



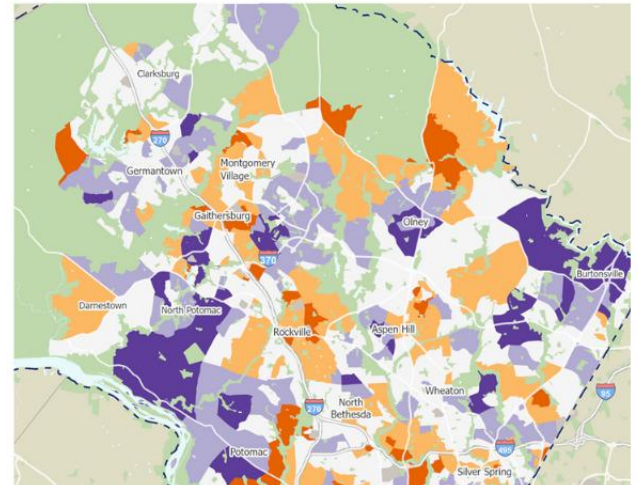
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The State of Supply and Demand for Childcare in Montgomery County, Maryland

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RESEARCH CONDUCTED BY

Policy Solutions at Reinvestment Fund

Jacob L Rosch, Senior Policy Analyst

Ira Goldstein, Senior Advisor



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The ECEI was established to achieve four outcomes for this plan: expansion, access and affordability, sustainability, and alignment within the early care and education landscape from the perspective of policy and service delivery.

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Andrew Burwick, *Social Impact Consultant*

Amy Cropp, *Director, Director, PreK, Special Programs and Related Services, MCPS*

Giraldine Duff, *Measurement and Impact Analyst, Children's Opportunity Alliance*

Michelle Gallipoli, *Planning Specialist, DHHS Early Childhood Services*

Bill Hudson, *Executive Director, Family Child Care Alliance of Maryland*

Laura Jahromi, *Manager, Strategic Initiatives, Children's Opportunity Alliance*

James Scott Mitchell, *Board President, Potomac Association of Cooperative Teachers; Director, Silver Spring Nursery School*

Sonia Mora, *Assistant Chief Administrative Officer, Office of County Executive*

Richon Nembhard, *Manager, Planning, Analytics, and Customer Service, Office of County Executive*

Beatriz "BB" Otero, *Special Assistant, Office of County Executive*

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Early Childhood Education and childcare support children, families, and communities in ways that go beyond simply providing a supervised environment for children. For children, early educational experiences provide a foundation for future growth and success in school and life. For parents and caregivers, access to safe and trusted care provides the opportunity to pursue education and training, as well as the ability to participate in the workforce. This dual support helps parents gain skills, advance their careers, and earn family-sustaining wages while ensuring their children are cared for in a secure environment. For communities, access to affordable care supports the availability of the labor force that local economies need to thrive.¹

The information in this report is intended to help Montgomery County stakeholders identify gaps in access and develop strategies to address the needs of children, families, and providers. Our analysis includes a review of jurisdictional child care supply and demand as well as focus groups and countywide surveys of parents and providers. Throughout, we focus specifically on childcare for children zero through five years old.

Key Findings:

Childcare Supply, Demand, and Shortage

- **Montgomery County has a shortage of childcare supply, but the largest gap between supply and demand affects families with infants and toddlers (children under the age of two).** Countywide we estimate there are up to 57,300 potential customers for childcare, but capacity for only 33,600 children, leaving a gap of 23,700 seats. Put another way, the county has enough capacity to serve 59% of children zero through five. The bulk of the gap impacts infants and toddlers. The county has enough preschool seats to serve roughly 83% of the children between the ages of two and five, but only enough infant and toddler seats to serve 19% of the children under two.
- **The overall number of preschool seats in Montgomery County masks important access gaps for parents.** In our focus groups with parents, we learned that while it is usually possible for families to find a child care program that is enrolling students, these programs do not always have a location, hours, or a quality-level that families need. Although there is only a small shortage of preschool seats in the county overall, our analysis found substantial gaps in the availability of high-quality programs, programs offering non-traditional hours care, and programs with bilingual staff. The geography of care was another important barrier, with large supply gaps concentrated in specific regions of the county. In other words, although there are many child care seats overall, they are not necessarily accessible to all families.
- **Costs are the driving factor for many families' childcare choices.** Both our focus groups and surveys revealed that the cost of childcare is a challenge for families across the income spectrum and affordability drives the choices that families make about where and how to care for their children. Parents that use informal arrangements like babysitters, friends, and family are often doing so because they cannot afford a licensed child care program with the hours they need or a

¹ The composition of families in Montgomery and elsewhere can be diverse. Young children may be cared for by biological parents, stepparents, grandparents, or other adults who are charged with their care. For simplicity, throughout this report we use the term "parents" to refer to all types of caregivers.

convenient location near work or home. While resources like the Maryland Child Care Scholarship (CSS) and Montgomery County Working Parents Assistance (WPA) are available, these programs, which are specifically geared toward working parents, are difficult for both families and providers to navigate.

- **Many child care providers are struggling financially and looking to grow enrollment.** From a financial perspective, programs should be enrolled as close to their full capacity as possible, yet many licensed programs in Montgomery County reported low enrollments. According to our survey of county providers, the average program had a 26% vacancy rate. Childcare is a consumer-driven industry and the preschool classrooms that have the highest financial margins for providers are also the most competitive. Many providers reported feeling that their programs were not financially stable, but they were committed to the sector and looking for ways to grow and stabilize their businesses.
- **Montgomery County needs investments that can build high-quality supply that are responsive to market conditions and family needs.** Comparing supply and demand across the county reveals that while access gaps impact every type of community, there are specific regions where the shortage of care options is most acute. To ensure that public investments do not disrupt what is already a competitive market, the County should tailor its investment strategy to address community needs and align with market conditions in order to ensure equitable access.. In some areas, support should focus on the expansion of existing high-quality programs. In others, helping existing programs improve their quality or supporting new site creation will be a more appropriate response.

Business Needs and Access Barriers

- **The childcare system is complex and there are information gaps that prevent both families and providers from accessing all the resources that are available to them.** Focus groups and surveys revealed many families, particularly immigrant and non-English speaking households, struggle to navigate the licensed childcare system. Many families were unaware of or did not understand public resources like the Child Care Scholarship (CSS) and Maryland EXCELS. Providers also struggled to navigate these systems, and some were not familiar with resources like Maryland's Capital Support Revolving Loan Fund that could help their businesses grow.
- **Staffing remains a major challenge for the sector, impacting bottom lines and perceptions of program quality.** Although many providers believed that staff retention had improved from the height of the pandemic, hiring qualified staff remains very difficult. Low pay and poor benefits in the sector make it difficult to compete for qualified employees. A well-qualified staff is not only critical for enrollment—without sufficient teachers, programs must close classrooms and turn away families—but also an important indication of quality that families report that they use to choose a child care program. In fact, parents' perception of the quality (and stability) of program staff is one of the main criteria that they use to evaluate where to send their children.

- **Providers have facility needs that impact their program quality and sustainability, but few have access to the resources they need to address their challenges.** Along with staff, facilities are another important factor that families use to judge the quality of child care programs. Providers are aware of how important their facilities are and often have a long list of changes and improvements they would like to make. Yet many providers, particularly home-based providers, struggle to access capital to make improvements and repairs. Instead, home-based providers rely on personal credit cards or seek help from family and friends, and may be forced to defer critical maintenance. The state’s Capital Support Revolving Loan Fund and the future Montgomery County Facilities Fund would be a good option for these providers, but none of the child care program directors who participated in our focus groups were aware of the program.

