



**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 5000 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: SB 881 Child Care Providers and Employees-Bonuses-Alterations Submitted to: Budget and Taxation Committee March 15, 2023

Maryland State Child Care Association fully supports SB 881. We thank the sponsor for her leadership and support of the child care industry, children and families. This bill will continue the effort to support the struggling child care sector with retention bonuses to all current licensed and credentialed staff as well as staff entering the state credentialing system. SB 881 includes funding for new hire bonuses available to all hired staff from one year of the date of enactment. Additionally, this legislation includes a \$500 new hire assistance fund payable to the child care provider/facility to cover the costs of advertising a position, licensure and certification costs, background check processing, or first month's salary. We are competing with Starbucks, Target and DC for employees as child care lacks sufficient compensation and benefits. Child care is on backs of parents as a tuition dependent business. SB 881 continues the efforts of HB 1100 codified for one year bonuses in law in 2022, which have still not been distributed to the essential child care workforce yet.

The child care industry continues to struggle with critical workforce shortages and the recovery has lagged behind other businesses. Federal funds for stabilization and rescue efforts for the child care industry have been life saving for many, however most in child care industry continue to struggle.

The majority of child care expenses are fixed and have skyrocketed. Most child care businesses spend between 60-70% of revenue on staffing. They cannot operate any part of their business remotely, they cannot automate or change practices to adjust, and they must maintain adherence to strict teacher to child staffing ratios. As a top-three household expense for families already, raising tuition is a last resort and simply untenable for many child care providers. Child care workers have long been underpaid and given fewer benefits like health insurance.

The child care industry has not fully recovered from the pandemic and was tenuous prior to the pandemic. According to MSDE, child care has lost over 800 programs, still down from pandemic about 9%. 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.

Child care workers have long been underpaid and given fewer benefits like health insurance. On average, child care workers in the US are paid \$13.51 per hour, according to the EPI analysis. This data aligns with Maryland average salary of \$27,000 per year for a child care teacher. That's nearly half of what the average US worker makes, at \$27.31 an hour. This often means that child care workers can't afford to support themselves or their families, resulting in higher rates of job turnover, decreased quality of care, and a greater risk for towns and cities to become child care deserts.

Many small businesses are struggling to compete with fast-food chains and big chain stores that are offering upwards of \$20 an hour. MSCCA conducted a workforce survey in October 2021 and the barriers and workforce issues included finding qualified staff, compensation, pandemic related issues, and lack of benefits.

MSCCA member, small business owner, Dr. Lisa Herbst owner of Wee Lad and Lassie and A Child's Garden located in Anne Arundel County shared this personal story:

“When I received the ARPA grant, I increased pay scale by 20% to fill 14 staff positions in two center locations. We had to because people could go to Kohls or McDonalds or Sam’s Club for jobs. We are competing for the few people that are willing and able to work. I don’t know how long I will be able to sustain the salaries, however, ultimately, I want to be able to pay employees what they deserve. It is critical considering the requirements of the job. This is highly skilled work. It requires being aware of growth and development, it requires being aware of social and emotional development, cognitive development and physical development...it requires having a lot of physical energy and stamina.”

The critical need is for more resources to better support parental needs for child care, to bolster and expand child care businesses, and to be able to improve the wages and benefits of child care professionals.

SB 881 provides an opportunity for additional support for businesses and deserved bonuses for the essential child care workforce. Although the fiscal note is less, every penny counts in child care and all support makes a difference.

MSCCA urges a favorable report.