



# Executive Summary

## Frederick County Child Care Market Study

A Focus on Young Children

March 2024





# Executive Summary

High-quality child care prior to kindergarten is critical to economic prosperity and children's cognitive and social development. Access to child care affects families' workforce participation, financial stability, and future earnings, and quality child care promotes success in school. High-quality, non-parental child care also plays a role in easing family stress and building thriving communities. The availability of high-quality, affordable child care for families who seek it is an issue of national and local importance.

Beginning during the tenure of County Executive Jan Gardner and continuing as a priority of current County Executive Jessica Fitzwater, the County's Office for Children and Families (OCF) in the Division of Family Services has been taking strategic steps to identify the ways Frederick County government can help. Building on earlier efforts of the Interagency Early Childhood Committee of Frederick County, OCF engaged Public Policy Associates and Solomon Evaluation to conduct a systemic study of trends in the child care market and their impact on families, child care businesses, and the local economy.

Between February 2023 and February 2024, the Public Policy Associates – Solomon Evaluation research team examined a wide array of data from federal, state, and county agencies, in addition to hearing from over 1,600 participants in surveys, focus groups, interviews, and community input sessions. OCF staff, a Child Care Advisory Group, and a Community Advisory Board provided guidance, implementation assistance, and regular feedback on the research; meetings with specific stakeholder groups also informed the work.



## Child Care Impact Pathway Logic Model

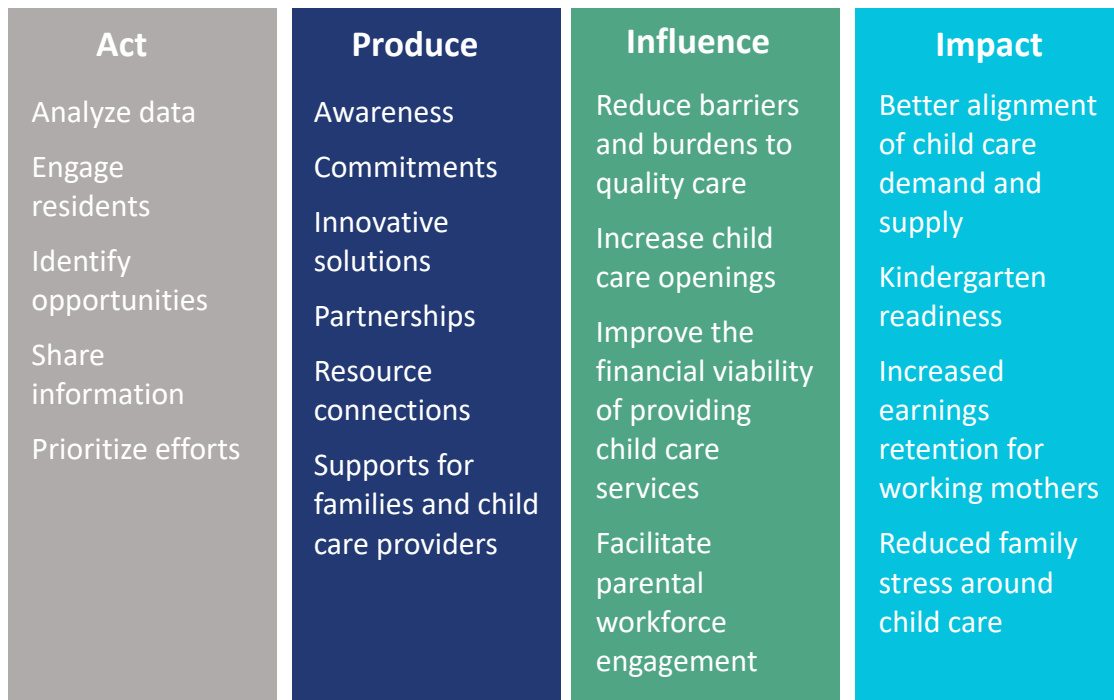


Figure 1. Logic Model for Frederick County Child Care Access Efforts

The Frederick County Child Care Market Study final report synthesizes and explains the results of research about conditions affecting the child care market (supply and demand), the ideas and experiences underlying families’ child care decisions, and the opportunities for improving the availability and affordability of quality child care.

## Main Study Findings

### QUESTION 1: TO WHAT EXTENT ARE FAMILIES ABLE TO ACCESS THE KINDS OF CHILD CARE THEY NEED AND WANT?

#### Child Care Availability and Affordability

- The availability of licensed child care slots in Frederick County has not been keeping pace with the number of children who may need care. If current trends hold, the ratio of children per licensed slot will approach crisis level in the next decade.
- The county’s Northern and Southeastern regions currently have crisis-level child care shortages.