The remainder of this report is organized into four sections. Section One describes the families with young children that are customers for childcare in Montgomery County. Section Two describes the county’s supply of childcare. Section Three describes the relationship between supply and demand for care and identifies shortages. Section Four describes a set of recommendations for addressing the needs of Montgomery County’s families and child care providers to ensure greater access to high-quality care.

Section 1: Customers for Childcare in Montgomery County

This analysis examines the market for childcare in Montgomery County. The supply side of the market, described in the next section, is comprised of child care providers and programs that serve children under five. The demand side of the market, described in this section, is comprised of children and families that live in or travel to Montgomery County seeking childcare.

At the start of 2024², we estimate 57,700 children were living in the county under five years of age. Of children living the county or those with parents who work in the county, we estimate up to 57,300 could look for care in Montgomery County.

Resident Characteristics

The families that live in Montgomery County are incredibly diverse. The table below shows the racial composition of all people, and separately children, living in the county. Of the 57,700 children under five living in the county at the start of 2024, close to 60% were Hispanic, Black, or Asian. Along with this demographic diversity, the county is also home to an incredible linguistic diversity. We estimated that 33,700 children under five, or 58%, live in households where at least one parents speaks a language other than English.

Figure 1: Demographics of Children Under Five and Residents in Montgomery County, MD

	Children Under Five	All Residents
White, Non-Hispanic	31%	41%
Hispanic	29%	20%
Black, Non-Hispanic	19%	18%
Asian, Non-Hispanic	11%	15%
Other Race/Ethnicity	10%	5%
Total	100%	100%

Source: RF Analysis of American Communities Survey, Five-Year Estimates, 2017-2021; Data derived from IPUMS USA, University of Minnesota, www.ipums.org; RF Analysis of Census PULSE Data, Week 63 (Oct, 2023)

Most young children that live in Montgomery County live in families that will need some form of out-of-home childcare. Nearly three quarters of children (74%) live in homes where all parents are either employed or in school. Nationally, 67% of young children live in homes where all available parents are working. Additionally, 12,100 children, or close to one in five (21%), live in homes with at least one parent working a non-traditional schedule that requires them departing for work between 6:00 pm and 6:30 am and might require care outside of traditional working hours.

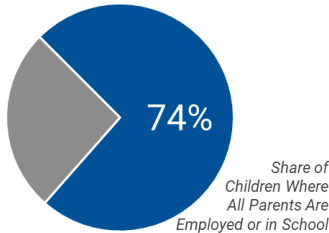
² The population estimates used in this report were developed by Claritas 360 a national data and analytics firm that provides information about resident populations and their characteristics. These estimates are intended to represent the population living in Montgomery County at the beginning of 2024. As such, they may be different than estimates from American Community Survey, which represent the average population the county over a 5-year period.

Figure 2, below, describes the characteristics of child care aged children in Montgomery County.

Figure 2: Characteristics of Children Under Five Living in Montgomery County

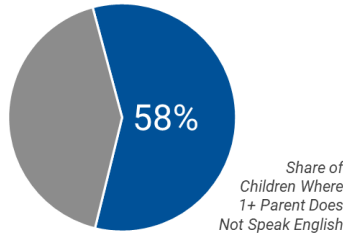
Most Parents Are Employed and Will Require Childcare While they Work

Share of Children Under Five in Homes where All Parents are Employed or in School



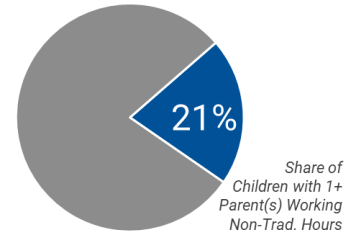
Many Children Have At Least One Parent Who Speaks Another Language at Home

Share of Children Under Five in Homes Where One or More Parents Does Not Speak English at Home



One in Five Children Have a Parent That Works Non-Traditional Hours

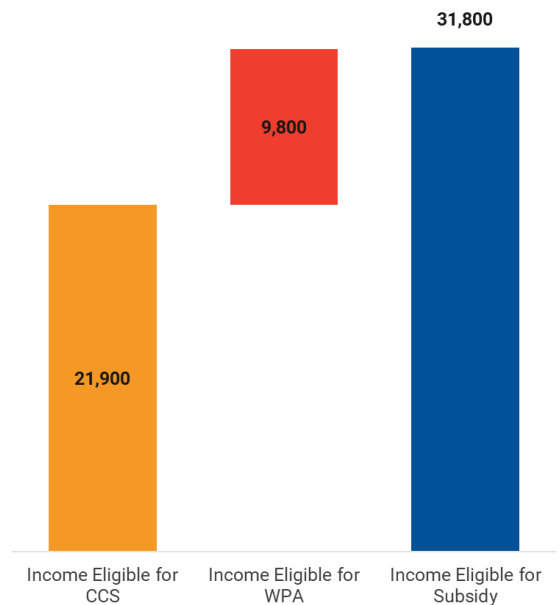
Share of Children Under Five in Homes Where One or More Parents Leave for Work Between 6:00 PM and 6:30 AM



Source: RF Analysis of American Communities Survey, Five-Year Estimates, 2017-2021; Data derived from IPUMS USA, University of Minnesota, www.ipums.org; RF Analysis of Census PULSE Data, Week 63 (Oct, 2023)

Roughly one in four children live in households with earnings less than \$60,000 per year and many come from families that qualify for the state and county’s child care subsidy programs. We estimated, based on family incomes and household sizes, 38% of children under five are eligible to participate in the State of Maryland’s Child Care Scholarship (CSS) program and an additional 17% are eligible to participate in the Working Parents Assistance (WPA) program. All told, over half (55%) of Montgomery County children are eligible to participate in at least one subsidy program. This translates into roughly 31,800 children who could be eligible for subsidized care.

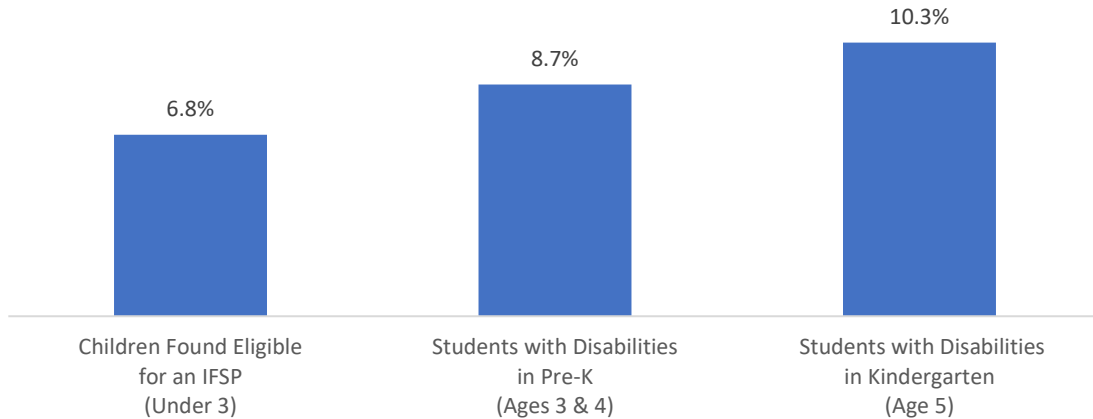
Figure 3: Number of Montgomery County Children Under Five in Families Earning Less than CCS or WPA Income Limits, by Program Type



Children with special medical or developmental needs, such as those that utilize Individualized Family Service Plans (IFSP), are another important population to consider. While exact data about the number of children with special needs is hard to come by, the most recent information from the county suggests that 7% of children under three were assessed and found to be eligible for services or accommodations for learning and developmental needs (see Figure 4, on the following page).

