



**Caring For Maryland's Most
Important Natural Resource™**

Maryland State Child Care Association

2810 Carrollton Road
Annapolis, Md. 21403
Phone: (410) 820-9196
Email: info@mscca.org
www.mscca.org

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 5500 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: HB 1374 Prekindergarten-3- Year-Olds-Private Providers (Parental Choice for Prekindergarten Act)

Submitted to: Ways and Means Committee

March 3, 2025

MSCCA opposes HB 1374.

HB 1374 seeks to alter the definition of “Tier I child” for purposes of publicly provided prekindergarten to not include 3-year-olds and only include certain 4-year-olds in public prekindergarten. This bill is in direct conflict with Pillar 1 recommendations for a mixed delivery system and will negatively impact the private providers.

HB 1374, while well-intentioned, creates conditions that could devastate local child care markets and, by extension, severely impact community economic health. When child care isn't available, parents – primarily mothers – don't work. The consequences of an unstable child care market cascade through local economies, affecting workforce participation, business growth, and family economic security.

The Maryland's Comptroller in her State of the Economy Report released in December 2024 found child care providers are operating on margins less than 1%. Now, without sufficient data or impact analysis, this legislation risks further destabilizing an already fragile system.

Child care programs that serve only infants to three-year-olds simply cannot survive. If forced to operate without the revenue from 4-year-olds, we would be left with no choice but to raise prices for infant and toddler care, which is already hard to access and is unaffordable for many families. This could ultimately lead to the collapse of our business, as we would no longer be able to maintain the high standards of education and care that our community expects and deserves.

Furthermore, the Blueprint for Maryland's Future was designed to support a mixed-delivery system that provides families with the option to choose the best fit for their child's early education. ALL child care programs, needed for all children in our state, is supported by the enrollment of both 3- and 4-year-olds. Losing access to 4-year-olds would make it extremely difficult for us to remain operational and continue to offer a high-quality, educational childcare experience.

MSCCA recommends you consider the long-term impact of HB 1374 on both our business and the families we serve. Child Care providers are deeply committed to the well-being and education of our children, and we hope you will support legislation that ensure families have access to a diverse range of high-quality early childhood education options.

Please consider the critical data gap below which make it impossible to predict the full impact of this legislation:
Market Data Gaps:

- No enrollment data for providers

- Limited data on capacity by different age groups under 5
- Incomplete data on provider types and business models
- No analysis of current vacancy patterns and causes
- No data on geographic distribution of demand vs. supply

Economic Impact Gaps:

- No modeling of revenue impact on providers at different Tier 1 or Tier 2 absorption rates by the LEAs
- No analysis of cross-subsidization effects (how 4-year-old revenue supports infant/toddler care)
- No projections of potential provider closures at county level
- No assessment of impact on local labor force participation
- No evaluation of ripple effects on business growth and development

Implementation Feasibility Gaps:

- No assessment of providers' ability to shift age group focus
- No analysis of market demand for expanded 3-year-old care
- No evaluation of geographic and demographic factors affecting enrollment
- No study of transportation impacts on family choice
- No data on provider capacity to maintain quality with changed age ratios

Private providers' business model is not sustainable without three and four -year olds.

Regulations restrict the amount of infants, toddlers, and two year olds in licensed private programs, therefore there is no way to make up the loss of four year olds.

HB 1374, ultimately prevents private providers from serving Tier 1 four-year-olds, it creates market conditions that could trigger a cascade of closures. The suggestion that school districts focus on Tier 1 four-year-olds while private providers shift to three-year-olds and Tier 2/3 four-year-olds ignores fundamental business realities.

Experts in Maryland's private child care sector, the people on the ground doing the work believe this bill endangers their livelihoods and the health of the child care marketplace.

Research from Rhode Island and New Mexico shows that programs serving only younger children are not financially sustainable at any size or quality level.

Additionally, there are challenges by allowing school districts to waive parent fees for Tier 2 children. This creates an untenable competitive disadvantage where parents can access free PreK in public schools, but must pay fees with private providers. The impact could be severe - evidence from New York City shows that for every seven four-year-olds who left private care for public PreK, one infant/toddler slot was lost.

As Maryland has learned during the pandemic, once child care capacity is lost, it is extremely difficult to rebuild. Since 2020:

- Over 1,200 providers have closed
- Maryland capacity has decreased by more than 12,000
- Maryland has seen one of the sharpest declines in child care workers nationally
- Child care costs remain among the highest in the nation

- Maryland is set to freeze the child care scholarship program in May of 2025, causing hardship for families, child care providers and public Pre-K due to families using scholarship for before and after school care.
1. A comprehensive economic impact analysis should be completed to determine the consequences of eliminating Tier 1 Fours from private child care providers.
 2. Develop a data-driven implementation approach that ensures the sustainability of Maryland's mixed-delivery system.
 3. Let Tier 1 four year old parents choose what setting best meets their needs because most parents do not work 6.5 hours per day and child care Kindergarten Readiness data is higher than public Pre-K.

Why would you want to limit parent choice for Tier 1 four-year-olds?

MSCCA respectfully requests an unfavorable report for HB.1374.