



Testimony in Support of LD 1729, “An Act to Reduce Child Care Provider Regulation,” and in opposition to LD 1726, “An Act to Build Maine's Economy by Supporting Child Care for Working Families”

Senator Baldacci, Representative Meyer, and the distinguished members of the Committee on Health and Human Services, my name is Nick Murray and I serve as director of policy for Maine Policy Institute. We are a free market think tank, a nonpartisan, non-profit organization that advocates for individual liberty and economic freedom in Maine. Thank you for the opportunity to testify **in support of LD 1729 and in opposition to LD 1726.**

We are glad to see that it is becoming widely recognized that family care providers in Maine have been leaving the market in droves. It took the recent Maine Children’s Alliance report to catch the attention of legislative leadership. The situation has been worsening overall since Maine Policy sounded the alarm in 2018.¹

Unfortunately, LD 1726 from President Jackson fails to address the root of the problems we are seeing in the market. Only LD 1729 from Sen. Moore strikes at the cause of the collapsing supply of providers and subsequently skyrocketing prices for child care. Even though capacity has grown somewhat, prices are still prohibitory for many parents.² Now, it requires an urgent solution.

That’s why it is time to reduce the regulatory burden on the industry to expand options for families all across the state, for all income levels. We can do this without spending any more taxpayer dollars. This bill holds the path if we choose to take it.

Mainly, LD 1726 would merely throw more of Mainer’s money at the industry, a policy which has not led to more options or lower costs for families. Otherwise, the bill aims to create yet another commission to find a solution which is obvious to those with an understanding of economics.

Child care is a business, and functions like many other industries. When the government raises costs for providers through licensing, enforcing subjective “quality” of care, and incessant department rulemaking on every minute aspect of the business,

¹ <https://mainepolicy.org/project/increasing-child-care-choices/>

²

<https://www.mainepublic.org/business-and-economy/2023-02-01/new-analysis-counts-280-fewer-child-care-facilities-in-maine-over-two-year-period>

the number of folks who can stay profitable drops. When this happens, as it has been in Maine since at least 2008 by our research, families lose out most.

What sponsors of LD 1726 don't understand is that the state cannot revive a withering industry by throwing money at it every year. This has been the strategy for at least four years, and it simply has not worked. Why should we double-down on failing policy?

LD 1729 would lower barriers for providers by eliminating onerous department requirements on licensing and employment, as well as rules prescribing 35 sq ft per child space for providers, what types of snacks may be served, and the provision of extra clothing for children in care, etc.

Loosening child-to-staff ratios and aligning minimum threshold for family care licensure to national norms takes into account the reality of living in rural Maine and the current stalled nature of the market. These are basic reforms this legislature must pursue in order to begin to solve the persistent stagnation of child care choices in Maine.

Please **deem LD 1729 “Ought To Pass,” LD 1726 “Ought Not to Pass,”** and begin to unravel the web of rules and regulations holding back child care entrepreneurs from expanding to serve needy parents across Maine.

Attached below is an op-ed published in the *Portland Press Herald* on May 9, 2023, written by my colleague, Jacob Posik, director of communications at Maine Policy Institute.³ It succinctly outlines the problem, recent history, the policy landscape, and our view of the solution. Thank you for your time and consideration.

Commentary: Maine lawmakers, regulators made child care as expensive as it is today

The state needs to examine regulations rather than continue to throw money at an industry that is rapidly disappearing, to the detriment of Maine's economy.

The recent release of the [2023 Kids Count Data Book](#) by the Maine Children's Alliance has garnered much media attention, and rightfully so. It includes droves of information about Maine's youth that help us identify problems and form solutions that benefit children, parents and the economy as a whole.

In this year's book, it's noted that family child care providers are closing their doors at an alarming rate. Since 2013, Maine has lost 39% of family providers, undermining accessibility and affordability across the state.

Maine Policy identified this trend in 2018, when we [published an analysis](#) that found that, since 2008, Maine had lost 25% of all providers, and each county had lost more than one-fifth of family providers. The data are more troubling today. Since 2008, every county has lost at least 36% of family providers, while Hancock, Knox, Lincoln, Waldo and York counties have lost more than half.

Unfortunately, the data book is light on solutions that would cure the problems that the Maine Children's Alliance, lawmakers and regulators created in the first place. If these actors could have their way, there would be no more private child care in Maine – no entrepreneurs running day cares out of their homes. Instead, children could attend only Head Start or state-subsidized child care centers.

Over the last couple decades, the [regulatory record](#) shows more rules are being added to the books in the name of “quality” while the number of providers – particularly family providers – disappears. That’s a problem for two reasons.

First, child care is subject to market forces like supply and demand. If demand for services holds steady or increases while supply shrinks, costs inevitably go up. Second, family child care is the [most affordable care environment](#) for families with young children.

In 2021, the average annual cost of child care for a toddler in family care was \$7,800, versus \$11,284 in center-based care, a 36% savings. For an infant in center-based care, the cost is a staggering \$11,960 – [more expensive than in-state tuition at the University of Maine](#) – versus \$8,580 in family care, a 32% savings.

Rules like qualifications for providers, staff-to-child ratios and other structural, observable qualities of a care environment tend to significantly [increase costs](#) for providers – and, [thus, consumers](#) – without improving the interactions between children and caregivers. More than 200 pages of regulations govern family child care, child care centers and nursery schools in Maine.

Maine is increasingly becoming a child care desert. But this isn’t surprising in examining the regulatory trends. When the parent down the street who has been watching children out of their home for decades is no longer “qualified” to provide care, or the compliance costs are so high that they’ve simply closed their doors, you’ve got a real problem on your hands.

Interestingly, while family providers leave the profession, the number of available slots for care has increased, though marginally. The problem, however, is that the industry is consolidating into center-based care, the most expensive option. With fewer family providers in rural areas, parents must make long commutes out of their way and pay a steep premium if they can find care at all.

Thus, it isn't a solution to call for more regulations followed by subsidies and wage stipends – to alleviate the cost burdens posed by overregulation – which are what decimated this industry in the first place. Throwing money at something for the sake of it never solves the problem.

The solution is to eliminate unnecessary rules that have reduced the number of providers and driven up the cost of care.

Most states let someone watch more children in their home before needing a [license](#) than Maine does, and most states have more [relaxed child-to-staff ratios](#) than we enforce. If Maine simply adopted rules in line with national norms, the number of providers and available slots would immediately increase without undermining health and safety.

Parents simply want a safe place to bring their kids where they can interact with others, play, learn and grow. Child care need not be a wing of the education system in order to meet this basic need of parents.