

Caring for Maryland's Most Important Natural Resource

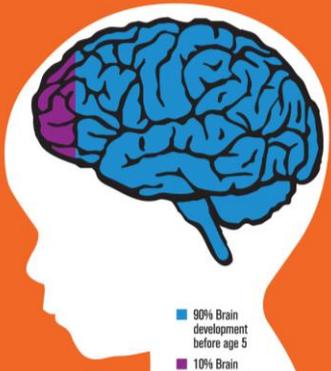
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90%

of a child's brain development happens before age 5



■ 90% Brain development before age 5
■ 10% Brain development after age 5

Source: Harvard Center for the Developing Child

Child Care is the backbone of the economy

Child Care IS Education

CHILD CARE IS ESSENTIAL!



Child Care...Where are we now?

- Private business providing public good!
- The COVID pandemic has reinforced the essential role of child care and early learning for children, working families, and the economy.
- Emergency federal relief funds have provided critical support for stabilizing child care programs and preventing more widespread permanent program closures, but they do not address the systemic challenges that have plagued the child care market – parents and providers alike – for decades. As such, they are just the beginning of what is needed to recover and rebuild.

Pandemic: Federal money for child care



- Cares Act
- Covid Relief Package
- American Rescue Plan Act



In the best of times, Maryland's Child Care industry operates on razor thin margins.

Due to COVID 19 Pandemic , providers face devastating losses and challenges.

Even before the pandemic, many providers struggled to meet basic needs. Child care workers make, on average, less than \$14 an hour, according to the Economic Policy Institute, far less than they can earn working at Target, Starbucks or in many fast food restaurants. Workers also tend to lack benefits like health insurance, family leave and paid sick leave.

Enrollment decreased significantly since the pandemic and has never fully recovered. In addition to PPE, providers dipped into savings accounts and credit cards to pay for additional expenses including, sanitation supplies, and extra staffing to adhere to child care-specific Center for Disease Control (CDC) guidance.

The average annual salary in Maryland:
Child Care Center Teacher-\$26,054
Center Aide-\$18,183
Family Child Care Provider- \$40,374
Child Care Center Director- \$41, 167

The Maryland State Department of Education (MSDE) states that 97 percent of Maryland child care programs have reopened, but this number grossly obscures the reality providers are experiencing.

44% of programs that have reopened in Maryland are operating under 50 % capacity of the children they served prior to pandemic. Yet the fixed costs remain and other expenses have skyrocketed. Over 750 child care programs have closed since pandemic.

Red Flags

- MSDE reports as 751 licensed child care programs have closed since March 2020-A decline of almost 10%
- We went from 7,944 businesses to 7,193 businesses and more continue to close due to decreased enrollment, increased expenses and critical staffing shortages
- The current Blueprint legislation related to the expansion of public prekindergarten will impact further closures



Childcare
shortages:
Impact on
educators, small
business owners,
and the economy

Widescale closures of private options would cause a massive shortage—beyond the shortages that already exist today in child care deserts across the country. Many private providers deliver wraparound care to school-age children, so a child care shortage would impact families with children of all ages.

Program closures and child care shortages would negatively impact the economy as industry jobs are lost (both providers and educators) and parents are forced to drop out of the workforce due to lack of adequate care options.

Access and Equity Issues

This crisis is further exacerbating long present racial disparities in childcare access.

According to a Center for American Progress analysis, a lack of child care negatively affected communities of color before the pandemic, as parents of color were more likely than their non-Hispanic white counterparts to experience childcare-related job disruptions that could affect their families' finances.

If policymakers fail to act to address these disparities, this crisis will only intensify.

Child Care is Unique Business

- The federal government has provided states with pandemic related child care relief funding as they recognize the devastating impact and unique challenges the vulnerable child care industry faces as tuition dependent small businesses - primarily women owned and operated.
- Federal funds for stabilization and rescue efforts for the child care industry have been life saving for many, however, more support is needed.
- The majority of child care expenses are fixed.
- They cannot operate any part of their business remotely, they cannot automate or change practices to adjust, and they must maintain adherence to strict teacher to child staffing ratios.
- As a top-three household expense already, raising tuition is a last resort and simply untenable for many providers.