The share of children who are eligible for and receive special services increases as children age and their needs become more apparent. Just over 10% of children in kindergarten were identified as special needs. Both figures are likely an under-estimate of the true number of children who would benefit from specialized services because they only include children who actually receive services, rather than the number that would benefit from them.

Figure 4: Proportion of Children with Identified Special Needs, by Age in 2023



Source: RF Analysis of IFSP Referrals, Eligibility, and Treatment Status in Montgomery County, FY2023; RF Analysis of “Maryland Early Intervention and Special Education Services Census Data & Related Tables” Office of Teaching and Learning, 2022-2023 School Year

Families that Commute to Montgomery County

Montgomery County is one of the major employment hubs in the Washington, D.C. metro area. Data from the US Census show that a substantial number of people work in the County but live somewhere else: nearly 225,540 according to the latest available data. National surveys suggest that close to one third of parents consider childcare near or on their way to work, meaning the county’s demand for care includes both residents and some children of commuters that come into the county for work.³

We estimate that of the 225,540 workers that commute into Montgomery County for work, up to 84,900 are parents with young children that would consider using a child care provider in the county. The children of these commuters are demographically similar to the children that live in the county, although they are more likely to live in homes where all parents are employed (85% vs 74% for residents), more likely to have parents that work non-traditional hours (42% vs 21% for residents), and less likely to live in homes with non-English speaking parents (43% vs 58% for residents).

Figure 5: Characteristics of Resident Children and Children Whose Parents Commute to Montgomery County

	Children Under Five Living in Montgomery County	Children Under Five With a Parent that Commutes to Montgomery County
Share of Children Where All Parents Are Employed or in School	74%	85%
Share of Children Where 1+ Parent Speaks Another Language	58%	43%
Share of Children with 1+ Parent(s) Working Non-Trad. Hours	21%	42%

³ Commuting data were drawn from the Census’ Longitudinal Employer Household Dynamics Survey. For more information, see Appendix A.

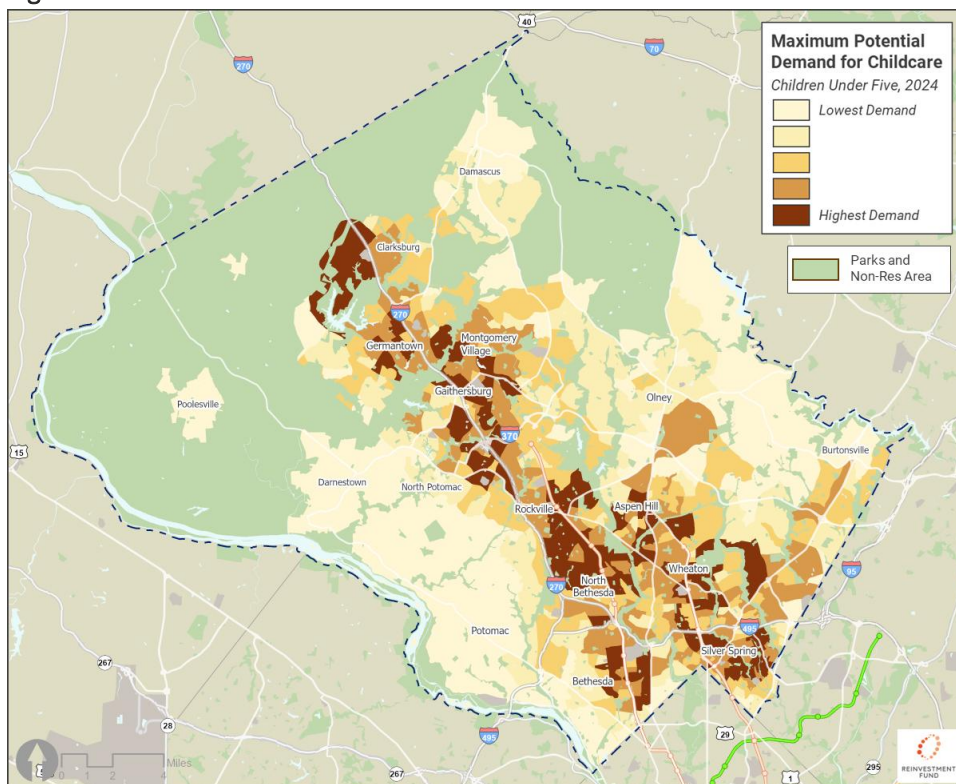
Estimating Demand for Care in Montgomery County

Demand for childcare is related to individual families' circumstances and preferences, but also on the availability, quality, and cost of care that exists in the marketplace. In other words, in areas where the supply of high-quality, affordable, and conveniently located formal childcare is ample, more families will opt to use formal child care settings, like licensed centers, homes, and school-based Pre-K. In areas where options are limited, difficult to access, or unaffordable, fewer families will look for care—turning instead to informal family, friend, or neighbor options, or forgoing labor force participation to care for their own children at home.

To fully understand the complexities of the child care supply and demand equation, and to help County leaders identify critical areas of shortage, we have developed a comprehensive measure of child care demand. This measure goes beyond local residents with young children—it also includes families from outside the county who may consider using a child care program near their workplace in Montgomery County. By capturing this broader demand, we provide a more accurate and actionable understanding of the true need for child care services, enabling informed decision-making to address gaps effectively and support community needs.

Our estimates aim to capture the full population of potential child care customers, including both children whose parents are actively seeking or using care, as well as those who are not. We estimate a total demand figure of 57,300 across the county. Figure 6 below shows how this demand varies by location. These estimates consider both where children and families live and where parents work, such as job centers where they could seek care. This commuter-adjusted measure represents the *maximum potential demand* for childcare.

Figure 6: Estimated Demand for Childcare within ½ Mile



Montgomery County Families’ Perspectives on Childcare: Qualities, Access, and Barriers

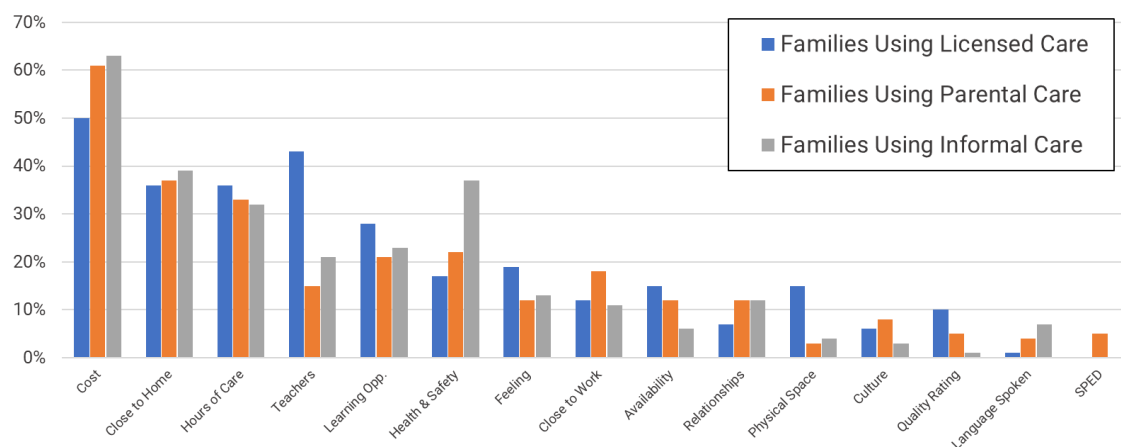
To understand more about the perspectives of parents and families in Montgomery County, we conducted a survey of families with young children—both those currently using childcare and those who do not—to understand more about their perceptions of child care quality, their demand for care, and perspectives on access to care in the county. To supplement survey findings, we held four focus groups with a diverse set of parents from across the county. (For more information about how our survey and focus groups were conducted, see appendix B).⁴

Settings, Choices, and Preferences

National surveys show that nearly one third of children under five receive parental care full time, and many others use a combination of parental and nonparental care options.⁵ The families in Montgomery County that completed our survey were using a variety of settings to provide childcare for their children. Just over two-fifths (41%) of the parents that completed our survey relied on a licensed child care program for full-time care. The same share (41%) cared for their children themselves, and 18% used another family member, friend, neighbor, or nanny to provide daytime care.

