



Testimony of Heather Marden

On behalf of the Maine Association for the Education of Young Children

And the Family Child Care Association of Maine

In support of

LD 561: An Act to Ensure Subsidy Reimbursements for Certain Child Care Providers
3/14/2025

Senator Ingwersen, Representative Meyer, and distinguished members of the Health and Human Services Committee, my name is Heather Marden, Co-Executive Director of the Maine Association for the Education of Young Children (MaineAEYC) and former early childhood educator of 20 years.

MaineAEYC promotes high-quality early learning for each and every child, birth through age 8, by connecting practice, policy, and research. We advance a diverse, dynamic early childhood profession and support all who care for, educate, and work on behalf of young children.

The U.S. Treasury Department has determined that the existing child-care system in the country is considered "unworkable" due to notable market failures that restrict access to quality care for many families. Studies reveal that most for-profit providers in this \$60 billion industry work with margins of less than 1%.

(The-Economics-of-Childcare-Supply-09-14-final.pdf (treasury.gov))

Maine currently has around 1400 licensed child care programs of which the majority are part of our small business infrastructure in the state. Communities and families around the state know all too well the devastating effects of when one of these small businesses succumbs to financial hardships. LD 561 will provide consistent, stable funding for child care businesses through the Child Care Affordability Program which helps lower-income families in Maine afford and access child care. This legislation will ensure in state statute that the change from current reimbursement practices that only reimbursing for certain "allowable" absences of children to instead reimbursing for the full enrolled hours of the child.

As you are aware, the federal government is currently in a period of significant volatility when it comes to child care program rules and funding. While there is an ongoing effort at the federal

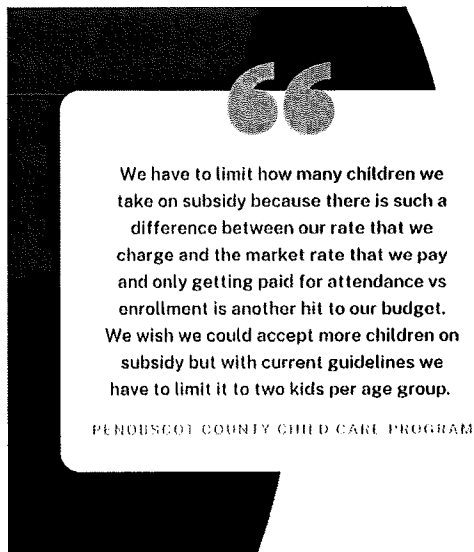
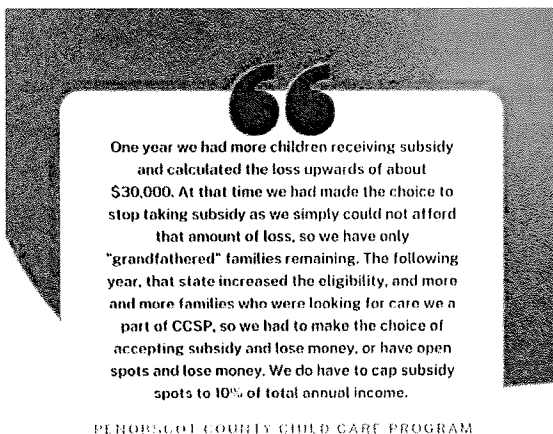
level to improve payment practices, the uncertainty surrounding the future of these policies creates unease for providers, who rely on consistent and timely payments to keep their doors open and provide quality care.

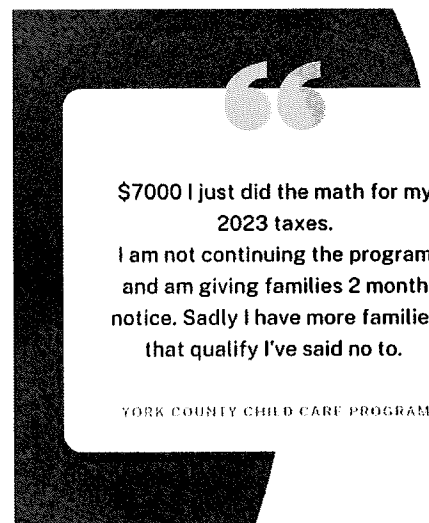
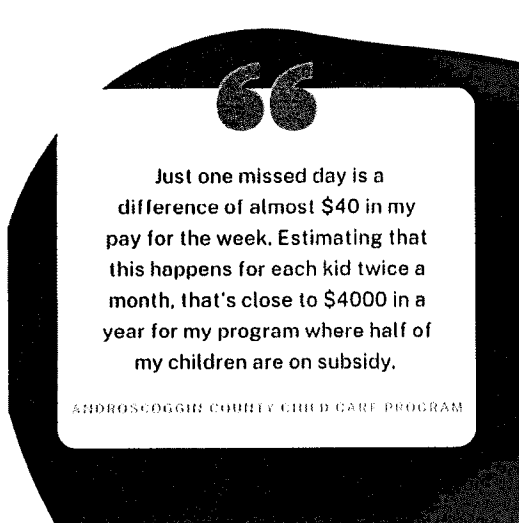
Fortunately, our state has already made a commendable commitment to address this issue by budgeting for changes to reimbursement practices this spring. This commitment reflects Maine's recognition of the importance of a stable child care infrastructure and the need to support our child care businesses. However, the unpredictability of federal policies means we cannot solely rely on federal rules to ensure these changes will remain in place.

