

Key Findings on the Decline of Family Child Care in Maryland

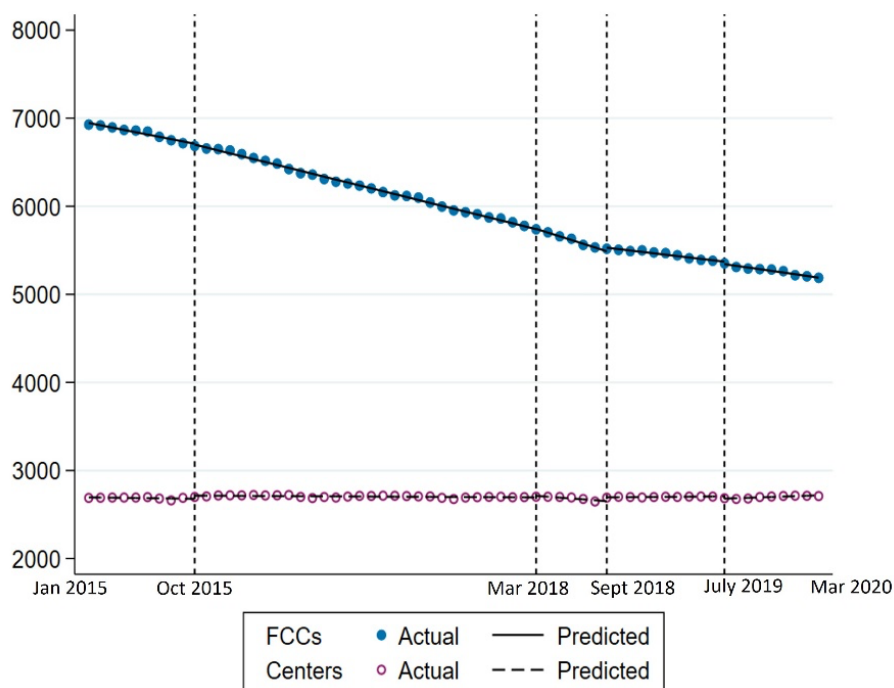
Tamara Halle, Patti Banghart, Bonnie Solomon, Emily Maxfield, Sarah Kelley, Sara Amadon, and Rebecca Madill

As in other states, Maryland has experienced a decline in family child care (FCC) in recent years. The Maryland Child Care Policy Research Partnership project conducted a mixed methods study that examined the rate of decline in FCC providers in Maryland—including during periods of policy changes to Maryland’s scholarship program¹ (see Box 1) prior to the COVID-19 pandemic—and the reasons Maryland’s FCC providers reported closing.

Changes to the supply of family child care from 2015–2020

To explore the rate of decline of FCC providers in Maryland and examine whether and how the rate of decline responded following the implementation of new scholarship policies, we analyzed child care licensing data (from the Maryland State Department of Education) from 2015 to 2020. We found that amidst several policy changes to the child care scholarship program, the number of licensed family child care (FCC) providers operating in Maryland declined steadily. **The decline in licensed FCC providers slowed slightly in September 2018, following increases to household income eligibility thresholds for scholarships and provider reimbursement rate increases (see Exhibit 1).** While increases in the percentage of providers serving children with scholarships followed the implementation of a *combination of policy changes* during this time period, the slowing decline in FCC providers cannot be causally attributed to any individual or combined policy change.

Exhibit 1. Counts of licensed FCC providers and centers in Maryland from January 2015 to March 2020



Source: Child Trends’ analysis of Maryland State Department of Education administrative data.

¹ Maryland refers to child care subsidies that are funded through the federal Child Care and Development Block Grant (CCDBG) as child care scholarships.

Reasons for closure among Maryland's former family child care providers

To explore the reasons why Maryland FCC providers were closing, we surveyed over 300 formerly licensed FCC providers from across the state about why they closed their home-based child care business. **Overall, no single factor stood out as a primary reason for closure among former family child care providers.**

Follow-up interviews with 14 former FCC providers who participated in the survey suggested that there **was an accumulation of ongoing, interrelated challenges that persisted over time, contributing to stress and/or burnout and, ultimately, the decision to close.** Challenges reported included:

- **Low or unstable income:** Most of the former providers discussed low or unstable income as a significant challenge to operating an FCC business, and highlighted several factors that contribute to low or unstable income, including under-enrollment, enrollment fluctuations, and difficulties collecting parent copayments and tuition.
- **Long hours and lack of work-life balance:** Nearly all the former FCC providers emphasized working very long hours. This included both the hours spent caring for children and additional hours needed for general business operations and completing paperwork and trainings required by state programs (i.e., licensing, scholarship, and Maryland EXCELS²). These long hours made it difficult for many former FCC providers to achieve a sustainable work-life balance. Additionally, many former FCC providers identified not having assistant teachers and/or substitutes as a key challenge, making it difficult for them to attend trainings, take needed sick leave, or complete administrative duties.
- **Feeling unsupported:** Many former providers also described negative interactions with parents and licensing specialists that were demoralizing, undermined the enjoyment of their work, and contributed to burnout. Additionally, a few former providers mentioned dwindling support from their own families after providing home-based care for many years.

Box 1. Estimated impact dates of Maryland's child care scholarship policies for use in analysis

The following dates were used in analyses of the administrative data and indicate when policies were likely to have a measurable impact on provider behavior. The date used in analysis may differ from the policy implementation date, included in parentheses. See the administrative data analyses methods section for additional information.

October 2015: (1) The scholarship application and reimbursement vendor moved from local departments of social services to a statewide centralized system (Aug. 2015), and (2) providers were required to participate in Maryland EXCELS, the state's QRIS, to receive a scholarship reimbursement (Oct. 2015).

March 2018: (3) Provider reimbursement rates were increased from the 10th to the 12th percentile of the 2017 market rate survey (Dec. 2017), and (4) subsidy eligibility was opened to families who had previously been waitlisted (Feb. 2018).

September 2018: (5) Provider reimbursement rates were increased from the 12th to the 20th percentile of the 2017 market rate survey (May 2018), and (6) income eligibility for families was raised from 32% to 65% of the state median income (Aug. 2018).

July 2019: (7) Reimbursement rates were increased to the 30th percentile of the 2019 market rate survey (July 2019).

² Maryland EXCELS is Maryland's quality rating and improvement system.

Most former FCC providers reported an event or change in life circumstances that ultimately prompted closure, such as a new or worsening health condition, moving to a new home, the departure of a strong lead teacher, a spouse changing careers, or their own children starting school. However, given the ongoing challenges they experienced and the resulting stress and burnout, it was also common for former FCC providers to view the event or change in life circumstances as an “opportunity” to close.

Conclusion

The decline in family child care is a complex problem faced by many states. Multiple policy approaches could help address the reasons FCC providers are leaving the field. In particular, policymakers may consider whether policies enacted at the federal, state, and/or local levels could address the various challenges, including unstable income and job stress, that drive FCC providers from the field.

For additional information on methods and findings, please see [our project page](#), [Appendix 1: 2019 Maryland Child Care Research Partnership \(MDCCPRP\) Detailed Data Collection & Analysis Methods Summary](#), and [The Decline of Family Child Care in Maryland report](#).

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