When it comes to childcare, regardless of their circumstance, most parents want the same for their children: a safe and nurturing environment where their child can learn and grow. But for most families, cost was the driving factor behind the type of childcare they chose. As shown in Figure 7 below, when asked what factors influenced their childcare decisions, most survey parents selected “Cost,” regardless of what setting they were currently using.

Figure 7: Program Costs and Location Were the Top Factors that Influenced Families Childcare Decisions
“What are the three most important factors that influenced your childcare decisions?”



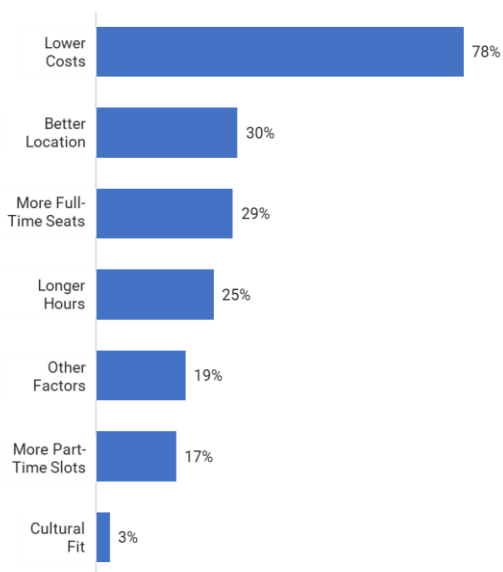
As another example of how important costs were to parents, when asked what factor would most improve their child care arrangements, 78% of surveyed parents selected “Lower Costs.”

⁴ Most survey respondents were the biological parents of the children described in the survey. However, the survey also captured stepparents and other types of caregivers. For simplicity, we refer to all of the caregivers who responded to our survey as “parents.”

⁵ For example, see Cui, J., and Natzke, L. (2021). Early Childhood Program Participation: 2019 (NCES 2020-075REV), National Center for Education Statistics, Institute of Education Sciences, U.S. Department of Education. Washington, DC. Available: <http://nces.ed.gov/pubsearch/pubsinfo.asp?pubid=2020075REV>

Figure 8: Cost Was the Number One Factor that Parents Wanted to Improve About their Current Child Care Arrangement

“What would improve your current child care situation the most?”



These findings were echoed in our focus groups, where parents generally felt there was a sufficient number of child care programs, but struggled to find affordable options with the right combination of hours and other characteristics they were looking for. One parent, who had recently moved to Montgomery County from another northeastern US state, described their search for a program to care for their first child:

“...Affordability is probably the biggest thing. There is availability. If you look hard enough you will find [a program]. It might not be the best quality, not the situation you want. But you can find something. But is it affordable enough?” – Parent from Focus Group #3

Other priority factors that drive parental decisions around the type of care are location and hours. Just under half (49%) of surveyed families identified program location (proximity to home or proximity to work) as a factor in their decisions and a third (34%) identified program hours and schedules. These factors, the location of affordable programs and the hours at which families need care, are likely different for families based on the type of care they use.

For example, the inability to find a licensed child care program that they can get to before and after work is one influence that drives families to choose informal and unregulated arrangements for childcare. One parent explained that when their daughter was younger, they worked two jobs and could not afford to pay for a licensed child care program to care for her in the evenings. Instead, this parent had to rely on their mother to provide childcare while they worked:

“I used to work two jobs when my girls were younger. I had to have my mom come look after them because I couldn’t afford the after-hours care. That’s an issue. I know many moms and dads are struggling with that.” – Parent from Focus Group #1

Parents with long commutes had similar challenges and often relied on family or babysitters to fill in gaps. One parent told us how, because of her commute on public transit, her only option was to hire a babysitter:

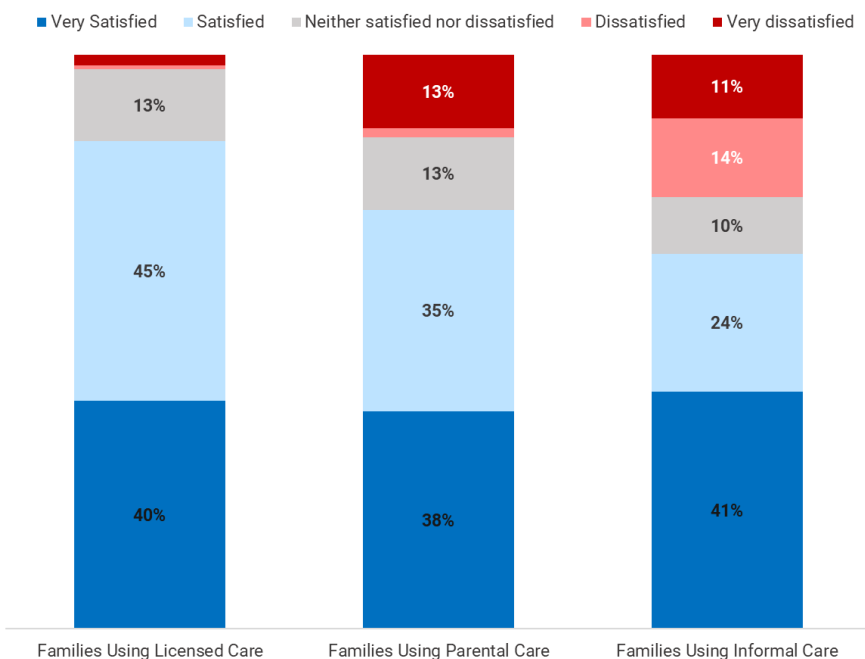
“When I first went back to work my son was with a babysitter because I couldn’t find a program with the right hours. I was working in DC and taking public transit. I left so early in the morning to do the long commute and by the time I got back it was after 6pm and most places close right at 6 or 6:30.” – Parent from Focus Group #1

Choosing Licensed and Parental Care

Although most parents were satisfied overall with the quality of their child care arrangement, parents in licensed programs had the highest level of satisfaction with their providers. Among survey respondents, 85% of parents who used a licensed child care program were satisfied or very satisfied with their child care arrangement, compared with 73% of parents using full-time parental care, and 65% of parents who used informal care.

Figure 9: Parents Using Licensed Programs Had the Highest Level of Satisfaction with their Child Care Arrangement.

