



**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 5400 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 1314 Corporations and Associations-Annual Reports-Filing Fees (Right to Start Act) Submitted to: Economic Matters March 5, 2024

Maryland State Child Care Association enthusiastically supports HB 1314.

MSCCA offers thanks to Delegate Chisholm along with the many esteemed sponsors for their leadership, innovation, support for new business and understanding of the important connection of child care to the economy.

This Right to Start legislation recognizes the critical importance of small business and tight budgets by waiving the initial business filing fee for the first year.

Child care directly and indirectly impacts everyone. HB 1314 acknowledges that child care is an economic and equity imperative. This bill is a creative, efficient, and effective way to invest and allocate funds through three areas of critical need in our state which will support working families, benefit children, and drive the economy.

MSCCA is quite sure this Economic Matters Committee is very interested in numbers and data. 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 1000 child care programs/providers/businesses. The cost of child care is increasing to keep up with costs of inflation and as it does, female unemployment decreases by 5%. Already, 160,000 women have left the workforce due to primarily child care and transportation issues.

According to the U.S. Bureau of Labor Statistics, as [many as 100,000](#) Americans have been forced to stay home from work each month because of child care problems. The economic toll now amounts [to \\$122 billion](#) each year in lost earnings, productivity, and revenue. A recent report from the Government Accountability Office found that child care obligations [represent a massive hurdle](#) for workers struggling to access job training.

Child care is typically the highest monthly cost for an ALICE (Asset Limited, Income Constrained, Employed) family of four. Nearly [900,000 Marylanders are ALICE](#). The recent report, "[ALICE in the Crosscurrents: COVID and Financial Hardship in Maryland](#)," cites the average cost of child care as \$1,538 per month, or about 23% of a family of four's monthly survival budget.

An inadequate child care system is also a fiscal burden on the state's economy. Maryland Family Network (MFN) reported in "[Counting Our Losses](#)" that 49% of Maryland parents with children ages 5 and under reported short-term disruptions to employment due to child care issues. Overall, MFN reported a \$2.41 billion per year cost to Maryland employers due to employee absences related to child care, and \$117 million in lost Maryland tax revenue. Maryland families need affordable, accessible, high-quality child care/early childhood education.

Additionally, the Blueprint for Maryland's Future expansion of prekindergarten through a mixed delivery system, involving both public schools and private community-based childcare providers, has been challenging, especially for the child care businesses still struggling to recover from the pandemic. Child care is essential to the economy, therefore we cannot afford to lose more child care businesses in Maryland. The expansion of public PreK is concerning as all child care businesses cannot sustain or start businesses without three and four year olds. The inequities/barriers of the Blueprint

Pillar 1 must be addressed to support both the private and public sector. It is critical that the state recognize the resources necessary to equitably achieve the goal of expanding Pre-K. For many community based programs the teacher qualifications along with per pupil funding is not enough to participate in the mixed delivery system as they cannot pay the qualified teacher a commensurate salary nor provide equivalent benefits, which public schools offer. HB 1314 will allocate funds to support Maryland Prekindergarten Blueprint grant funding in order to support more child care programs/providers participation as a new Prekinderarten sites to meet the recommendations of the Blueprint Pillar 1. Only 29 community based programs were awarded PreK grants in FY 2024. HB 1314 will aid in expanding participation for the community based businesses, including child care centers and family child care in Maryland.

For decades, we have undervalued and underinvested in our child care system, and now our economy—[and our most vulnerable workers](#)—are paying the price. It will take the combined efforts of the federal government, state leaders, and businesses to ensure every family has access to affordable, quality childcare that can move the country and its economy forward. HB 1314 makes an impact in Maryland by using filing fees to invest in the child care scholarship program, to support working families and avoid additional copayments, grow family child care businesses across the state, and contribute to the statewide expansion of prekindergarten which assists working families, while expanding educational opportunities for our youngest citizens.

Child care is the workforce behind the workforce and drives the economy. HB 1314 Right to Start Act makes the important connection between child care as the foundation to a good start for business and for children by supporting the child care scholarship program which enables families to work, supporting the growth of family child care programs in our neighborhoods and communities, and supporting the expansion of a mixed delivery partnership for prekindergarten to increase participation of child care businesses.

MSCCA urges a favorable report.