CHILD CARE TOP 3 HOUSEHOLD EXPENSE

Maryland Family Network 2020-2021 Public Policy Manual Family and Center-Based Cost of Care

Center-Based Average Cost

Family Child Care Average Cost

\$304.70 for 0 – 2 Years

\$227.90 for 0 – 2 Years

\$221.15 for 2 – 5 Years

\$193.98 for 2 – 5 Years

\$166.27 for School Age

\$158.73 for School Age

What priorities
do we need to
address?

Critical workforce shortages and
workforce development - barriers

Child care grant urgency

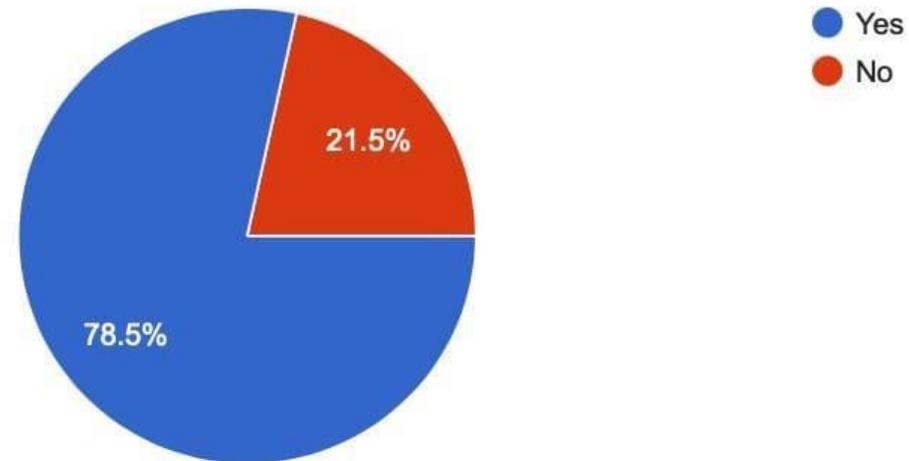
Child Care Scholarship/Subsidy

Address expansion of public pre-k
unintended consequences

Workforce Survey

Are you currently experiencing staffing/workforce shortages

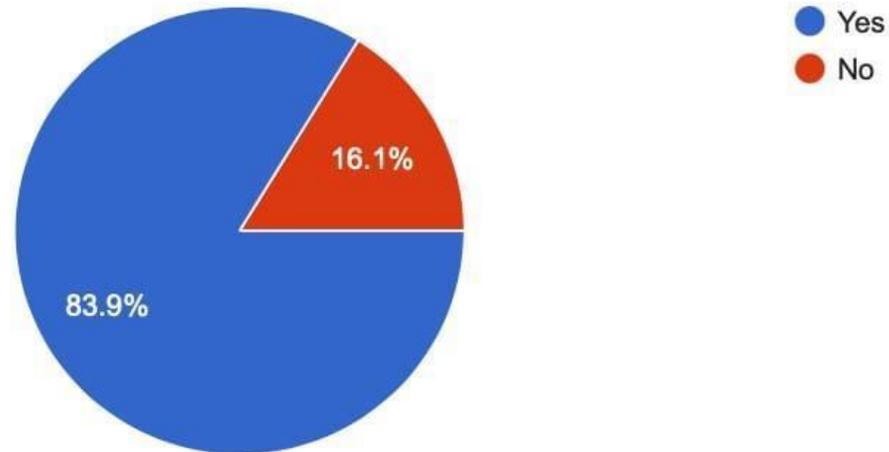
353 responses



Survey: Critical workforce shortage

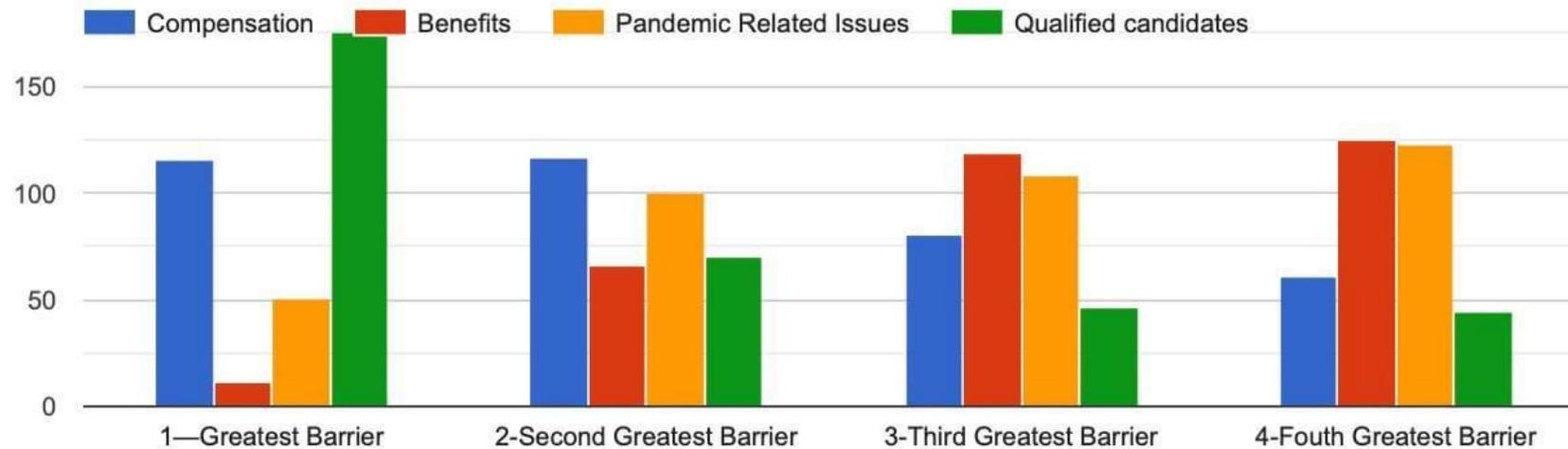
