

Helping Maine Grow:

Strengthening Our Early Care and Education System Will Improve the Health and Well-being of Children and Support Working Parents

2023 UPDATE

Mainers have a long tradition of working together to solve tough problems. Right now, we face a significant, but solvable challenge of an inadequate early care and education (ECE) system.

In fact, the problem is that it isn't a "system" at all but a patchwork of programs of variable quality, affordability, and availability throughout the state. This creates inequities in opportunity both for children's healthy development and the stability of our workforce. What can we do to support the needs of our modern workforce and ensure Maine has a professional and thriving early care and education system?

In the following sections, we briefly describe the current challenges facing both families and providers, strategies to help repair our patchwork of programs throughout the state to create a true early childhood system, and what kinds of investments are required to build and sustain that system.

The Flawed Market-Based Model of Early Care and Education

How the Early Care Business Works

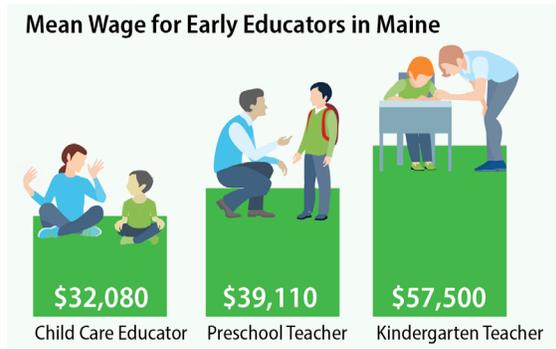
Early childhood programs are made up of a mix of public and private entities, ranging from large centers to small home-based programs, to informal family, friend, and neighbor care. They are structured as sole proprietorships, small businesses, or nonprofit organizations. In Maine, according to a 2019 report, 76 percent of providers were sole proprietors.¹ What these different models have in common is that they are financed by their customers, unlike our public preschool-grade 12 education system. Families pay "tuition" for their children to attend. The average tuition for an infant in center-based care is \$11,960,² similar to the annual cost of tuition at the University of Maine at \$12,000.³ Of course, this is extremely challenging for parents during a time in their lives when they are just beginning their careers.

A fundamental flaw in the market-based system is that **for a program to stay financially viable, it must have full enrollment and collect full tuition from all enrolled families.** Further, the market pricing fails to account for the fact that infants are much more expensive to care for than older children. Research shows that healthy development in infancy is facilitated by a lot of one-on-one interaction,⁴ so programs need more staff, which increases costs. Older children can learn and play in groups with peers, so adult-to-child ratios are higher. Many programs rely on four-year-old enrollments to subsidize the cost of infant care and stay financially viable, because most families cannot afford the true cost of infant care. As more

schools offer access to public preschool classrooms for four-year-old children, those less costly children leave private programs, eroding the financial stability of the program.

The high cost of care does not equate to profitable businesses, well-paid staff, or high-quality experiences for children. Regarding quality, we know from research that high-quality child care is related to a variety of positive developmental outcomes.⁵ When educators provide care and interactions that are emotionally supportive, consistent, and appropriate to the child’s age, development, and temperament, it supports children’s learning and has a positive effect on the well-being of children and families.

Regarding salaries, the average (mean) annual income for child care workers in Maine is significantly lower than preschool or Kindergarten teachers in Maine (see chart below). In addition to low wages, early care educators and staff rarely receive health insurance or paid time off, in stark contrast to their public-school counterparts. A college graduate with a bachelor's degree in early childhood education has the lowest projected life-time earnings of any college major.⁶



