



**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 4500 members working in the field of early childhood. 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: SB 782
Workgroup on the Post-COVID-19 Crisis Economic Transition
Position: FAVORABLE
Submitted to: Finance and Budget and Taxation Committees
March 1, 2022**

Esteemed Members of the Finance and Budget and Taxation Committees, the Maryland State Child Care Association supports Senate Bill 782 to establish a comprehensive, short-term workgroup to study and make recommendations regarding how the State may adjust or transition economic development strategies in the context of changes resulting from pandemic crisis in certain sectors, including the child care industry. We appreciate the recognition of the child care community by Senator Hester and Senator Rosapepe as a necessary component of economic recovery and for the commitment of the General Assembly to child care issues.

Child care in Maryland is private business providing a public good. It is a necessary economic imperative. Maryland's child care industry is comprised of over 7,000 mostly small businesses, primarily women owned and operated. Child Care is a two-generation workforce issue, essential to support the workforce and important to develop the workforce of tomorrow. Parents rely on consistent childcare to enter or remain in the workforce, however access to affordable, quality childcare is difficult for many, and the pandemic has exacerbated access issues. Maryland has lost 855 child care businesses since March 2020 - the onset of the pandemic. According to MSDE, Maryland went from 8,003 child care businesses in January 2020 to 7,078 in December 2021. A loss of 925 businesses and tens of thousands of slots for children now gone.

The recent Division of Early Childhood budget analysis conveyed concerning data. MSDE reported declining licensed child care slots in Maryland. There was a net reduction of 12,846 licensed child care slots between fiscal 2016 and 2021. However, just from fiscal 2020 to 2021 alone, child care capacity fell by 10,570 licensed slots, accounting for 82.3%. This sharp decline in capacity highlights how the pandemic has accelerated program closures.

The child care industry has not recovered from the pandemic and was tenuous prior to the pandemic. According to the federal Bureau of Labor and Statistics, about 11% fewer people are working in child care services now than in February 2020. In Maryland, MSDE reports that over 97% of licensed child care is open, however of the businesses open, 44% of businesses are under 50% enrolled. Additionally, numerous programs have demand for services, but cannot open space/classrooms due to the critical workforce shortages plaguing small business, especially the child care industry. Providers and advocates say recruiting and retaining workers is now one of their biggest challenges.

The Department of Health and Human Services recommends child care costs equal no more than 7% of a household budget. Unfortunately, with the price increases, child care expenses now make up at least 10% of the median household income for married couples with children under 18, according to Child Care Aware. And for single parents, costs can take up as much as 35% of the household budget. For many, that's simply unsustainable.

According to the National Women's Law Center, women have been particularly hard hit with about a million women missing from the workforce compared with pre-pandemic levels. This inequity is due to primarily continuing school and childcare disruptions.

Senate Bill 782 will provide opportunity for a deeper dive and collection of data to inform recommendations from a variety of sectors working together for common economic goals. The Maryland State Child Care Association is appreciative of the inclusion of child care as a critical component of the Workgroup and supports the study with recommendations for economic development and transition strategies as COVID 19 requires our state to address pandemic related issues to ensure successful recovery.

We urge a favorable report.