



FEBRUARY 3, 2022

For a Strong Recovery, Maryland Must Strengthen Child Care Infrastructure

Position Statement in support of House Bill 89

Given before the Ways and Means and Appropriations Committees

The COVID-19 pandemic has brought overdue attention both to the importance of Maryland's child care infrastructure and to the struggles the industry faces. Public health has necessitated closing school buildings and other facilities serving children, and Marylanders name child care as among the most important factors keeping them out of the workforce. At the same time, demand and workforce issues have forced nearly 10% of the state's child care centers to close their doors. The Maryland Center on Economic Policy supports House Bill 89 because it would help struggling child care centers keep the lights on and enable the industry to expand to meet growing need.

Child care is an essential part of Maryland's economic foundation, enabling parents to pursue their careers confident that their children are in good hands and protecting employers' access to a stable workforce. Yet high costs put child care out of reach for many Marylanders – and these barriers are higher for some than for others:

- As of fall 2020, center-based child care for a child two to five years of age cost more than \$13,000 per year on average, more than in-state tuition at any University System of Maryland institution. Care for infants and one-year-olds cost nearly \$18,000.ⁱ
- High-quality child care is furthest out of reach for parents in low-wage jobs. In Maryland, one in seven employed mothers of very young children worked in a low-wage occupation.ⁱⁱ Structural barriers like pay discrimination put child care even further out of reach for Black, Latinx, and Indigenous parents.ⁱⁱⁱ
- Maryland's child care assistance program provides much-needed help to thousands of families, but even after significant improvement still falls short of the federal government's recommended payment rates.^{iv}

While child care has long posed a struggle for working parents, the COVID-19 pandemic has made things worse – especially for women:

- Nationwide, more than half of working parents with children under age 12 reported difficulty handling child care as of October 2020, up from 38% in March 2020.^v
- 57% of working mothers of children under 12 reported difficulty handling child care, compared to 47% of fathers.
- Among parents who are teleworking during the pandemic, mothers are more than twice as likely as fathers to report taking on significant child care responsibilities.
- Working mothers are also more likely than working fathers (including remote and in-person workers) to report cutting their work hours, having their dedication to work questioned, or even missing out on a promotion because of child care responsibilities.
- Among Maryland adults who are not currently employed for reasons other than retirement or health issues,

child care responsibilities are the second-most common factor keeping them out of the workforce, according to fall 2021 survey data.^{vi}

At the same time, the pandemic has reduced capacity at child care centers and created new costs on top of rigid existing fixed costs.

- More than 750 child care centers in Maryland have closed since the start of the pandemic, nearly one-tenth of the state's supply.^{vii}
- Business advocacy groups predict that the loss of child care capacity "could hamper economic recovery for years to come."^{viii}

House Bill 89 would ease these pressures by creating two grant programs:

- **Child care stabilization grants:** This program would provide up to \$35,000 to licensed child care providers that are in danger of closing within the next 12 months. This assistance is especially vital as centers struggle to weather the pandemic.
- **Child care expansion grants:** This program would provide up to \$50,000 to assist new child care centers in opening or existing centers in expanding. Increased capacity is a prerequisite for building the robust child care infrastructure the state needs. According to the U.S. Department of Health and Human Services, Maryland's child care assistance program serves less than 10% of the number of children potentially eligible for help under federal law. While many families currently pay for child care without any help, successfully expanding child care assistance will require more capacity.

House Bill 89 Would Be More Effective with Strong Worker Protections

The Maryland Center on Economic Policy encourages the Committee to amend House Bill 89 to require grantees to guarantee decent wages and benefits:

- As of 2020, child care workers in Maryland typically took home only \$12.05 per hour, equivalent to just over \$25,000 per year for a full-time worker.^{ix} This is less than two-thirds the amount needed for a single adult with no children to afford a basic living standard in the Baltimore metro area and less than half of a basic living standard for a single adult in the Washington metro area.^x
- Better wages and benefits would help expand the child care workforce. In a survey by the Maryland State Child Care Association, the majority of centers named compensation as their first or second most important barrier holding back recruitment and retention.^{xi} In the same survey, 81% of centers reported at least one staff vacancy and one-in-six reported more than five vacancies. Materials prepared by the association name low wages for child care workers as an important challenge for the industry.^{xii}
- Better wages and benefits could also improve the quality of care by drawing in a more experienced workforce and ensuring workers can give their full attention to the children in their care rather than contending with constant financial anxiety.

Maryland's child care infrastructure is part of our state's economic backbone, but that infrastructure today faces serious challenges. House Bill 89 would help child care providers weather the current storm and build a stronger system for years to come.

For these reasons, the Maryland Center on Economic Policy respectfully asks that the House Ways and Means Committee and the House Appropriations Committee make favorable reports on House Bill 89.