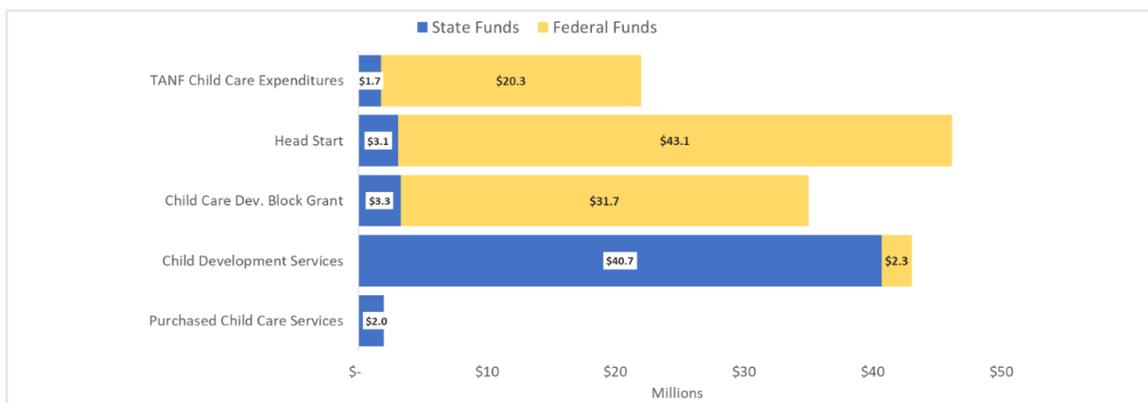
Source: U.S. Bureau of Labor Statistics, Occupational Employment and Wage Statistics, 2022 State Occupational Employment and Wage Estimates Maine https://www.bls.gov/oes/current/oes_me.htm#top

These wages result in many child care workers, who are mostly women, unable to meet their own basic needs. Low wages also cause high turnover rates, which is difficult for child care directors and parents, but is so in particular for young children, who need consistent relationships with caregivers during their formative early years.

How Federal and State Funds Finance Early Care and Education

An array of mostly federal programs provides some support for early childhood education for working families in Maine. The Child Care Development Block Grant (CCDBG) is the primary source of federal funding to support the child care needs of income eligible working families.

Early Childhood Education in Maine is Primarily Federally Funded

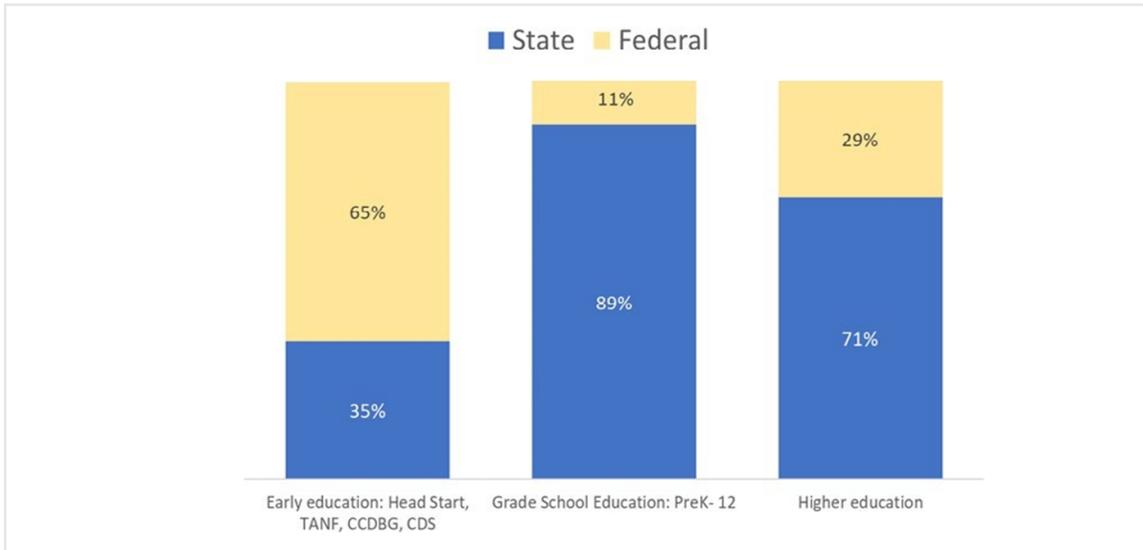


Source: see ECE Chart

Maine contributes few state dollars to child care or Head Start. **Most of the state funding to support early care and education in Maine is focused on the state’s public preschool program,** via the school

