



BILL: Senate Bill 0350 **DATE:** February 15, 2023
SUBJECT: Early Childhood Development - Child Care Scholarship Program - Funding **COMMITTEE:** Budget and Taxation
POSITION: Support
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The Maryland State Department of Education (MSDE) urges a favorable report from the committee on Senate Bill 350, Early Childhood Development - Child Care Scholarship Program – Funding, which provides much-needed stability to the child care community by maintaining, at minimum, the current reimbursement, eligibility, and co-payment structure for the Maryland Child Care Scholarship program.

The MSDE Division of Early Childhood supports over 7,000 child care service providers in Maryland. Over 2,500 of these service providers participate in the child care scholarship program, which supports over 12,000 families and over 20,000 children, an increase over pre-pandemic levels. Child care providers and their employees often work payment to payment and even now are in a precarious situation at a time when we are trying to recover from a global pandemic and get Maryland back on track.

A 2015 report from the Economic Policy Institute, for example, shows that average child care worker salaries are less than the pay of dog walkers. We entrust the child care community with the important role of caring for our children. The Blueprint for Maryland’s Future and the long-term success of Maryland’s children and families pivot on the State’s ability to ensure that children are well-prepared for pre-kindergarten and kindergarten. Ensuring safe, affordable access to high-quality child care is the pathway to do so and the child care scholarship program underpins that effort.

During the pandemic, Maryland leveraged American Rescue Plan resources to increase program accessibility by reducing the eligibility cutoff and increasing the provider reimbursement rate. MSDE increased the income eligibility for families to 75% of the State median income for initial program applications and increased provider reimbursement rates to the 70th percentile of market rates. The change in rates began in the last quarter of FY 2022.

Even these adjustments put Maryland behind the federal recommended levels, which encourage states to use cost modeling that factors in all the inputs and costs of providing safe, quality child care including compensation of teachers and directors. The federally recommended level is the 75th percentile of current market rates, which is the level designed to give families access to 75 percent of the providers in their community.

Senate Bill 350 enshrines the commitments Maryland made to its child care community during the pandemic and sets the floor on reimbursement and eligibility rates to provide a guarantee to the child care community and Maryland's children and families so that they have a place and a path for receiving access to affordable quality care. Failure to enact this legislation makes child care scholarship funding subject to annual fluctuation – an instability the community cannot afford and one that jeopardizes the State's ability to protect and provide for its children and families.

We respectfully request that you consider this information as we urge a favorable report on Senate Bill 350. Please contact Justin Dayhoff, at 410-767-0439, or justin.dayhoff@maryland.gov, for any additional information.