Testimony Concerning SB 211 – Labor and Employment - Family and Medical Leave Insurance Program - Establishment

Submitted to Senate Finance Committee

January 28, 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 child care programs that remained open to essential personnel during the COVID-19 Pandemic. As a workforce, our members normally care for approximately 50% of all children under the age of two in Maryland. As an association, we are seeing our members struggle to make ends meet but continue to operate with reduced enrollments due to COVID-19. Family providers have always dealt with fluctuating enrollments affecting their incomes, but the last 10 months have been devastating to these small businesses.

Registered family child care providers typically work alone in their homes, in small mixed-age groups. SB 211 would offer these self-employed providers the ***opportunity*** to enroll in the Family and Medical Leave Insurance Program ***voluntarily***. However, there are significant numbers of family child care providers that *have an employee(s),* which may allow them to care for a larger group of children, attend classes, or other 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. SB 211 as written, would ***"require"*** these providers to participate and enroll themself 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,* they would be ***"required"*** to participate. This would force them to pay 100% of the cost for themself and 50% of the cost for their employee(s). This financial hardship on small businesses that already have limited and fluctuating incomes is not in their best interest, not to mention the added financial struggles we see that have happened as a result of COVID. A likely outcome of this mandate would be to terminate the employee(s). That, in turn may result in terminating children from programs. This can impact families and will force them to struggle to find quality child care in a system where a serious shortage of programs already exists, especially for children under two years old.

For this reason, MSFCCA is 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 changing the threshold to"5" or more" employees. This would make sure that the Family and Medical Leave Insurance Program remained ***voluntary*** for all small businesses with only a few employees and fluctuating hours. It is important to note that according to SB 211 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 disadvantage of SB 211 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.

MSFCCA appreciates the opportunity to comment on this legislation and understands that the intent of SB 211 is to help families in challenging situations; but realistic options for smaller businesses must be part of the conversation. There has been discussions downplaying the financial commitment this program would require. Even though we have not been given a definitive cost, it has been suggested that it may be under a few dollars for the employer and the same for the employee per pay period. It is important that any increase to operating expenses at this time is too much for struggling small businesses.

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 SB 211, 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.