



Montgomery County Community Action Board Testimony
County Council Bill 21-25: Taxation - Day Care and Child Care Property Tax Credit
July 8, 2025
SUPPORT

Good afternoon. My name is DaVida Rowley and I am the Chair of the Montgomery County Community Action Board, the County's local, state, and federally designated anti-poverty group. Our board strongly supports County Council Bill 21 – 25, which would expand eligibility for the daycare and child care property tax credit and increase the amount of the tax credit.

As advocates for economically disadvantaged community members, and as the governing body for both Head Start and the Community Action Agency, our board has advocated for a robust mixed delivery child care system in the County. We have greatly appreciated the longstanding partnership with Montgomery County Public Schools with regard to implementing Head Start and PreK classes, but we also recognize that additional private providers are critical in order to meet the need for high-quality early childhood education in the County. Bill 21 - 25 can help the County achieve this goal by providing more financial support to child care providers, many of whom face immense financial burdens in order to stay in business.

Research continues to show that high-quality early childhood education programs improve school readiness and can have a significant impact on long-term academic success. In Montgomery County, the kindergarten readiness rate is about 44%.¹ This rate varies quite a bit depending on race/ethnicity, level of English language proficiency, and income, with Black and Hispanic children, those with lower household incomes, and English language learners seeing lower readiness rates. By expanding high quality child care options in the County, we can improve these rates. Expanded property tax credits for child care facilities can be an important tool to provide additional support to private providers.

It is important to note that alleviating some of the costs that private child care providers face, as this bill would do through expanded property tax credits, can help to avoid significant increases in the cost of child care. Many families with modest incomes struggle to pay for child care in Montgomery County, where the cost of living is so high. For example, according to the 2023 Montgomery County Self-Sufficiency Standard, a household with two working adults, one preschooler, and one infant would need to earn \$138,317 annually to cover their basic necessities, over four and a half times the federal poverty level.² Child care represents the largest single expense for this family – 28% of their monthly budget. Policies that can help to keep child care costs down, like those proposed in Council Bill 21-25, can help families move towards the Self-Sufficiency Standard.

¹https://static1.squarespace.com/static/62ad27c903d8e10682a2c1c6/t/64dd813d1ac8597f49346f04/1692238166459/Childrens-Opportunity-Alliance_MoCo-Data_Aug-2023

²https://www.montgomerycountymd.gov/HHS-Program/Resources/Files/MDMontCo2023_SSS.pdf

Finally, we want to draw the Council's attention to an extensive study conducted by the Montgomery County Early Childhood Education Initiative that examined the cost of quality childcare. The study explored stakeholder perceptions regarding childcare costs, affordability, and sustainability in the County; and provided estimates of the actual costs of providing childcare in the County under different scenarios related to provider and child characteristics. The study found that *the estimated annual cost to provide child care in Montgomery County ranges from \$13,134 to \$28,117 in centers and from \$8,466 to \$16,737 in family child care homes, depending on the age of the child and the provider's EXCEL rating.*³ These amounts show what a significant impact a property tax credit of \$10,000 could have on a private child care provider that is balancing the costs associated with their business, including offering living wages to teachers to reduce turnover and recruit a highly trained staff.

In addition to this bill, our board asks the Council to continue to explore other opportunities to support child care providers, through additional professional training opportunities, scholarships, and other tax credits that alleviate the financial hardships that many providers face. We also encourage the Council to continue to support our County families who are struggling to afford child care, including added funding for the Working Parents Assistance Program, expanded paid sick and parental leave that can help working parents remain employed, and returning the Working Families Income Supplement to a 100% match of the state's Earned Income Tax Credit, providing additional financial support to families.

The Community Action Board strongly supports County Council Bill 21-25 and asks the Council to vote in favor of this bill.

³ Montgomery County Child Care Cost of Quality Study Final Report - March 2024