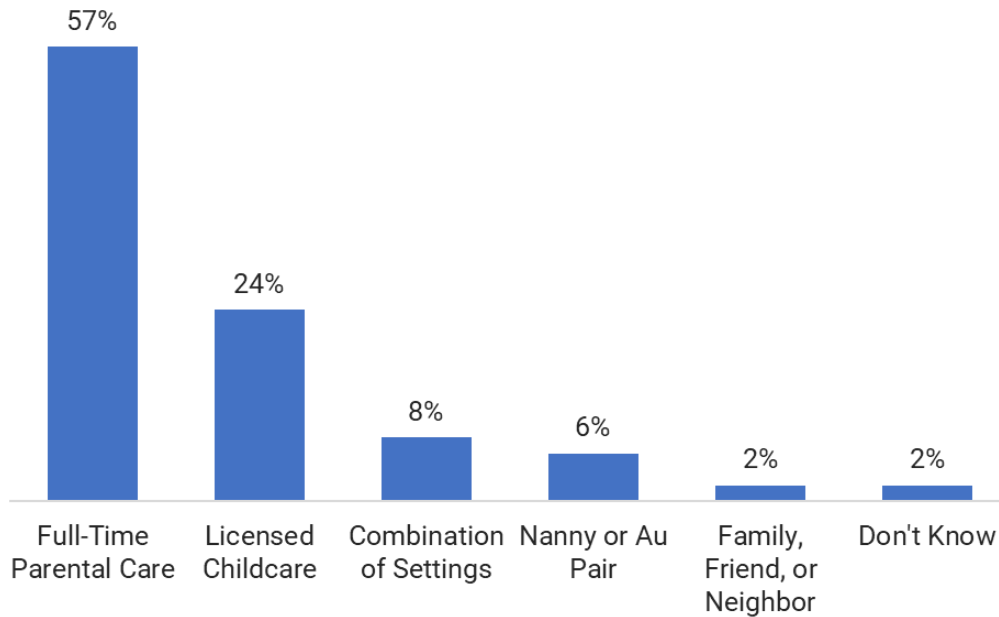
“How satisfied are you with the arrangement you use to care for this child?”



Although parents in licensed programs were happiest, most surveyed parents (57%) told us that, in an ideal world, they would stay home with their children. Parents expressed that child care providers, no matter how well intended, cannot care for their children with the same love as that of a parent. However, having a parent stay at home full-time is not an option for every family. As one parent in our focus group explained, “If I didn’t have to work, then I’d love to be home. But it’s that or homelessness. No one is going to take care to treat [my kids] or love them like I do.”

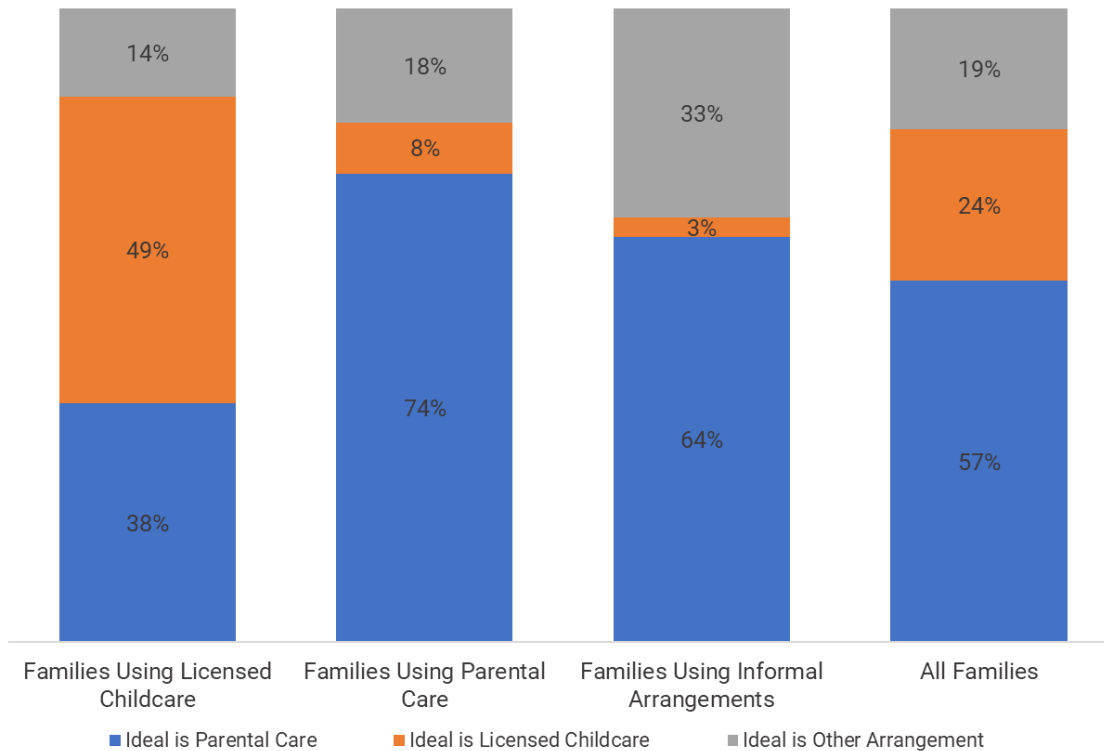
Among surveyed parents who wanted to use full-time parental care but were not currently, most said that the reason they were not using full-time parent care was because they could not afford not to work.

Figure 10: Over Half of Parents Would, in an Ideal World, Prefer Full-time Parental Care for their Children
“If you were not constrained by cost, location, or availability, how would you like this child to be cared for when you are not available?”



Parents currently using parental care and those in informal arrangements were the most likely to say they would use full-time parental care in an ideal world. About half (49%) of parents using licensed programs said a licensed setting was their ideal arrangement, and a little over one third (38%) said parental care was their ideal arrangement.

Figure 11: Families in Licensed Care Were Mostly Likely to Say that a Licensed Setting Was their Ideal
“If you were not constrained by cost, location, or availability, how would you like this child to be cared for when you are not available?”



Participants in our focus groups also helped us see that perspectives on child care arrangements shifted as children age. The parents in our focus groups that used licensed care were grateful for the structure and educational programming their children were getting, particularly as their children approached the age for kindergarten. They also placed increasing value on the opportunities their children had to socialize with other children as they aged.

“My mom’s friend had a babysitter and we used her. She treated them really well, like her own grandchild, but developmentally, I think he could have progressed better if we started with licensed care sooner.” – Parent from Focus Group #1

“We love our kids but when I was solo parenting, it was really hard. We’re not professional child care people. It’s so hard to have a structure and stick with it and that’s what you get [in a center]. Our youngest, I would be happy to do it. I would love to stay home and take care of the younger one. But once she gets older it’s good to have structure. They get socialized [with other kids] that’s a benefit.” – Parent from Focus Group #3

“I would still put them in a daycare. I think them being around other kids is critical. When kids were home during COVID we all saw the effect of that. I think they should be around peers. If someone has the patience to teach them like the day care is doing? I have no patience to do that.” – Parent from Focus Group #1

Parents of Children with Special Needs

Approximately 8% of the parents that responded to our survey reported that their child had special needs, a disability, or was medically fragile. While parents of children with special needs were, in many ways, similar to other parents, they also differed in how they used and selected child care options for their children.

For example, families with children with special needs were much more likely to use parental care and less likely to use licensed childcare than other families. Most (79%) of these families relied on parental care compared with 41% of all families in our survey. While these families had similar levels of satisfaction with their current child care arrangement as other parents, the emphasis they placed on factors in selecting a child care arrangement were different.

When asked what factors they considered when selecting a child care arrangement, like all other families, cost was the most common consideration. However, for parents of children with special needs, the availability of high-quality learning opportunities for their child was the second most important factor; for other families, factors like location and hours were the second most important.