Equity Impact Analysis: House Bill 89

Bill summary

House Bill 89 would create two grant programs to support existing and new child care centers:

- Child care stabilization grants: This program would provide up to \$35,000 to licensed child care providers that are in danger of closing within the next 12 months. This assistance is especially vital as centers struggle to weather the pandemic.
- Child care expansion grants: This program would provide up to \$50,000 to assist new child care centers in opening or existing centers in expanding. Increased capacity is a prerequisite for building the robust child care infrastructure the state needs. According to the U.S. Department of Health and Human Services, Maryland's child care assistance program serves less than 10% of the number of children potentially eligible for help under federal law.

The bill requires an annual appropriation for these programs but does not specify the minimum appropriation.

Background

As of fall 2020, center-based child care for a child two to five years of age cost more than \$13,000 per year on average, more than in-state tuition at any University System of Maryland institution. Care for infants and one-year-olds cost nearly \$18,000.

Maryland's child care assistance program pays providers less than the amount the federal government calls for. Federal law calls for states to set child care reimbursement rates high enough to cover the cost of care at 75 percent of providers in each state. Payment rates in Maryland have been equal to the 60th percentile of market rates since November 2020.

As of fall 2021, child care responsibilities were the second-most common reason Maryland adults cited for not being employed (excluding those who were retired, or not employed for health reasons other than COVID-19).

More than 750 child care centers in Maryland have closed since the start of the pandemic, nearly one-tenth of the state's supply.

Equity Implications

While the high cost of child care is a burden even for relatively well-off families, the burden is greatest for parents in low-wage jobs:

- In Maryland, one in seven employed mothers of very young children worked in a low-wage occupation.
- Because of pay discrimination and other structural barriers, Black, Latinx, and American Indian parents are more likely to take home low wages that put child care out of reach.

Insufficient access to child care places an especially high burden on women, who in most families still carry a greater share of child care responsibilities than men:

- 57% of working mothers of children under 12 reported difficulty handling child care as of October 2020, compared to 47% of fathers.
- Among parents who are teleworking during the pandemic, mothers are more than twice as likely as fathers to report taking on significant child care responsibilities.

- Working mothers are also more likely than working fathers (including remote and in-person workers) to report cutting their work hours, having their dedication to work questioned, or even missing out on a promotion because of child care responsibilities.

Low wages in the child care industry are also a serious equity problem. Among child care workers in Maryland:^{xiii}

- 95% are women
- 55% are workers of color
- 53% are women of color
- 27% are Black
- 16% are Latinx

Impact

House Bill 89 would likely **improve racial, gender, and economic equity** in Maryland. This impact would likely be greater if the bill were amended to include worker protections.

ⁱ “Maryland Family Network Public Policy Handbook 2021–2022,” Maryland Family Network, 2021, <https://www.marylandfamilynetwork.org/sites/default/files/2021-09/Public%20Policy%20Handbook%202021-22%20rev.pdf> with calculations by MDCEP.

University System of Maryland FY 2021 tuition data from Maryland FY 2022 budget books. Tuition data for University of Maryland–Baltimore are not reported.

ⁱⁱ “NWLC Resource: Mothers of Very Young Children in Low-Wage Occupations,” National Women’s Law Center, 2017, <https://nwlc.org/resources/interactive-map-mothers-very-young-children-low-wage-occupations/>

ⁱⁱⁱ Christopher Meyer, “Budgeting for Opportunity: Maryland’s Workforce Development Policy Can Be a Tool to Remove Barriers and Expand Opportunity,” Maryland Center on Economic Policy, 2021, <http://www.mdeconomy.org/budgeting-for-opportunity-workforce/>

^{iv} Meyer, 2021.

^v Ruth Igielnik, “A Rising Share of Working Parents in the U.S. Say it’s Been Difficult to Handle Child Care during the Pandemic,” Pew Research Center, 2021, <https://www.pewresearch.org/fact-tank/2021/01/26/a-rising-share-of-working-parents-in-the-u-s-say-its-been-difficult-to-handle-child-care-during-the-pandemic/>

^{vi} MDCEP analysis of U.S. Census Bureau Household Pulse Survey weeks 37–39 data (September 1–October 11, 2021).

^{vii} “Caring for Maryland’s Most Important Natural Resource,” Maryland State Child Care Association, 2021, <https://marylandtaxes.gov/RELIEFAct/docs/12-08-2021-MSCCA.pdf>

^{viii} Ashley Duckman, “Access to Childcare Is Critically Important for Employees Returning to Work,” Maryland Chamber of Commerce, 2021, <https://mdchamber.org/access-to-childcare-is-critically-important-for-employees-returning-to-work/>

^{ix} BLS Occupational Employment and Wage Survey data for May 2020.

^x Economic Policy Institute Family Budget Calculator, <https://www.epi.org/resources/budget/>

^{xi} Maryland State Child Care Association, 2021.

^{xii} Maryland State Child Care Association, 2021.

^{xiii} MDCEP analysis of 2015–2019 IPUMS American Community Survey microdata.