funding program and Child Development Services. In the 2022-2023 school year, 79 percent of school districts offered at least one preschool classroom.⁷ These classrooms served only 47 percent of four-year-old children who attended public preschool in Maine, and this varied throughout the state – with Aroostook County at 83 percent public preschool compared to 27 percent of Cumberland County’s four-year-olds in public preschool.⁸ Public preschool programs often don’t meet the needs of full-time working parents, as only 9 percent of enrolled four-year-olds are in programs that are full-day and meet five days a week.⁹

Maine Funds School-Age and Higher Education at Much Higher Rates than Early Childhood Education

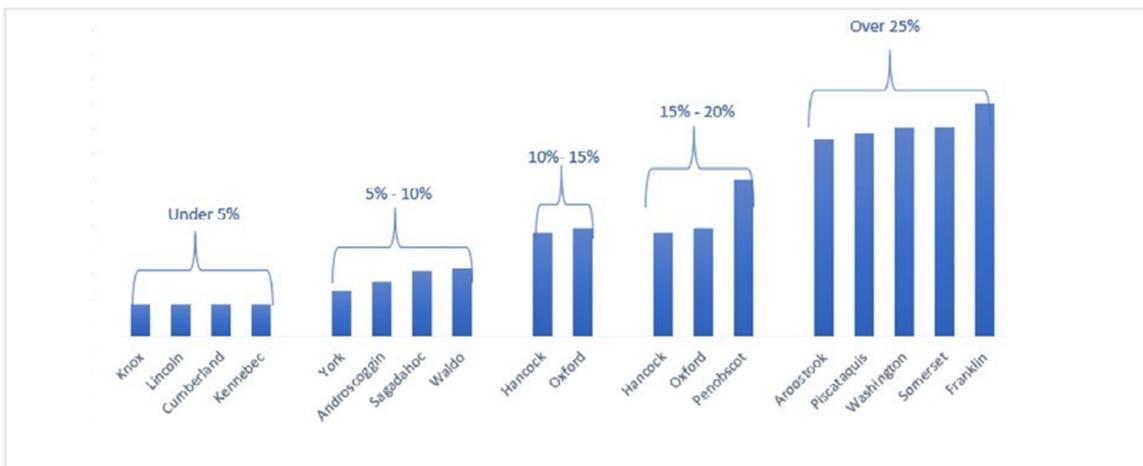


Source: see **Maine and Federal Funding Chart**

The Needs of Working Families

Roughly 70 percent of families in Maine with a child under age six have all adults in the household working, which equates to approximately 52,000 children in need of high-quality learning environments.¹⁰ But ECE is not readily available or affordable for all families, and public preschool for four-year-olds doesn’t solve the challenges for families with younger children. A 2020 report by the Bipartisan Policy Center¹¹ examined the percentage of Maine children under age six with all available parents in the labor force who do not have access to care (the “percent gap”) and found significant differences by county.

Gap Between Supply of Child Care and Potential Need



Source: see **Gap Chart**

Of course, even if parents can access care, it is often not affordable. One recommended federal benchmark for affordable care is seven percent of family income,¹² yet most parents in Maine are paying more. Child Care Aware finds that a married couple in Maine with a single child is spending 11 percent of family income while a single parent is spending 35 percent of their income.¹³ While the state offers supports to some families based on income, also known as “subsidies,” they serve only about 8 percent of eligible children under age 12 in Maine.¹⁴ Further, providers are reimbursed for serving families with subsidies, but only at the 75th percentile of the market rate for care.¹⁵

In short, how early childhood education is structured and financed doesn’t work for families or providers.