- Home-based child care providers had more licensed capacity for infants and toddlers (children under age two) than child care centers, and home-based providers were much less expensive.
- The number of home-based providers has been declining, making it increasingly difficult for families to access affordable, licensed child care for infants and toddlers.

### Child Care Use and Preferences

- Frederick County families made extensive use of nonparental child care. At least half of kindergarten students in Frederick County Public Schools had some formal child care experience before starting school.
- Employment was the primary reason that families used child care.
- Families surveyed generally preferred formal (licensed) child care to all other options, including exclusive care by a parent or guardian. Families' preference for formal care grew stronger the closer children were to kindergarten.
- Nearly half of families who took the survey said they would prefer a parent or guardian to care for their children in their first year of life.

### Child Care Decision-Making and Experiences

- The cost of child care was the single most important factor in families' decisions about whether to use child care and what type of child care to use. It is also the main barrier to getting the kind of child care they wanted and a major source of stress.
- Despite a relatively high eligibility threshold for the Maryland Child Care Scholarship, less than 5% of Frederick County families used it. On the survey, 82% of families said they paid the entire cost of child care out-of-pocket.
- Competing financial concerns emerged from the family focus groups as a major theme. Many women described needing child care in order to work and needing to work to afford child care.

68% of families said cost had prevented them from using the type of care they wanted.

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*"A well-run preschool setting has been very beneficial for my kids socially. Ninety percent of my take home pay goes to child care, but it is worth it in part because of the social benefits we have seen." – Parent*

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## QUESTION 2: WHAT ARE THE CHALLENGES AND SUPPORTS FOR INCREASING PROVIDER CAPACITY AND QUALITY, ESPECIALLY FAMILY CHILD CARE BUSINESSES?

### Capacity to Deliver Quality Child Care

- The demand for child care is strong. Three out of four Frederick County



- providers who took the survey had a six-month waitlist.
- Despite the demand for child care services, many providers struggled to fill their licensed slots.
  - Home-based providers felt stymied by licensing regulations limiting their capacity for children under two.
  - Staffing challenges constrained the ability of both home- and center-based providers to meet the demand for their services.

### Business Challenges

- The expansion of publicly funded Pre-K programs has increased competition for children ages three to five in the private child care provider market. Interviews with providers revealed a great deal of concern about remaining financially viable given this new market factor, combined with regulatory constraints affecting the profitability of infant care.
- Some providers chose to serve fewer children than their licensed capacity in order to provide higher quality care or to improve their quality of life.
- Some providers prioritized paying staff more or keeping tuition rates low, over their interest in achieving or maintaining a stable and profitable business or increasing their own wages.

### Quality Improvement

- The prospect of professional advancement through accreditation or the EXCELS quality rating system was attractive to many providers. Several providers said they were committed to pursuing these tracks or had sought the ability to participate in the mixed-delivery system for publicly funded Pre-K. However, providers also described the processes of these endeavors as difficult and uncertain, and often questioned whether they were worth the effort.
- Home-based providers, in particular, wanted families to recognize their commitment to maintaining high standards of care.

## QUESTION 3: IN WHAT WAYS CAN CHILD CARE ACCESS IMPROVE ECONOMIC AND EDUCATIONAL OUTCOMES?

### Economic Prosperity

- Research points to important economic benefits for families and communities from quality child care. Access helps parents, especially mothers, continue or resume employment. Parents' participation in the workforce increases tax revenue, property values, and businesses' productivity.
- When families do not have reliable access to quality child care, they are more likely to experience negative economic and psychological impacts. When

Collectively, Frederick County families miss out on almost \$1 million dollars per year in lost wages due to child care problems.



child care arrangements fall through, many families miss work and lose wages.

### Child Outcomes

- Quality child care can also improve students' kindergarten readiness, improve their long-term educational attainment, and increase their future wages.

### Social Return on Investment

- Child care is an important contributor to economic prosperity.
- After recouping expenses, the county is likely to see an additional \$3-\$4 in economic benefits for every dollar invested in improving families' access to quality child care.

Each \$1 invested in child care is likely to produce \$3-\$4 in economic benefits for the county.

## Next Steps for the County

The study shows the dynamics of child care in Frederick County and the need to prioritize action around child care supply that meets families' needs and preferences. The County can help ensure enough quality child care for all who need it by advocating for funding and policy improvements, helping providers adapt to changing market conditions, and taking steps to bolster the child care businesses.

Equally important is the demand side of the market. To respond to families' needs, Frederick County should build awareness, connect families to resources, and facilitate innovative care options. The completion of the study is a starting point for cross-sector action. It positions the County to act through partnership, advocacy, and investment to drive long-term sustained impacts.

Frederick County plans to use the study findings in a three-step approach:

- Propose solutions and set immediate and longer-term priorities with community input.
- Develop cross-sector partnerships to act on the priorities.
- Seek funding for sustainable and locally achievable solutions.