Are you experiencing difficulty finding qualified staff?

353 responses



More Data-Workforce Survey

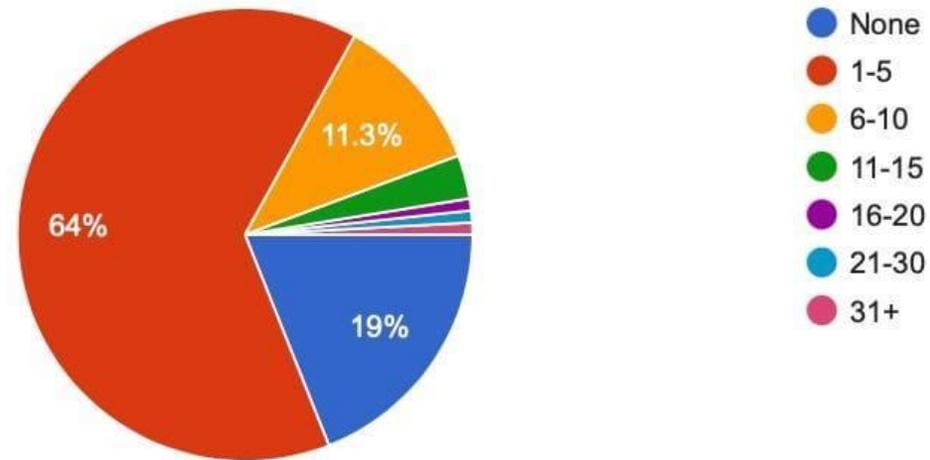
Rank the following recruitment and retention barriers



Survey continued

How many staff vacancies do you currently have?

353 responses



What do we need?

The critical need for more resources to better support parental needs for quality child care, to bolster and expand child care businesses, and to be able to improve the wages and benefits of child care workers.



We need investments to rebuild a sustainable child care system to ensure affordable options for families and long-term survival for businesses. We need stabilization grants to come expediently, efficiently and in an objective and transparent way to budget accordingly.