Economic Benefits to the State

Economic studies have shown rates of return as high as 13 percent for public investment in early care and education.¹⁶ Quality early childhood programs pay out over both the short and long term by a reduced burden in school remediation and prison costs, as well as enhanced college attendance and workforce productivity. In Maine, the lack of reliable child care is a significant barrier to employment for parents with young children. A 2023 report estimated the cost of lost workforce participation to be \$403 million annually.¹⁷

Strategies for Building a Better System

The pandemic exacerbated the numerous challenges facing early care and education in Maine and throughout the country. The federal COVID investments saved many businesses and programs from closing their doors. As the funding ends over the next year, there are elements that should be continued or expanded with state dollars to ensure stability, improve wages, and increase participation in the state’s Child Care Subsidy Program.

The Office of Child and Family Services (OCFS) within DHHS created a [Child Care Plan for Maine](#) that used COVID funding to support educators and staff with a wage stipend of \$200 a month. The Mills administration worked with the legislature in 2022 to enact legislation to continue wage supplements for early childhood educators with state dollars in a system based on education and experience that will begin in the summer of 2023.¹⁸ The annual allocation of \$12 million is the largest investment ever in state general fund dollars to support child care.

In addition to supporting providers with grant funds, DHHS utilized federal funding to increase eligibility for families in Maine’s Child Care Subsidy Program and waived fees for parents.¹⁹ Providers were also reimbursed based on a child’s enrollment in the child care subsidy system instead of linking payment to attendance.²⁰ Additional incentives were provided to increase care in rural and gap areas, increase access for infant care, and to encourage more providers to participate in the subsidy program.²¹ Funding for the construction and expansion of facilities is also expected to improve availability.²²

[Legislation in 2021](#) created the First 4 ME model to provide quality care and healthy development for children, support the needs of working families, and improve compensation for educators while providing them with coaching and professional development. Based on a successful Early Head Start Child Care Partnership program in Skowhegan, three communities in York, Cumberland, and Aroostook counties were awarded funding in May of 2023 to design a similar program based on community needs.

Legislation also established the [national Help Me Grow model](#) in Maine, a systems-level initiative that connects parents with early learning providers, health care providers, and child-serving state and local

agencies to assist families in locating appropriate services for their children. Help Me Grow does not provide direct services, but instead builds on existing resources to develop a comprehensive approach to early childhood.

To ensure a prosperous future, Maine needs a better system of early care and education that truly supports the needs of our youngest children, families, and early childhood educators. Priorities should include the following:

1. Immediate Need: Supporting the Early Childhood Workforce with Wage Supplements

The lack of public and private investment in early childhood education results in educators and staff being paid low wages with resulting high turnover. Significant reforms and investments will be required at the state and federal level to improve the wages and benefits of early childhood educators. Maine should increase funding immediately to support additional wage supplements while a longer-term plan is developed to increase wages. These short-term supplements are required to attract new staff and retain current staff.

2. Develop a Plan to Increase Wages While Ensuring Affordable Care for More Families

The state and community partners should develop a plan to ensure that early childhood educators are paid based on the actual cost of providing education and care as opposed to the current market rate system that isn't working for providers or families. The plan should increase wages while limiting the cost of child care for families. A common benchmark used for working families is that no more than seven percent of family income be spent on the cost of child care.²³ Additional low- and middle-income families should be eligible for child care subsidies. Standards and a wage scale should be developed based on education, training, and experience. The plan should aim to achieve wage parity between early educators and public-school teachers within the next six years. Apprenticeships, scholarships for higher education, and creating links and supports through Career and Technical Education and higher education should all be utilized to build a strong ECE career pathway.



