



**Testimony Concerning HB 375 – Labor and Employment -
Family and Medical Leave Insurance Program - Establishment**

Submitted to House Economic Matters Committee

February 16, 2021

Position: Support with Amendments

The Maryland State Family Child Care Association (MSFCCA) is a non-profit association advocating on behalf of approximately 4700 registered family child care providers and 140 large family child care homes in Maryland. These small businesses are a vital part of the child care delivery system in Maryland and a significant portion of the child care programs that remained open to essential personnel during the COVID-19 Pandemic. As a workforce, family child care providers care for approximately 50% of children under two in Maryland in addition to large numbers of preschool to school-age children as well. These small programs have seriously struggled making ends meet over the last year due to reduced enrollments as a result of COVID-19. The idea of even the smallest *mandatory* increase in operating expenses for our members is firmly opposed.

Registered family child care providers typically work alone in their homes, in small mixed-age groups. HB 375 would give these self-employed providers the *opportunity* to enroll in the Family and Medical Leave Insurance Program *voluntarily*. There are however, significant numbers of family child care providers that *have employee(s)*, which allow them to care for larger groups of children, attend classes, or appointments as needed during child care hours. These employees may serve as co-providers/additional adults/substitutes, working alongside the provider or in place of the provider. HB 375 as written, would “*require*” these providers to participate and enroll themselves and their employee(s) in the Family and Medical Leave Insurance Program. In other words, a family provider with up to eight (8) children and an employee(s), or a large family child care with up to twelve (12) children and an employee(s) would *NOT* have a *choice* in enrollment, they would be “*required*” to participate. This would force them to pay 100% of the cost for themselves and 50% of the cost for their employee(s). This financial hardship on small businesses that already have limited and fluctuating incomes is unwise, especially considering the added financial struggles of

COVID-19. The likely outcome of this mandated enrollment will be to terminate the employee(s) or limit the hours they work so as to not go over the threshold for enrollment. As a result, children could be terminated from programs that no longer use these extra employees. This will impact families and force them to once again be in search of quality child care in a system where a serious shortage of programs already exists, especially for children under two years old.

MSFCCA is once again asking that the threshold required to participate in the Family and Medical Leave Insurance Program (*currently ONE employee*) be more in line with the Maryland Healthy Working Families Act, that requires employers with “15 or more” and the Maryland Parental Leave Act which requires employers with “15 to 49” employees to participate. MSFCCA would even support a lower number, as long as it is more than a few. This would ensure that the Family and Medical Leave Insurance Program would remain *voluntary* for small businesses with only a few employees. It is important to note that according to HB 375 as written, employees who are mandated to participate and work fewer than 680 hours per year may never benefit from the program. This is because it is a current requirement in the Bill that in order to use the benefits you have to work at least 680 per year. This means many will be forced to pay for a program they may never use.

Another issue for MSFCCA with HB 375 is that family child care providers who voluntarily enroll in the Family and Medical Leave Insurance Program, are required to commit for three years. This is an onerous commitment for small businesses that on any given day can lose one or more of their clients and have it significantly reduce their income. A more suitable option would be a smaller commitment, such as one year or even an “*opt-out*” clause in the event of financial hardship or loss of income.

MSFCCA appreciates the opportunity to comment on this legislation and understands that the intent of HB 375 is to help families in challenging situations; but realistic options for smaller business must be part of the conversation. There have been discussions minimizing the financial impact of this program. Though we have not been given a definitive cost for this coverage, it should be conveyed that even a few dollars per week for an employer and employee adds up. This reinforces our opinion that increasing operating expenses on small business is not good policy at this time.

As always we favor support systems for Maryland families, but only if they produce reasonable outcomes for all. Therefore, MSFCCA on behalf of our members can only Support HB 375, the Family and Medical Leave Insurance Program with the attached Amendments and ask for your support on this matter. Feel free to contact Rebecca Hancock, the Vice President of MSFCCA at 240-299-0222 to answer any questions concerning this testimony and Amendments.