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THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

HB 859 - Access to Health Insurance for Child Care Professional
February 20, 2025

Good afternoon Chair Pena-Melnyk, Vice Chair Cullison, and esteemed colleagues. Thank you for the opportunity to present today on HB 859.

To protect our state's childcare investments and help stabilize and strengthen the childcare workforce, HB 859 will:

- Allow non-profit childcare providers who receive more than two thirds of their operating budget from local, state or federal governments to participate and enroll their employees in the state health insurance plan, including medical, dental, and prescription coverage.
- Require MSDE to work with the Maryland Health Benefit Exchange to promote access to health insurance for child care professionals by partnering with the PreK provider Hubs, Child Care Associations, and relevant nonprofit organizations to:
 - Help child care professional obtain insurance coverage through the Benefits Exchange;
 - Help those who are eligible enroll in Medicaid or for those who lose Medicaid, transition to other health insurance options;
 - Help ensure health plan options meet the budget and coverage needs of child care professionals; and
 - Provide information, resources, or additional support as needed for child care professionals in need of insurance.

The Maryland Comptroller recently found that more than 1,000 child care programs closed during the Covid-19 pandemic and the number of family child care providers in Maryland is projected to decrease by about 41% from 2023 to 2026.¹ Staffing shortages are one of the primary reasons both child care centers and family childcare homes close. The low wages and lack of benefits serve as powerful disincentives for child care professionals and contribute to high turnover rates in the industry.

The Maryland Family Network found that 28% of center-based staff in Maryland left their positions between January 2023 and December 2023. In Maryland, the turnover rate for childcare workers in 2022 was 12.5%, higher than the average across all industries of 10.7%. However, the turnover rate in Maryland is consistent with pre-pandemic levels which was 12.9% in 2019. A shrinking workforce with relatively stable turnover rates suggests that new workers are not entering the field at previous rates.ⁱⁱ

In addition to high turnover being a challenge for providers, high turnover can affect the quality of childcare programs. Children are unable to forge a secure attachment with their teachers which negatively affects their social, emotional, and language development.ⁱⁱⁱ Of the staff who left their childcare centers, 42% cited low wages as the reason and 15% highlighted lack of health benefits.

The salaries of childcare workers continue to be low when compared to other occupations – ranging between \$8.37 and \$20.16 per hour or annualized to \$17,402 to \$41,936.^{iv} A minimum wage worker in Maryland earns \$27,560. In Baltimore, a fast-food cook earns a base salary of \$13.90 an hour (or \$28,911/year) and kindergarten teachers earn \$79,420. Moreover, based on current trends, by 2028 family childcare provider income is projected to grow by only 7%. Directors' salaries are projected to grow 1%, center teachers will increase by 1%, and the salary of aides is projected to decrease by 1%.^v

Further, health insurance, paid time off, and retirement savings are minimal. Child care workers are typically offered few or no benefits. Nationally, one-fifth of child care workers have employer-sponsored health insurance (compared to half of all workers), and one in ten child care workers have retirement benefits (compared to one-third of workers overall).^{vi} Nationally, 16% of childcare workers under age 65 are uninsured, compared to 13.3% among all uninsured adults under age 65 in 2019. This disproportionately affects women of color, as they comprise 40% of the early childhood workforce and are more likely to work in the early childhood system.^{vii}

Significantly more experience and training are required to become a licensed child care worker than other similarly paid positions in sectors such as retail, hospitality, and warehousing. In Maryland, where there are more job openings per job seeker than in surrounding states and the U.S., there are more alternative jobs and career paths for prospective childcare workers to pursue.^{viii}

Over the last few years, Maryland has made tremendous progress in our childcare system moving from one of the worst to one of the best in the nation. 2018 marked the beginning of improvements to the system, including legislation mandating scholarship rates rise from the 9th percentile of the market to at least the 60th percentile, and a regulatory expansion of family income eligibility from approximately \$35,000 to \$72,000 for a family of four. July 2022 saw scholarship rates increase to the 70th percentile of the market, income eligibility expanded to slightly more than \$90,000 for a family of four, and parental copayments were eliminated for many families and drastically reduced for all others. State and federal funds have facilitated many of these improvements. We've seen enrollment nearly triple to almost 45,000 from a COVID low in the scholarship program.

As you can see from the testimony submitted and the witnesses with us today, this bill is supported by childcare centers, family day care homes, community leaders, and parents. Modeled off of best practices in places like Louisiana and Washington state, this bill will help child care providers and their staff navigate the complicated health insurance system and hopefully find affordable coverage. This will strengthen our delivery system by enhancing the health and financial security of child care professionals, critical for attracting and retaining qualified staff in a competitive market. I ask for a favorable report on HB 859.

ⁱ <https://www.marylandfamilynetwork.org/sites/default/files/2024-02/trends2024%20final.pdf>

ⁱⁱ <https://marylandtaxes.gov/reports/static-files/research/childcare.pdf>

ⁱⁱⁱ Ditto.

^{iv} Ditto.

^v <https://www.marylandfamilynetwork.org/sites/default/files/2024-02/trends2024%20final.pdf>

^{vi} <https://marylandtaxes.gov/reports/static-files/research/childcare.pdf>

^{vii} <https://www.clasp.org/publications/report/brief/state-opportunities-to-provide-health-care-coverage-for-child-care-professionals/>

^{viii} <https://marylandtaxes.gov/reports/static-files/research/childcare.pdf>