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News Release

Comptroller Brooke Lierman Releases Brief on Child Care and the Economy

Report highlights challenges linked to the child care market, underscores opportunities to expand Maryland's labor force

ANNAPOLIS, Md. (December 23, 2024) — The Office of **Comptroller Brooke E. Lierman** today released its **Child Care and the Economy** brief, exploring factors fueling child care challenges in Maryland. The report examines the labor participation rate (LPR) for parents and developments in the child care market since the pandemic. It analyzes evolving trends in child care programs, capacity, costs, and employment. The Child Care and the Economy brief is a follow-up to the inaugural State of the Economy report released earlier this year, which found women in Maryland of prime working age, ages 25 through 34, were leaving the workforce, contributing to Maryland's lower labor participation rate since the COVID-19 pandemic.

"Child care is not just a parenting issue – it is an economic issue. Access to affordable, accessible, quality child care enables parents who want to work to stay in the workforce, and it provides jobs for many professionals working with children. It is also a large and necessary expense for many families," said Comptroller Lierman. "Confronting issues of access and affordability is a complex, long-term problem that has no easy or immediate solution. It will take coordination and collaborative work between the public and private sectors at all levels to develop sustainable solutions. I am happy to make this data and analysis available to further the discussion on how to boost the state's labor force participation and develop solutions that will increase support for Maryland families going forward."

To develop this brief, researchers analyzed publicly available data from the Maryland State Department of Education and various federal government datasets. Policy experts also interviewed stakeholders in Maryland, including child care providers, child care workers, advocates, parents, employers, and economists, to better understand the child care landscape.

"Maryland Family Network was proud to support the Comptroller's office in the development of this important report. We commend Comptroller Lierman for exploring the connections between quality, affordable child care, and women's labor force participation, and we were pleased her team met with providers, workers, and families as part of their research," **Laura Weeldreyer**, executive director of the Maryland Family Network, said. "While there have been historic investments in the child care system in recent years, more work is needed to bring down costs, improve worker compensation, and expand capacity."

Key Findings:

- **Women ages 25- 45 now have a higher LPR than prior to the pandemic,** with single moms with children under 6 years old seeing large gains. Overall, an LPR gap remains between women with young children compared to men with young children and women without children.

- **Child care costs are high for providers and families.** Child care is more expensive in Maryland relative to other states. Tuition for center-based infant care is 13% of the median income for a married couple and 41% of the median income for a single-parent family in Maryland. Historic funding for the Child Care Scholarship Program helps working families afford child care.

- **Tuition for infant care increased by 22.7% for center-based slots and 35% for family-care slots between 2020 and 2023.** This increase was significantly more than cost increases for other age groups under 5.

- **Providers operate on tight profit margins** (usually less than 1%), with the cost of labor to provide care serving as a key cost driver. Notably, the teacher-to-student ratio for infants is lower in Maryland than in other states.

- **In Maryland, where job opening rates are higher than the national average, there are a number of alternative jobs and career paths for child care workers to pursue**. Child care workers are faced with low wages, few benefits, and high requirements for working in the field. Due to vacancies, child care workers have the ability to pursue other higher-paying jobs, which could further strain the child care supply in the state.

- **There has been a steady and sustained decline in family care providers.** Center-based programs, schools, and nonprofit organizations are providing a greater share of child care. This shift comes amidst a decline in businesses that solely or primarily provide child care services at one or more locations.

- **State policy, including the Blueprint for Maryland's Future, is driving shifts in the provision of care.** This is particularly important for 3 and 4-year-olds who are now eligible for state-funded Pre-K, as well as children 5 and older enrolled in before—and after-school programs in Maryland.

National research has established a clear link between increased access to quality, affordable child care and increased LPR. Nationally, among parents who are not working full time, 3 in 5 say that they would choose to do so if they had access to affordable child care. Access to child care is also associated with improved productivity, increased state revenues, and greater economic security and earnings potential for women.

Read the Child Care and the Economy Brief

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