

## **HB 859 Access to Health Insurance CC testimony Ma**

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Position: FAV



**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.

# **SEIU Local 500 Testimony on HB 859 (Senate Crossov**

Uploaded by: Christopher Cano

Position: FAV



Testimony - HB 859, Access to Health Insurance for Child Care Professionals -  
Outreach  
Favorable  
Senate Budget & Tax Committee  
March 27, 2025  
Christopher C. Cano, MPA  
Director of Political & Legislative Affairs on Behalf of SEIU Local 500

Honorable Chairman Guzzone & Members of the Senate Budget & Tax Committee:

SEIU Local 500 represents over 23,000 workers across Maryland including family child care providers. Our members have a role in the lives of Marylanders from cradle to career. We wish to express our strong support for Maryland House Bill 859, which takes a crucial step toward improving access to health insurance for child care professionals across Maryland.

Child care providers play a vital role in our communities, nurturing and educating our youngest learners while enabling parents to participate in the workforce. Yet, despite their essential contributions, many child care professionals struggle to access affordable health insurance. HB 859 addresses this disparity by enhancing outreach and support, expands eligibility for health benefits, and strengthens the child care workforce.

Providing affordable health insurance is not just a moral imperative—it is also an economic necessity. The child care industry is facing a workforce crisis, with many providers leaving the profession due to financial insecurity. Access to health insurance will help attract and retain qualified professionals, ensuring Maryland families have access to high-quality child care.

By passing HB 859, Maryland will take a significant step toward recognizing and valuing the dedication of child care professionals. This legislation aligns with the state's broader efforts to strengthen early childhood education and workforce development.

We urge the committee to issue a favorable report on HB 859 and thank Delegate Solomon for his leadership on this issue.

Thank you for your time and consideration.

Christopher C. Cano, MPA  
Director of Political & Legislative Affairs  
SEIU Local 500

## **HB859\_Solomon\_Senate \_ FAV.pdf**

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DEPUTY SPEAKER PRO TEM

Appropriations Committee

*Subcommittees*

Chair, Oversight Committee  
on Personnel

Capital Budget

House Chair, Joint Audit and  
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## THE MARYLAND HOUSE OF DELEGATES ANNAPOLIS, MARYLAND 21401

### **HB 859 - Access to Health Insurance for Child Care Professional Senate Budget & Taxation Committee March 27, 2025**

Good afternoon Chair Guzzone, Vice Chair Rosapepe, and esteemed colleagues. Thank you for the opportunity to present today on HB 859.

To protect our state's childcare investments and help stabilize and strengthen the childcare workforce, HB 859 will:

- Allow non-profit childcare providers who receive more than two thirds of their operating budget from local, state or federal governments to participate and enroll their employees in the state health insurance plan, including medical, dental, and prescription coverage.
- Require MSDE to work with the Maryland Health Benefit Exchange to promote access to health insurance for child care professionals by partnering with the PreK provider Hubs, Child Care Associations, and relevant nonprofit organizations to:
  - Help child care professional obtain insurance coverage through the Benefits Exchange;
  - Help those who are eligible enroll in Medicaid or for those who lose Medicaid, transition to other health insurance options;
  - Help ensure health plan options meet the budget and coverage needs of child care professionals; and
  - Provide information, resources, or additional support as needed for child care professionals in need of insurance.

The Maryland Comptroller recently found that more than 1,000 child care programs closed during the Covid-19 pandemic and the number of family child care providers in Maryland is projected to decrease by about 41% from 2023 to 2026.<sup>1</sup> Staffing shortages are one of the primary reasons both child care centers and family childcare homes close. The low wages and lack of benefits serve as powerful disincentives for child care professionals and contribute to high turnover rates in the industry.



The Maryland Family Network found that 28% of center-based staff in Maryland left their positions between January 2023 and December 2023. In Maryland, the turnover rate for childcare workers in 2022 was 12.5%, higher than the average across all industries of 10.7%. However, the turnover rate in Maryland is consistent with pre-pandemic levels which was 12.9% in 2019. A shrinking workforce with relatively stable turnover rates suggests that new workers are not entering the field at previous rates.<sup>ii</sup>

In addition to high turnover being a challenge for providers, high turnover can affect the quality of childcare programs. Children are unable to forge a secure attachment with their teachers which negatively effects their social, emotional, and language development.<sup>iii</sup> Of the staff who left their childcare centers, 42% cited low wages as the reason and 15% highlighted lack of health benefits.

The salaries of childcare workers continue to be low when compared to other occupations – ranging between \$8.37 and \$20.16 per hour or annualized to \$17,402 to \$41,936.<sup>iv</sup> A minimum wage worker in Maryland earns \$27,560. In Baltimore, a fast-food cook earns a base salary of \$13.90 an hour (or \$28,911/year) and kindergarten teachers earn \$79,420. Moreover, based on current trends, by 2028 family childcare provider income is projected to grow by only 7%. Directors' salaries are projected to grow 1%, center teachers will increase by 1%, and the salary of aides is projected to decrease by 1%.<sup>v</sup>

Further, health insurance, paid time off, and retirement savings are minimal. Child care workers are typically offered few or no 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).<sup>vi</sup> Nationally, 16% of childcare workers under age 65 are uninsured, compared to 13.3% among all uninsured adults under age 65 in 2019. This disproportionately affects women of color, as they comprise 40% of the early childhood workforce and are more likely to work in the early childhood system.<sup>vii</sup>

Significantly more experience and training are required to become a licensed child care worker than other similarly paid positions in sectors such as retail, hospitality, and warehousing. In Maryland, where there are more job openings per job seeker than in surrounding states and the U.S., there are more alternative jobs and career paths for prospective childcare workers to pursue.<sup>viii</sup>

Over the last few years, Maryland has made tremendous progress in our childcare system moving from one of the worst to one of the best in the nation. 2018 marked the beginning of improvements to the system, including legislation mandating scholarship rates rise from the 9<sup>th</sup> percentile of the market to at least the 60<sup>th</sup> percentile, and a regulatory expansion of family income eligibility from approximately \$35,000 to \$72,000 for a family of four. July 2022 saw scholarship rates increase to the 70<sup>th</sup> percentile of the market, income eligibility expanded to slightly more than \$90,000 for a family of four, and parental copayments were eliminated for many families and drastically reduced for all others. State and federal funds have facilitated

many of these improvements. We've seen enrollment nearly triple to almost 45,000 from a COVID low in the scholarship program.

As you can see from the testimony submitted and the witnesses with us today, this bill is supported by childcare centers, family day care homes, community leaders, and parents. Modeled off of best practices in places like Louisiana and Washington state, this bill will help child care providers and their staff navigate the complicated health insurance system and hopefully find affordable coverage. This will strengthen our delivery system by enhancing the health and financial security of child care professionals, critical for attracting and retaining qualified staff in a competitive market. The bill passed the House 109-29 and I ask for a favorable report on HB 859.

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<sup>i</sup> <https://www.marylandfamilynetwork.org/sites/default/files/2024-02/trends2024%20final.pdf>

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

<sup>iii</sup> Ditto.

<sup>iv</sup> Ditto.

<sup>v</sup> <https://www.marylandfamilynetwork.org/sites/default/files/2024-02/trends2024%20final.pdf>

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

<sup>vii</sup> <https://www.clasp.org/publications/report/brief/state-opportunities-to-provide-health-care-coverage-for-child-care-professionals/>

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