



Testimony in Opposition to LD 103, “An Act to Provide Incentives to Employers to Provide On-site Child Care”

Senator Curry, Representative Roberts, and the distinguished members of the Committee on Innovation, Development, Economic Advancement and Business, 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 on LD 103

Ask any parent in Maine and they will tell you how difficult and costly it is to secure stable child care. Families are being squeezed between inflated costs for food and household necessities, and runaway costs for child care. Many parents are caught in a tough place--either dedicate nearly all of one's full-time wages to child care, or forgo work to stay home and provide one's own child care. Single parent households today bear a significantly higher burden.

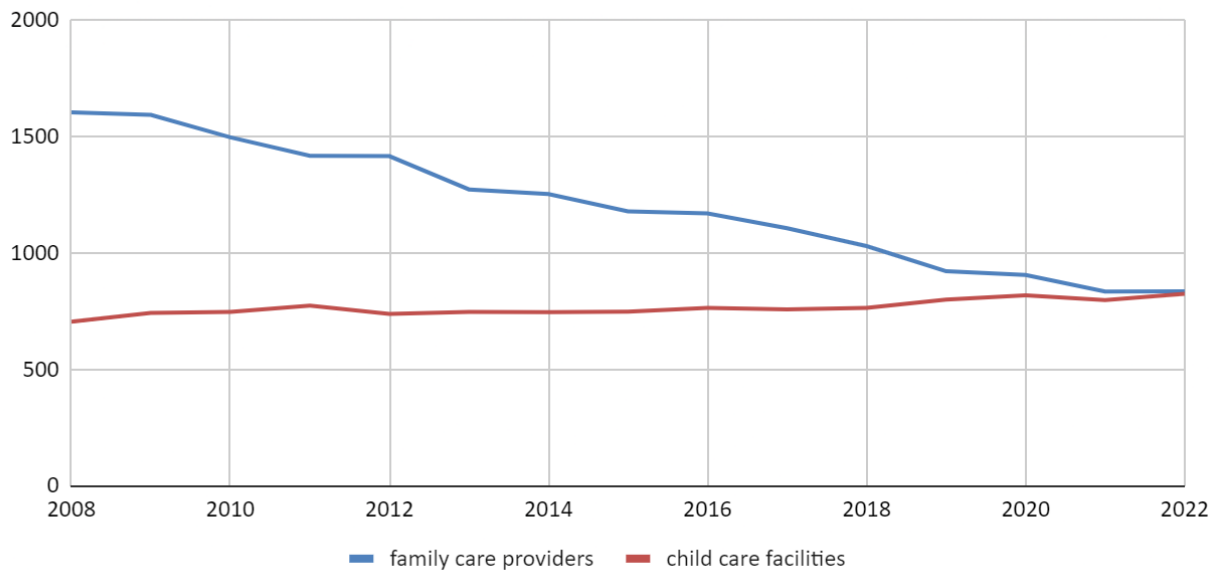
Meanwhile, in the past four years, lawmakers and Gov. Mills have eschewed opportunities to reduce barriers for providers, and instead piled on more requirements.¹ This has led to a staggering loss of child care providers of all sizes across Maine—nearly 25% since 2008.²

¹ <https://mainepolicy.org/what-makes-child-care-so-expensive-overregulation/>;
<https://mainepolicy.org/maine-lawmakers-moving-in-the-wrong-direction-on-accessible-affordable-child-care/>

² <https://www11.maine.gov/dhhs/ocfs/data-reports-initiatives/early-childhood-education>

Family care providers and child care facilities in Maine, 2008 to 2022

Source: Maine DHHS Office of Child and Family Services



The effects of state regulation are evident. As more restrictions on child care spaces, staff, and programs, Mainers have lost access to 48% of the family-based care providers they had in 2008, an option that is 40-50% cheaper than center-based care on average.³ The regulatory hurdles imposed on this industry and the corresponding loss in family child care providers is the single biggest culprit for runaway child care costs.

Those who want higher burdens on child care providers often say it is in the name of safety and ensuring program quality. How can the state inflict so much regulatory pain on this industry in the name of child safety, when the Department of Health and Human Services' own record on child safety is most dubious?⁴ The state has no moral standing to dictate to child care providers how to do their job.

So-called "advocates" of child care clamor for more regulations that only improve observational quality of child care. For example, if one provider can only watch six children instead of eight, the care provided must be better, they reason. But Maine's regulations are out of step with national norms.⁵ The more these rules are tightened, the more expensive care becomes for hardworking Maine families.

³ 2019 Maine State Fact Sheet. Child Care Aware of America.

<https://info.childcareaware.org/hubfs/2019%20Price%20of%20Care%20State%20Sheets/Maine.pdf>

⁴ <https://www.wabi.tv/2023/03/03/dhhs-lays-out-new-efforts-reduce-child-deaths-abuse-maine/>

⁵ https://mainepolicy.org/wp-content/uploads/Child-care-report_MHPC.pdf

Increased regulation has proven only to hamstring providers, limit parents' options, and raise costs. For an industry so foundational to the economy, politicians should be acutely aware how detrimental their plans to shape the world truly are.

A core tenant of our economic and political philosophy is empowerment of the individual over government. We do not accept the need for a government "solution" to a problem created by politicians with flawed incentives.⁶ Instead, entrepreneurs taking their own risks on a level playing field are best suited to determine where the need exists for their product or service.

Therefore, the state should not subsidize child care for some workers from the earnings of those who will not use it; this will distort market signals that both parents and providers need to operate efficiently. The state should simply get out of the way and let these entrepreneurs serve their neighbors' needs with the lowest barriers possible.

There are no government subsidies or massive state spending needed to ensure quality child care services across Maine. The government simply needs to get out of the way. When the local mother or grandmother down the street, who has had many children of their own and has been watching other people's children for decades, is no longer open for business, it's time to ask, what is the state doing which could be contributing to this problem?

The fact is, Maine does not need another study on the problems with the child care industry. Legislators and bureaucrats must simply look within, and see that the state is the biggest hurdle to increasing child care capacity.

Please deem LD 103 "Ought Not To Pass" and instead focus it on clearing away unnecessary and costly regulatory barriers for providers of all sizes. This is the path to expand capacity across the state and ultimately control prices. Thank you for your time and consideration.

⁶ <https://www.econlib.org/library/Enc1/PublicChoiceTheory.html>