Whether the reliance of parents of children with disabilities on parental care reflects an intentional choice or an inability of these families to find affordable licensed child care options that meet their needs is difficult to tell from the survey alone. Like other families, many parents of children with special needs report that, in an ideal world where cost was not a consideration, they would like to provide full-time care to their child on their own.

Information Sources and Searching for Options

Across all our focus groups, the most common tool that parents used to find information about potential child care options was Google Search. Most parents reported searching for potential programs and options near their home, then calling and visiting the programs they found.

While most parents agreed that it was easy to find potential programs, non-native English speaking and immigrant parents in our focus groups had more trouble finding the information that they needed. These parents generally understood how to find individual licensed child care programs, but they struggled to understand how the child care system in Montgomery County operates as a whole.

One parent, an immigrant from East Africa, was unaware that child care programs had waitlists or that she was supposed to start searching for care months before she needed it.

“I spoke with a friend who has older kids and she told me how to apply. I wanted our daughter to start when she was 15 months. I thought we could just show up and start a few weeks before I had to go back to work. But she told me, no you have to start applying now” – Parent from Focus Group #2

Other immigrant families had similar stories of not understanding what options or resources were available. They often relied on support from friends or family to learn how to navigate the system. Others had sought out information at events at their local library or community-sponsored information sessions.

Quality Rating Systems and Evaluating Program Quality.

The EXCELS system is Maryland’s childcare quality rating program. Although every parent contacted wanted a high-quality environment for their children, just 6% of parents in our surveys identified EXCELS ratings as one of the top three factors that they considered when selecting a child care arrangement. Even among parents using a licensed program, just 10% identified EXCELS ratings as a factor in their decision making. In fact, most parents in our focus groups had never heard of EXCELS, and the few that had heard of it did not rely on it when selecting a child care program for their children.

When asked how they evaluated the quality of different options many parents had similar answers: they were looking for a safe and clean environment where children looked engaged and families were treated with kindness and respect. Parents looked for physical indicators like natural light, clean floors and walls, and playgrounds—all factors associated with a program’s facility—to judge a potential program’s environment.

Parents were also looking at program staff to see how they interacted with children and how they treated families. In one of our focus groups, parents described how they were wary of programs where the staff were young and inexperienced.

“At [my center] there are a lot of older women, it almost reminds me of a grandmother kind of love that they have for the kids. I always look for that. I feel like kids need a structure from a grandparent and they have that here.” – Parent from Focus Group #1

Parents who were happy with their licensed programs often cited how long the staff had been at their program and their deep experience with children as important factors.

Accessing Subsidy to Offset Costs

While some of the parents in our focus groups were aware of and used state or county programs to help offset costs, others were not.

“I heard about [CCS] from working at a child care center. It really should be talked about more. I’m the one who’s always telling people about it. I tell parents it takes 15 minutes online to sign up if you have your documents and it’s not hard. It really should be talked about more.” – Parent from Focus Group #1

Parents that were using CCS or WPA to help them afford care were very grateful for the support, but those using CCS were extremely frustrated with how the program was operated. They found the recertification process complex and cumbersome, and the level of customer service to be poor.

“Applying is easy, but dealing with them is frustrating. If you call them about attendance, oh no? You go through the portal and the app to enter attendance, but it’s always saying you put in the wrong password. It keeps changing who you have to call and they transfer you, so you sit on the line for who knows how long. Finally, they come back on and they can’t help you. And they never call you back.” – Parent from Focus Group #1

For immigrant and non-English speaking parents, navigating online CCS systems was cited as another challenge. The inability to speak with someone over the phone or in person was a barrier to access and some of these families relied on friends or teachers in their child care program to help them navigate the online portal.

“I saw a woman crying in the parking lot the other day. She said, ‘I don’t know much about the computer. I don’t know how to validate my kids.’ I tried to help her but I couldn’t help. Not all parents know much about the computer system. They need guidance. They want to help their kids but it’s so stressful.” – Parent from Focus Group #1

“Because everything is online it is hard for parents. I had to come here to have someone help fill out the application.” – Parent from Focus Group #4

The few parents who had experience with WPA reported a much better experience, although they reported that signing up for the program was still challenging.

Section 2: Montgomery County’s Supply of Early Childhood Education

Families care for their children in many and oftentimes varied ways. Some parents have exclusive (or near exclusive) responsibility, caring for their children themselves at home. Other parents rely to a greater or lesser degree on formal (e.g., licensed centers) and informal (e.g., family, friends and neighbors) arrangements. Our analysis focused on the supply of formal childcare, namely out-of-home child care providers that offer full-day and year-round care for children under the age of five.

To estimate the supply of care, we combined multiple datasets to identify and map the location of programs that offer child care services for children under the age of five. Information about each provider’s size and services was gathered to map and describe the supply of childcare across the county. Our analysis identified close to 1,300 programs located in Montgomery County.

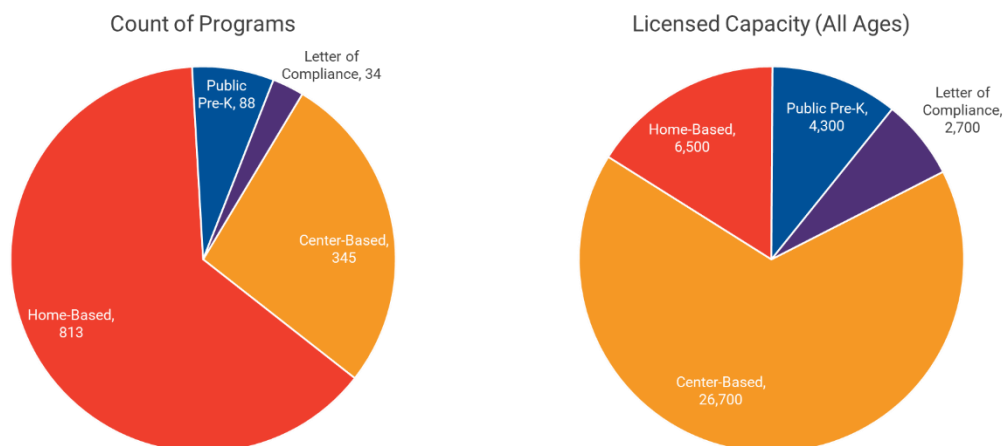
Types of Child Care Programs in Montgomery County

There are four kinds of formal programs that offer full-time childcare in Montgomery County:

- **Center-based** programs are the largest category of providers of child care capacity in the county. These programs are often located in commercial spaces and employ full-time staff to provide care.
- **Home-based** programs include licensed family- and large-family programs that offer care in a home-based setting for a small number of children. Some home-based programs employ staff, but many have care provided solely by the program’s owner and operator. While the number of home-based programs is large, each program is small.
- **School-based Pre-K** programs offer childcare for three- and four-year olds in a school-based setting, operated by the Montgomery County Public School District. Many of school-based Pre-K sites participate in the federal Head Start program, a national program that provides additional resources to provide enriching child care experiences for low-income children and families.
- **Letter of Compliance (LOC)** programs are license-exempt programs that offer childcare, often affiliated with tax-exempt religious organizations and private schools. These programs make up only a small share of the county’s child care capacity.

Although most of the programs in the county were home-based, most of the county’s license capacity was in center-based programs. Figure 12 below shows the composition of the county’s existing supply of formal care.

