



Testimony Concerning HB 993
“Child Care Capital Support Revolving Loan Fund - Established”
Submitted to the Senate Budget & Taxation and Education,
Health, & Environmental Affairs Committee
March 29, 2022

Position: Support

Maryland Family Network (MFN) strongly supports HB 993, which would establish a revolving loan fund designed to expand the supply of quality child care in areas and among populations where it is lacking. Although the pandemic has in many ways made their situation more acute, child care programs have long faced challenges in raising capital through conventional means. Through an initial investment of public dollars to seed the loan fund, HB 993 would provide important support for a sector that is inextricably linked to the public good. MFN urges your favorable consideration.

MFN has worked since 1945 to improve the availability and quality of child care and early childhood education as well as other supports for children and families in Maryland. We have been active in state and federal debates on child care policy and are strongly committed to ensuring that children, along with their parents, have access to high-quality, affordable programs and educational opportunities.

An authoritative report by the National Institute for Early Education Research (NIEER) affirms the link between well-designed facilities and program quality. However, NIEER notes, the “obvious barrier to facilities development is financial: revenue in child care programs is typically meager while the cost of constructing [or expanding] facilities designed specifically for young children is high” — considerably higher than standard commercial space. Child care programs serving or hoping to serve low-income communities face even greater challenges in demonstrating profitability, incurring debt, and raising capital to cover the costs of acquisition, construction, renovation, and expansion.

The no-interest loan program created by HB 993 would be targeted to providers who participate in the Child Care Scholarship Program, who are located in areas lacking supply of quality care, and who serve children in populations that often face barriers to access — children from low-income families, children under age 2, and children with special needs. Spread over the next three fiscal years, the State’s investment of \$30 million in seed money would be replenished as child care programs establish themselves and grow to serve more children and families. In terms of child care supply and access, MFN believes this investment will pay handsome dividends; we are certain that it will serve the public good.

MFN respectfully urges the Committee’s favorable consideration of HB 993.