This is why I am asking for your support in making these changes permanent by adding clear and explicit language to existing state statute. By incorporating this language into law, we can solidify the reimbursement practices needed at the state level, ensuring that child care businesses in Maine have the certainty and financial stability they need to continue providing high-quality services to families.

The state is already budgeting for this change, and this request would simply be a technical language addition to existing law. It's a practical step that provides long-term security for our child care providers. By securing these changes at the state level, we ensure that even in the face of federal uncertainty, Maine's child care businesses will continue to receive the support they need.

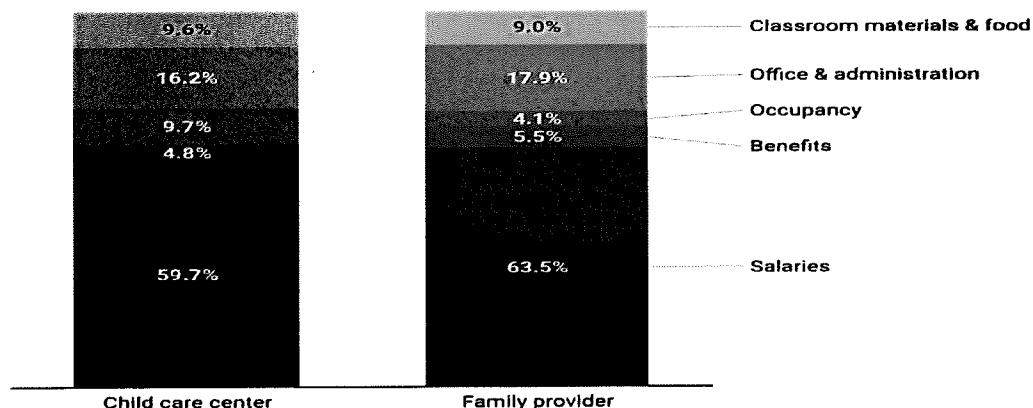
Please see the examples provided from some child care business owners/operators in Maine:





Child care programs across Maine are eager for the Child Care Affordability Program to be effective in order to better serve more families in their communities. With the recent restructuring of market rates and the upcoming change in reimbursement practices, there is optimism that the necessity for childcare businesses to reduce or cease their involvement in the CCAP can be reversed. Roughly only around 12% of eligible children in Maine currently benefit from CCAP, highlighting the need for improvements. These enhancements should focus on supporting small childcare businesses in Maine to ensure that CCAP aligns with their operational margins and is in harmony with private pay family tuition practices.

Provider costs



National data for base quality scenario.

Chart: Joy Borkholder • Source: Center for American Progress • Created with Datawrapper

The chart provided illustrates a typical breakdown of a child care budget. The primary allocation within the budget is directed towards compensating staff with wages and benefits, representing the most substantial portion, typically ranging between 65% to 75% of the total budget. The remaining funds are usually earmarked for resources, rent/mortgage, utilities, and other related expenditures.

Consequently, accumulating savings poses a significant challenge for small child care enterprises in Maine.

Now, more than ever, we must take every possible step to ensure that child care programs receive the full support they need and that the systems they operate within are consistently strengthened. In light of this, I strongly urge you to consider amending this measure to include provisions that state-funded investments in the Child Care Affordability Program be expanded to serve families with incomes ranging from 0% to 125% of the State Median Income (SMI). This critical change—currently missing from the Supplemental Budget—addresses a glaring gap that is leaving many low-income families on the subsidy waitlist, unable to access the support they desperately need.

Maine has already established a system designed to prioritize families with the greatest needs, including those with lower incomes, children experiencing homelessness, and children requiring special education services. Yet, without this amendment, these vulnerable families remain underserved. The absence of this language is not just a technical oversight—it directly impacts the lives of those most in need. It is crucial that we address this gap to ensure that every child and family in Maine has access to the resources and care they deserve.

Thank you for your time!