Figure 12: Count and Aggregate License Capacity by Program Type



License Capacity and Available Seats

Understanding access requires an understanding of not only how many child care programs exist, but also how many children they can serve. To understand this critical component of supply, we examined each program’s license capacity to measure how many children these programs could serve. Additionally, we fielded a survey of Montgomery County child care providers to understand how license capacity relates to actual enrollment and seat availability.

This section provides an overview of license capacity, enrollment, and vacancies across the county.

License Capacity

License capacity represents the maximum number of children a program is allowed to serve based on the state’s mandated maximum student-to-teacher ratios and each facility’s square footage. License capacity is generally an upper bound estimate of the true number of child care seats that are available in an area because many providers choose to serve fewer students than their license allows.

For this analysis, we were focused only on program capacity that was used for children under the age of five. Responses to the provider survey were used to estimate the share of each program’s capacity that was used for school-aged children.⁶

In total we estimate that aggregate license capacity for children ages zero through five in Montgomery County was 33,600 seats.

Operational Capacity

If license capacity represents the maximum number of children a program is allowed to serve, operational capacity represents the number of students that child care program leaders would feel comfortable serving given their staffing, curriculum, and facility constraints. This figure is generally lower than license capacity, particularly for center-based programs.

To understand more about the operational capacity in programs across Montgomery County, we conducted a survey of licensed programs (described in more detail in “Provider Experiences, Challenges,

⁶ See Appendix A for more information about these estimates.

and Needs” below). Providers were asked to share their license capacity and to share the maximum number of children they would be willing to enroll. Based on these responses we estimated the operational capacity by program type.

Among surveyed programs, the average operational capacity varied by program type. For home-based programs, average operational capacity was 96% of license capacity. For LOC programs, average operational capacity was 91% of license capacity. And for centers, average operational capacity was 91% of license capacity.

Applying the averages from our survey to all providers in the county would imply the operational capacity across Montgomery County is 31,200 or roughly 93% of county-wide license capacity for children ages zero through five.

Enrollment and Vacancy

Information about actual program enrollments were also gathered in the provider survey. We provide more information about program enrollment in the “Provider Experiences, Challenges, and Needs” section below.

Our survey showed that many providers are struggling to maintain full enrollment. The average center and home-based program that responded to our survey was only enrolled at 74% of their license capacity. This means they had a 26% vacancy rate. While results certainly varied program to program, just 29% of surveyed providers had an enrollment rate that was above 90% of their license capacity.

Compared against operational capacity, enrollment figures looked better, but were still low. On average, programs that responded to our survey reported being at 79% of their program’s operational capacity. Over half of respondents reported being below 90% of their operational capacity

High-Quality Supply

Defining and measuring high-quality care in the child care sector is challenging. Each family can define quality care in different ways based on their values, intuition, and needs. The State of Maryland operates a quality rating system for licensed child care providers called EXCELS, which rates participating programs on a scale of one through five, with programs scoring three or higher identified as high-quality programs. Maryland’s EXCELS program provides a consistent measure of quality for programs across the state.

For the purposes of our analysis, we relied on EXCELS ratings to identify the location and capacity of high-quality programs across the county. It should be noted, however, that any single rating system may not capture all of the components of quality that families consider. Moreover, participation in EXCELS is optional, and therefore not all programs in the county are rated.

In 2024, we find that just 20% of child care programs were highly rated, meaning they attained a rating of 3 or higher. Many programs in Montgomery County do not participate or have not yet received an EXCELS rating. Nearly half of all child care programs (48%) were unrated. Looking only at those that received a rating, 37% were highly rated (i.e., Excels rating of 3 or higher). Over half of the capacity in rated programs (57%) was in highly rated programs.

Figure 13: Distribution of EXCELS Quality Ratings

	Share of All Programs	Distribution of Capacity Across All Programs	Share of Rated Programs	Distribution of Capacity Across Rated Programs
Unrated	48%	37%	--	--
EXCELS 1	30%	25%	57%	39%
EXCELS 2	3%	3%	6%	5%
EXCELS 3	11%	20%	21%	32%
EXCELS 4	3%	7%	5%	11%
EXCELS 5	6%	9%	11%	14%
Total	100%	100%	100%	100%

Quality rating levels varied substantially across different types of programs. As shown in the figure below, center-based programs were much more likely to be rated and more likely to have a high-quality rating than home-based, school-based Pre-K, or LOC programs.

Figure 14: Distribution of EXCELS Ratings by Program Type

	Unrated Programs	EXCELS Rating 1 or 2	EXCELS Rating 3 or Higher	Total
Center-Based	31%	30%	38%	100%
Home-Based	51%	37%	13%	100%
School-Based Pre-K	81%	6%	14%	100%
Letter of Compliance	56%	32%	12%	100%
All Programs	47%	33%	20%	100%

Among programs that were rated, over half (56%) of centers were highly rated and 70% of school-based programs were highly rated. Just a quarter of Home-based and LOC programs that had an EXCELS rating had attained a score of three or higher.

Figure 15: Distribution of EXCELS Ratings Among Rated Programs, by Program Type

	EXCELS Rating 1 or 2	EXCELS Rating 3 or Higher	Total
Center-Based	44%	56%	100%
Home-Based	74%	26%	100%
School-Based Pre-K	30%	70%	100%
Letter of Compliance	73%	27%	100%
All Programs	62%	38%	100%

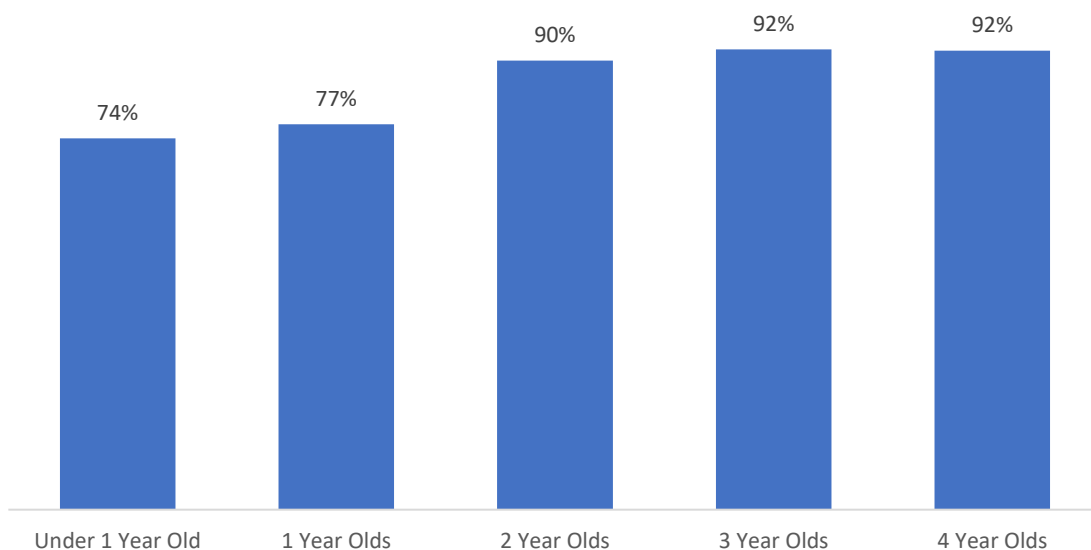
Ages Served

Child care providers have different policies about the age of children they will enroll. Understanding the ages of children that providers accept is important for understanding the level of access available for parents and families.

Information about the ages served in each program was gathered from self-reported information collected through our provider survey and the state’s Locate: Child Care tool.

The table below shows the proportion of programs that accepted children at each age. Although over 90% of programs accepted children who were two, three, and four years old, just three quarters of programs accepted infants and toddlers (children under the age of two years old).