3. Cost of Care Model

To determine how much to pay child care providers who participate in the state's Child Care Subsidy Program, states have historically used a "market rate survey" every two years to determine payment rates. We know that child care providers recognize that most parents cannot afford to pay the actual cost of quality child care. Consequently, for parents to afford to pay, providers must limit the wages they can offer staff or themselves. These low wages have led to the current lack of available child care as educators have left the field for jobs with higher salaries in public schools or for other career opportunities. Using an alternative methodology to determine the true cost of care can provide a tool for states to ensure that early childhood educators are paid based on the actual cost of providing quality care for children.

4. Improving Data Systems

Increased public investment in early childhood data collection and analysis is important to drive good policy and guide decisions that produce positive outcomes for children. There are three significant data/research needs: a real time supply and demand matching system that would help match parent needs with the availability of ECE in their communities;²⁴ a child care workforce study to determine the demographic, educational, and professional development needs that would best support the field; and continued prioritization of an Early Childhood Integrated Data System to support the collection and integration of data across multiple early childhood programs and agencies within the state.

5. Contracts and Grants to Improve Quality and Supply of Child Care While Ensuring Accountability

We urge the state to again use contracts as a way to ensure low-income children have access to high quality care and as a method to improve the supply of child care in areas with critical needs. [Approximately 30 states](#) currently utilize grants or contracts with early childhood providers as an additional way to purchase child care slots. Contracts provide stability for parents and providers and allow a state to target underserved geographic areas or populations, such as children in the child welfare system or with disabilities. Higher wages or the blending of funding from various early childhood programs such as preschool or Head Start to support full-day or year-round care can be supported in contracts. Finally, as the state creates and monitors the contract, they can ensure accountability and that performance measures are met to support the needs of children.

6. Expand First 4 ME and Support Regional Community Hubs

We believe an expansion of First 4 ME to other communities can support children and families with health, nutrition, and family supports similar to Head Start, while providing child care centers and family child care with additional funding to support higher wages and quality of care. [Elevate Maine](#), the program in Skowhegan, is working with [strong results](#). The central element of the model is community collaboration to support the needs of families with young children. Similar regional coordination can be found in the [“First 10 Maine”](#) model that is being developed in several school districts as a result of a recent Preschool Development Grant and legislation in 2015 that established a [“community school”](#) model. Five [Community Schools](#) in Maine were selected as a result of a grant process in 2022.

Maine is one of only three states in the country that does not provide a Child Care Resource and Referral organization whose mission is to support the needs of families, child care professionals, and community members.²⁵ The state should work with community stakeholders to reimagine and reinstate this critical support system for parents and providers in conjunction with Help Me Grow to support the needs of families with young children. Maine’s regional network of Resource Development Centers was defunded and eliminated in 2012.

7. Base Reimbursement on Enrollment not Attendance

Few can imagine public school staff not being paid if a child was out sick or hospitalized, but early childhood programs participating in the Child Care Subsidy Program are typically not reimbursed if a child is not in attendance. This policy was waived by the state during the pandemic to support providers when many children were out sick. Private pay families are expected to pay for a slot at a child care program, regardless of the child’s attendance. We need more providers to participate in the Child Care Subsidy Program. The state should eliminate

this policy and absorb the cost with state funds. The policy serves, along with a payment rate at the 75th percentile of the market rate, as a disincentive for providers to accept children who participate in the subsidy program.

8. Addressing Infant Care with Paid Family Leave

The early months in a child's life are crucial to brain development and in building the responsive relationships with parents and caregivers that are necessary to thrive. We know that the most expensive care is for infants because of the need for low ratios to support health, safety, and brain development. Robust paid family leave policies can relieve the high cost of infant care for families in the first year of a child's life while supporting parent child relationships. Research shows that paid family leave can improve infant health, maternal health, and can result in lower rates of domestic violence and child abuse.²⁶

9. Addressing Affordability Through Public Investment

Truly meeting the needs of families and employers will require significant state and federal funding to support early care and education as the public good it is. Relying on private tuition from young families and underpaying early childhood educators is not an equitable, nor a sustainable system. While strategies such as tax credits can support families and educators, they are most often used by upper income parents and do not help either to meet their monthly budgets. It will require higher wages to attract and retain educators in the field and it will require lower weekly child care costs for families to afford quality care. One solution would be to provide universal preschool for three- and four-year-old children through a system that includes public schools, child care centers, family child care providers, and Head Start. The Child Care Subsidy program could be modified and expanded to include a sliding scale so no parent would pay beyond a reasonable maximum level for infant and toddler care and educators could be paid for the actual cost of care at wages equal to those of public-school educators.

