

**DELEGATE JARED SOLOMON**

Proud to represent District 18 in the Maryland General Assembly

Chevy Chase. Kensington. Silver Spring. Wheaton



## **HB 608 Child Care Provider Support Act**

### **Background**

Child care, an industry critical to our state's recovery and family financial stability, has been devastated by the COVID-19 pandemic. Faced with lower enrollment rates, less revenue, and increased expenses many centers, many of which are women and minority owned, have been forced to close.

Maryland's child care industry operates on a razor-slim margin. Providers have high fixed costs and important child-staff ratios that cap revenue capacity. As a result of the COVID-19 pandemic, providers face an unprecedented reduction in children, while fixed costs remain unchanged and unexpected costs, including investments in personal protective equipment (PPE), continue to rise.

According to a recent study by the Maryland Family Network, 51% of the 8,000 child care programs in the state say they may close if families keep children home as a result of the COVID-19 pandemic.<sup>i</sup> Overall 67% of child care business owners have experienced a loss in revenue due to closures and reduced attendance.<sup>ii</sup> The average reported monthly losses were \$56,400 for child care centers resulting in 60% reporting they need financial support to survive.<sup>iii</sup>

### **Impact of Child Care Closures**

The impact of these closures would result in an unparalleled fiscal, domestic, and education crisis in Maryland. Many working parents, single parents in particular, will be forced out of the workforce due to the lack of care. Children who lack access to quality early care and education (ECE) face greater social, emotional, and health challenges. If half of the child care infrastructure closes, Maryland faces decades in lost wages, decreased physical and mental health, and significantly increased social spending on incarceration, drug treatment, crime, and special education.<sup>iv</sup>

Without significant support now, the child care industry will be not able to survive this economic crisis. Restaurants, small businesses, and families have received substantial aid to compensate for losses, but the child care industry has received little state aid. Providing financial and other supports for child care to offset reduced capacity will stabilize the system and allow the industry to recover and rebuild.

### **What Does The Bill Do?**

The bill establishes a grant program in the Department of Commerce (in consultation with the State Department of Education) to provide funds to support the development and expansion of child care programs.

To be eligible for a grant, a child care provider must:

- Be in operation before March 2020;
- Be open and operational on or after September 30, 2020;
- Have a certificate of good standing in the state;
- Accept state scholarship vouchers; or
- Can demonstrate financial stress of disruption in operation, including the loss of 20% of enrollment for a period of at least 2 months from March 1, 2020 through June 30, 2021

Grant awards may be used by eligible grantees only for the following purposes:

- Payroll expenses
- Rent or mortgage expenses
- Utility expenses; and
- Other similar expenses necessary for the operation of the childcare programs.

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<sup>i</sup> <https://www.marylandfamilynetwork.org/news/over-half-marylands-child-care-programs-may-close-due-covid-19-pandemic>

<sup>ii</sup> Ibid.

<sup>iii</sup> Ibid.

<sup>iv</sup> Ibid.