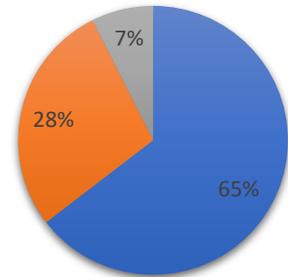


Cost Analysis: For Profit

Grannie Annie's Childcare Center

Grannie Annie's is a for profit Licensed For Profit
 Serving Infants- School Age Child Care in Anne Arundel County (Pasadena)
 Owner Occupied building, licensed for 63 children

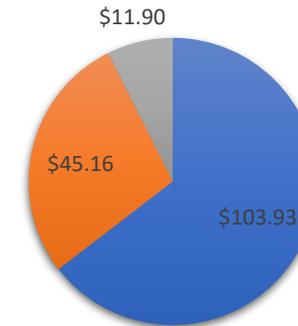
For-Profit Anne Arundel County
Annual total \$420,000



■ Employees & Staffing ■ Property ■ Operations & Supplies

Employees & Staffing	\$ 270,900.00
Property	\$ 117,720.00
Operations & Supplies	\$ 31,030.00
Total	\$ 419,650.00

Average Weekly Tuition Breakdown



■ Staffing ■ Property ■ Operations

Staffing \$	103.93
Property \$	45.16
Operations \$	11.90



**Grannie
Annie's
Daycare in
Anne Arundel
County**

Grannie Annie's (Licensed Capacity=63 slots)

	Average 2019	Average 2020	Difference
Monthly Income	\$39,492	\$24,822	-\$14,669

Expense Breakdown			
Personnel	\$24,578	\$23,196	
Property	\$2,875	\$2,875	
Operations	\$10,962	\$9,020	
Total Monthly Expenses	\$38,415	\$35,091	-\$3,325

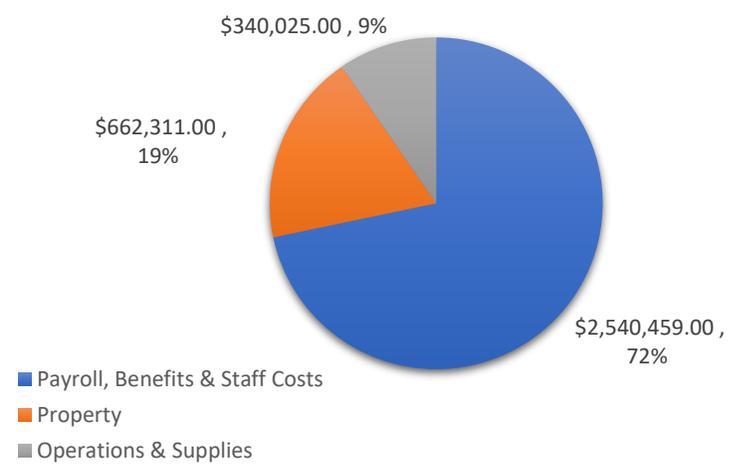
Average Monthly Loss:	\$11,345
6 Month Total:	\$68,068
Monthly Loss per slot:	\$180



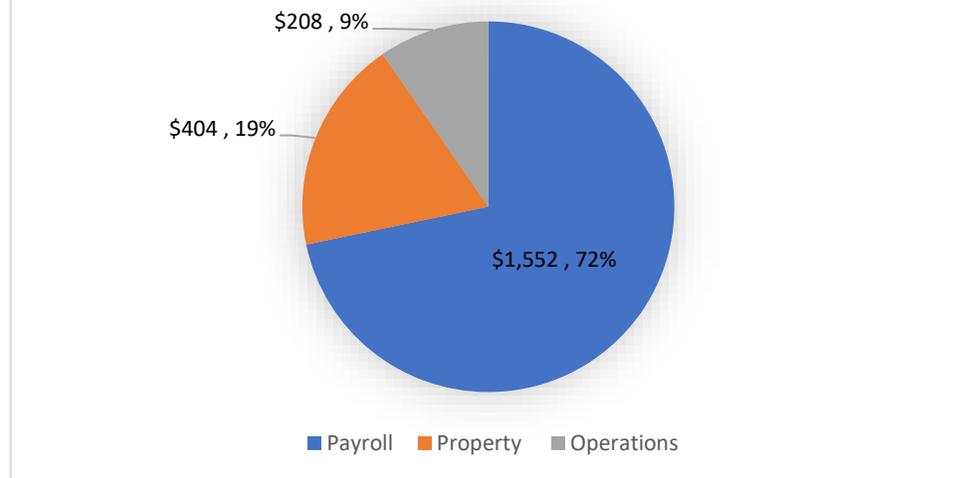
Cost Analysis: Non-Profit

Rock Spring Children's Center

Non Profit Infant-PreK Expenses Montgomery County



Average Monthly Tuition Breakdown



Average Teacher Pay: \$14.75/hr (less than \$30K annually)
Average Tuition: \$1956/mo
 Infants \$2215/mo
 Fours \$1725/mo