Conclusion

We have intelligent and caring educators across the state working to support young children and families. With coordination, parent input, leadership, and additional state and federal funding, we can design a system that complements the strengths of center and family child care, Head Start, home visiting, and public schools. And with a stronger, more equitable system, we can create a prosperous future for all Maine children and families.

We need Maine leaders to understand early childhood brain science, the economic value of early childhood education, and most importantly, commit themselves to early care and education as a public good. When children can get a strong early start, and their parents can be fully engaged in the workforce, our communities and economy will also reap the rewards of this investment.

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Graph sources

ECE Chart

1. [Maine Head Start & Early Head Start Annual Snapshot Report 2022](#), Maine Head Start Directors Association and the Maine Head Start Collaboration Office
2. TANF Child Care, both federal and state: [TANF and MOE Spending and Transfers by Activity, FY 2021 Maine](#) page 2.
3. CCDBG: Federal [Final GY 2023 CCDF Allocations \(Based on Appropriations\)](#) State: “Summary of Identified Child Care Expenditures by Approp and Fund”, page 2 received from Luke Lazore, Senior Analyst, Office of Fiscal and Program Review, September 2020.
4. Purchased Social Services is state funding from the Fund for a Healthy Maine. Fund for a Healthy Maine Allocations - 2022-2023 Biennium, Maine Office of Fiscal and Program Review <https://www.legislature.maine.gov/doc/9411>
5. Child Development Services, see page 21 of enacted Maine state baseline budget for FY 2023-2024 and 24-25. [P.L. 2023, ch. 17](#)

Maine and Federal Funding Chart

1. Head Start: Federal: [Head Start Program Facts: Fiscal Year 2019](#) State: Summary of Identified Child Care Expenditures by Approp and Fund”, page 2 received from Luke Lazore, Senior Analyst, Office of Fiscal and Program Review, September 2020.
2. TANF Child Care, both federal and state: [TANF and MOE Spending and Transfers by Activity, FY 2019 Maine](#) page 2.
3. CCDBG: Federal [Final GY 2019 CCDF Allocations \(Including Redistributed Funds\)](#) State: “Summary of Identified Child Care Expenditures by Approp and Fund”, page 2 received from Luke Lazore, Senior Analyst, Office of Fiscal and Program Review, September 2020.
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5. Child development services [Child Development Services, State Compendium of State Fiscal Information, State Fiscal Year ending June 30, 2019](#) page 106 (federal) and page 83 (state)
6. School-age education: [State Compendium of State Fiscal Information, State Fiscal Year ending June 30, 2019](#) Federal: page 106 (federal) and page 83 (state) omitting Other and Child Development Services for both federal and state.
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Gap Chart

1. Source: Smith, L., Bagley, A., and Wolters, B. Child Care in 25 States: What We Know and Don't Know. Quantifying the Supply Of, Potential Need For, and Gaps in Child Care Across the Country. October 2020. <https://childcaregap.org>

Endnotes

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family size, The Population Research Bureau estimates approximately 89,112 children ages 0-11 were eligible based on 5-year survey data of 2017-2021. Number of children ages 0-11 in Maine in 2020 was 158,653. (Maine Office of Vital Statistics). Based on this, approximately 56% children ages 0-11 were eligible in 2022. At some point in time during the state fiscal year 2022, 6,890 children ages 0-11 had a subsidy. So, approximately 7.7% of eligible children were served in state fiscal year 2020.

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