in a time sensitive manner, minimizing time off work due to illness.
2. Employee retention: Offering health benefits can significantly improve staff retention by making the job more attractive and demonstrating that the employer values their well-being.
3. Financial security: Health insurance helps protect caregivers from high medical costs in case of unexpected illness or injury.
4. Addressing workforce challenges: The child care industry often struggles with low wages, which can make it difficult for workers to afford private health insurance.
5. Child development impact: Healthy caregivers are better equipped to provide quality care and support children's development, especially in the early years when interactions with adults are crucial.

Early childhood education and care professionals need access to affordable health care to realize their own best health and to best serve the children.

Child care is a public good, and an economic and equity imperative. The Child care workforce is enthusiastic about the work they do; however low compensation and a lack of benefits are major sources of turnover. Turnover in the child care industry is high, and it is a skilled, labor-intensive job for which workers receive low pay and limited or no benefits. A lack of benefits and workplace support are driving child care workers out of the field. HB 859 is a key step towards health benefits and resources for child care workforce.

According to the Center for Law and Social Policy a recent analysis showed that just 20.7 percent of child care workers have access to employer-sponsored health insurance compared with 52.2 percent of workers across all sectors. Additionally, only 10.2 percent of child care workers had a pension or other retirement plan through their employer, whereas 35.0 percent of workers across all sectors.

Our Maryland Comptroller in her State of the Economy series studied child care in Maryland and its impact on the economy and labor participation rates.

<https://marylandtaxes.gov/reports/static-files/research/childcare.pdf>

Child care prices are high in large part because provider costs are high. Child care providers operate on tight profit margins, usually less than 1%. - these margins do not allow small businesses to provide health care benefits. HB 859 will begin the steps to a shared service model for critical benefits.

Nationally, one-fifth of child care workers have employer-sponsored health insurance (compared to half of all workers), and one in ten child care workers have retirement benefits (compared to one-third of workers overall). 12.5%, higher than the average across all industries of 10.7%.

In Maryland, they earned an annual average salary of \$34,410 in 2023, less than half of the average wage across all occupations of \$73,620.

Further, child care workers earn less than half the salary of a public-school teacher in Maryland (\$79,400 on average), despite working year-round in a critical workforce area of need. They cannot afford health insurance or save for retirement. Many qualify for the state benefits, however, do not have the support and awareness to access support available.

The child care workforce is primarily small businesses or self-employed in family child care homes owned and operated by women. Most of these small businesses and their employees lack access to affordable health care coverage options. According to the Center for Law and Social Policy, *nationally, 16 percent of child care workers under age 65 are uninsured, compared to 13.3 percent among all uninsured adults under age 65. The rates of uninsurance for child care workforce in the twelve states have not yet expanded. Medicaid is almost three times as high (30.6 percent) as in expansion states (10.3 percent). This disproportionately affects women of color, as they comprise 40 percent of the early childhood workforce and are more likely to work in early childhood than the K-12 system.*

HB 859 is an innovative collaboration of support for access to health insurance, which will assist child care professionals and businesses navigate the options and opportunities that best fit the budget needs of the diverse workforce as it is difficult to compete as small business for health care benefits due to affordability and economies of scale.

HB 859 builds a HUB model to support shared services and resources. The workforce is in decline and the time to act is now to support the early childhood education and care workforce through innovative collaboration, new initiatives outlined in HB 859.

The Comptroller of Maryland's recent State of the Economy concludes *Child care is a fragile market that requires government intervention to enable providers – often small businesses – to succeed and enable parents with young children to work. Child care challenges can create significant headwinds for equitable economic growth.*

Hb 859 is a step in the right direction to addressing the workforce decline and compensation issues that impact small child care businesses by creating a collaboration and outreach model for health care benefits.

Maryland State Child Care Association requests a favorable report.