**Rock Spring
 Children's
 Center in
 Montgomery
 County**

Rock Spring Children's Center (Licensed Capacity=194 slots)			
	Average 2019	Average 2020	Difference
Monthly Income	\$317,759	\$264,801	-\$52,958
<i>Expense Breakdown</i>			
Personnel	\$239,603	\$238,632	
Property	\$50,345	\$53,181	
Operations	\$29,002	\$29,919	
Total Monthly Expenses	<u>\$318,949</u>	<u>\$321,732</u>	\$2,782
Average Monthly Loss:			\$55,740
6 Month Total:			\$334,442
Monthly Loss per slot:			\$287

Quotes from the field

- “When received grant, I increased pay scale by 20% to fill 14 staff positions in two center locations. We had to because people could go to Kohls or McDonalds or Sam’s Club for jobs. We are competing for the few people that are willing and able to work. I don’t know how long I will be able to sustain the salaries, however ultimately want to be able to pay employees what they deserve. It is critical considering the requirements of the job. This is highly skilled work. It requires being aware of growth and development, it requires being aware of social and emotional development, cognitive development and physical development...it requires having a lot of physical energy and stamina.” Dr. Lisa Herbst, Wee Lad and Lassie, A Child’s Garden-Business Owner Anne Arundel County

Blueprint for
Maryland's
Future
Impact on Child
Care

Prekindergarten must be a true mixed delivery system with supports for community-based programs/providers

Address unintended consequences



Affordability and Program Closures

- If child care loses their 3's and 4's to public school from their current programs, private providers would need to raise prices significantly for infants and toddlers, rendering these services unaffordable for many families. If providers cannot maintain enrollment at these higher prices, many will have no choice but to close their doors.

Action/Asks

Ensure

Ensure the State Leaders, Legislators and State Board of Education understand the scope of the child care crisis that has been building for years which has been greatly exacerbated by the pandemic. Ensure legislative efforts align in policy/regulation in timely manner. Ensure child care is respected and recognized as an essential industry and not an afterthought within MSDE public schools.

Ask

Ask for an adequate share of Maryland's allocation of the federal funds it has received which are intended to rescue and bolster the child care industry. Ask for state agencies to have necessary funding to do job efficiently and effectively.

Require

Require a robust plan for spending of the ARPA \$513 million dollars from Congress for child care, to include a streamlined, transparent, application and grants to be awarded with expediency. Require a continuous stabilization/recovery plan to rebuild with stakeholders that requires accountability and allows for more collaboration to address timely concerns, accountability and ensure success.

Commit

Commit to increased, sustained state funds for child care, small businesses, child care scholarships along with tax credits in the annual budget and commit to equity within a mixed delivery system for expansion of public prekindergarten.



Future at Federal Level-Build Back Better

- **Require states to pay providers in accordance with the cost estimation model and require *full* provider reimbursement based on quality.**
- **Either lift tuition caps or allow grants and contracts to cover provider costs**
- **Require state cost estimation models, grants and contracts, *and* payment practices to take fixed expenses into account.**
- **Delay the implementation of the tuition cap until the program is fully funded as an entitlement program.**
- **Increase the annual funding level for grants to localities.**
- **Reinstate the expanded Child and Dependent Care Tax Credit (CDCTC) provision for at least one-year to ensure middle-income families have access to some form of assistance.**
- **For preschool, ensure all providers – including local education agencies (LEAs) – comply with the same rigorous health and safety standards.**

A top-down view of several wrapped Christmas gifts on a dark wood-grain surface. The gifts are wrapped in various patterns: red with white hearts, red with white snowflakes, brown with black snowflakes, and brown with red plaid. Some are tied with red ribbons, while others use twine or plaid ribbons. In the bottom left, a pair of hands is shown adjusting a red ribbon on a gift. A white, hand-drawn style border frames the entire scene.

Thank you and Happy
Holidays!