Figure 16: Share of Programs that Accepted Students at Each Age Level



Note: Only includes programs with available data.

The availability of infant and toddler care was closely related to program type. Home-based programs generally served a much wider range of ages than other programs. Close to 90% of home-based programs accepted infants and toddlers, while just half of center-based programs enrolled infants or toddlers. None of the LOC programs in our dataset reported accepting children under two years old.

Figure 17: Share of Programs Serving Students by Age and Program Type

	Infant and Toddler Care (Children Under Two)	Preschool Care (Children Two Up to Five)
Center-Based	54%	98%
Home-Based	90%	90%
Letter of Compliance	0%	100%

Note: Only includes programs with available data and excludes school-based pre-k.

Program Services and Characteristics

As noted above, many children in the county come from immigrant and non-English speaking families, have parents that work nights and weekends, or meet the income eligibility criteria for subsidy programs that can offset the cost of care. In this section, we examine the supply of programs that offer services to meet this demand.

Language Services

Montgomery County is home to diverse populations that speak many different languages. It is axiomatic that the availability of programs that are staffed with teachers or administrators that speak a parent’s native language can make programs more welcoming to families.

Although over half of children come from families that speak multiple languages, just one third (34%) of child care programs in the county reported having staff that spoke a language other than English. While the availability of non-English speaking staff is an indicator of language diversity, it does not guarantee that programs are able to offer educational programming in families’ native languages.

Spanish was by far the most common non-English language spoken in child care programs, with over 200 programs reporting staff with Spanish-language skills. The next most common languages were Urdu, Hindi, Amharic, Farsi, and French (see Figure 18).

Non-Traditional Hours

Parents that have shift work or irregular schedules may need care at night or on weekends. Very few programs in Montgomery County report offering care in the evenings. We could identify only 8 programs that reported offering care after 7pm. Weekend care was more common, but still rare. Just 53 programs (4%) reported offering care on Saturdays or Sundays. In total, just 57 of the 1,280 programs (4%) in the County offered some form of non-traditional hours care.

Subsidy Participation

Many families struggle with the cost of childcare. Subsidy programs like the state’s Child Care Scholarship (CCS) program and Montgomery County’s Working Parents Assistance (WPA) program provide subsidies to working parents who meet income guidelines to help offset the cost of care. However, not every program accepts these child care subsidies. Even when families qualify for programs like CCS or WPA, the availability of child care programs that participate can be a barrier.

Across Montgomery County, we estimate that just over half (55%) of programs are eligible to participate in CCS. Additionally, 16% of programs are currently participating in WPA. Center-based programs were the most likely to participate in both programs. While very few home-based programs participated in WPA, close to half were eligible to participate in CCS.

Figure 18: List of Languages Spoken by Staff in 10 or More Programs in Montgomery County

Language	Programs Reporting Staff with Fluency
Spanish	202
Urdu	23
Hindi	22
Amharic	19
Farsi	14
French	13
Bengali	10
Chinese	10
Mandarin	10

Figure 19: Participation in CCS and WPA by Program Type

	Programs Eligible to Participate in CCS	Programs that Participate in WPA
Center-Based	69%	33%
Home-Based	49%	8%
Letter of Compliance	44%	18%
Total	55%	16%

Note: This figure excludes School-Based Pre-K programs, which offer free care

Mapping Montgomery County's Child Care Supply

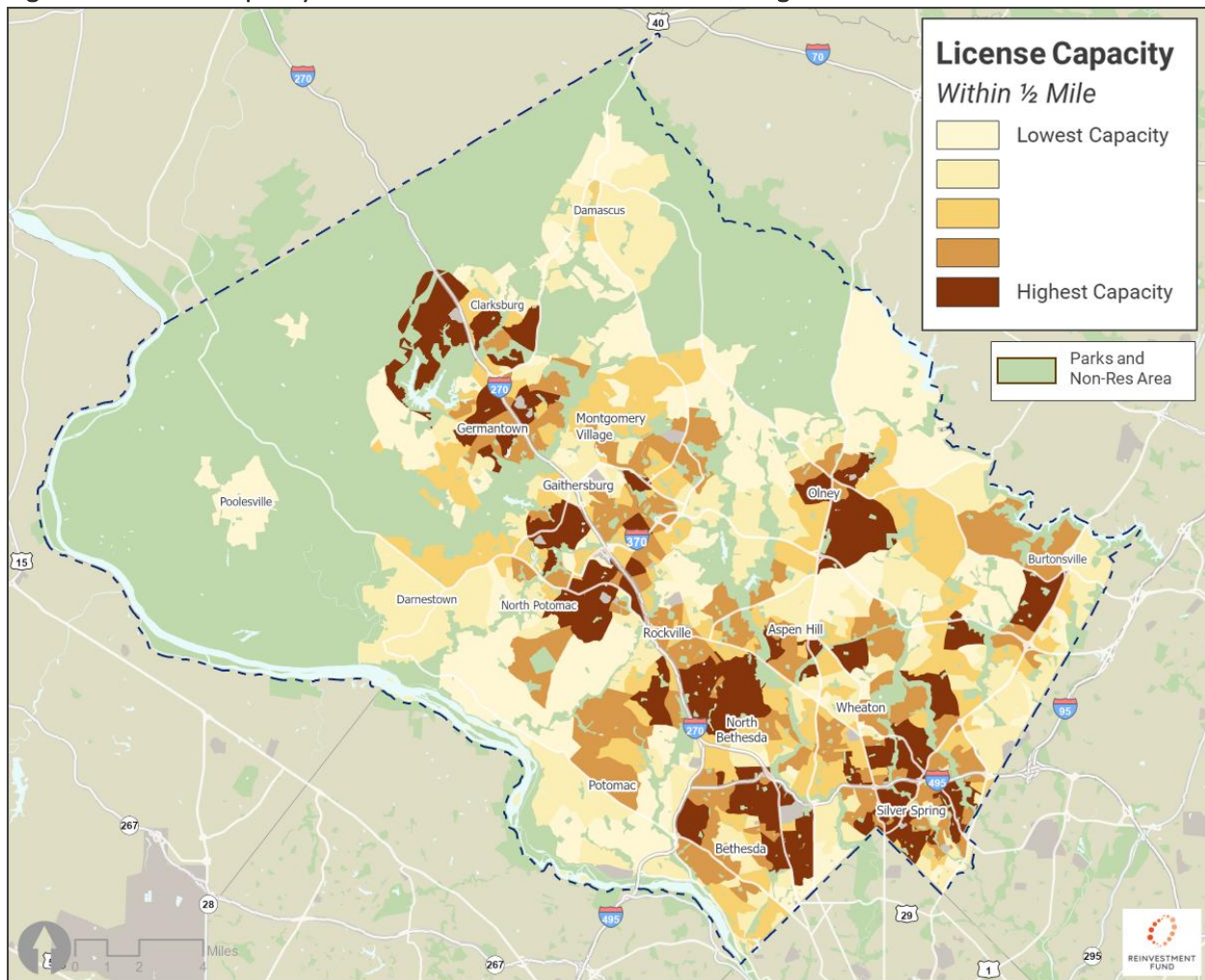
Geography plays a critical role in access to care. While many families will travel for care, they often prefer programs close to their home or place of work. This section provides a look at the geography of supply in Montgomery County.

The maps below show the aggregate child care capacity within a half mile of each census block group.

Total Child Care Capacity

In total we estimate there are close to 33,600 licensed child care seats across Montgomery County. The map below shows where these seats were located.

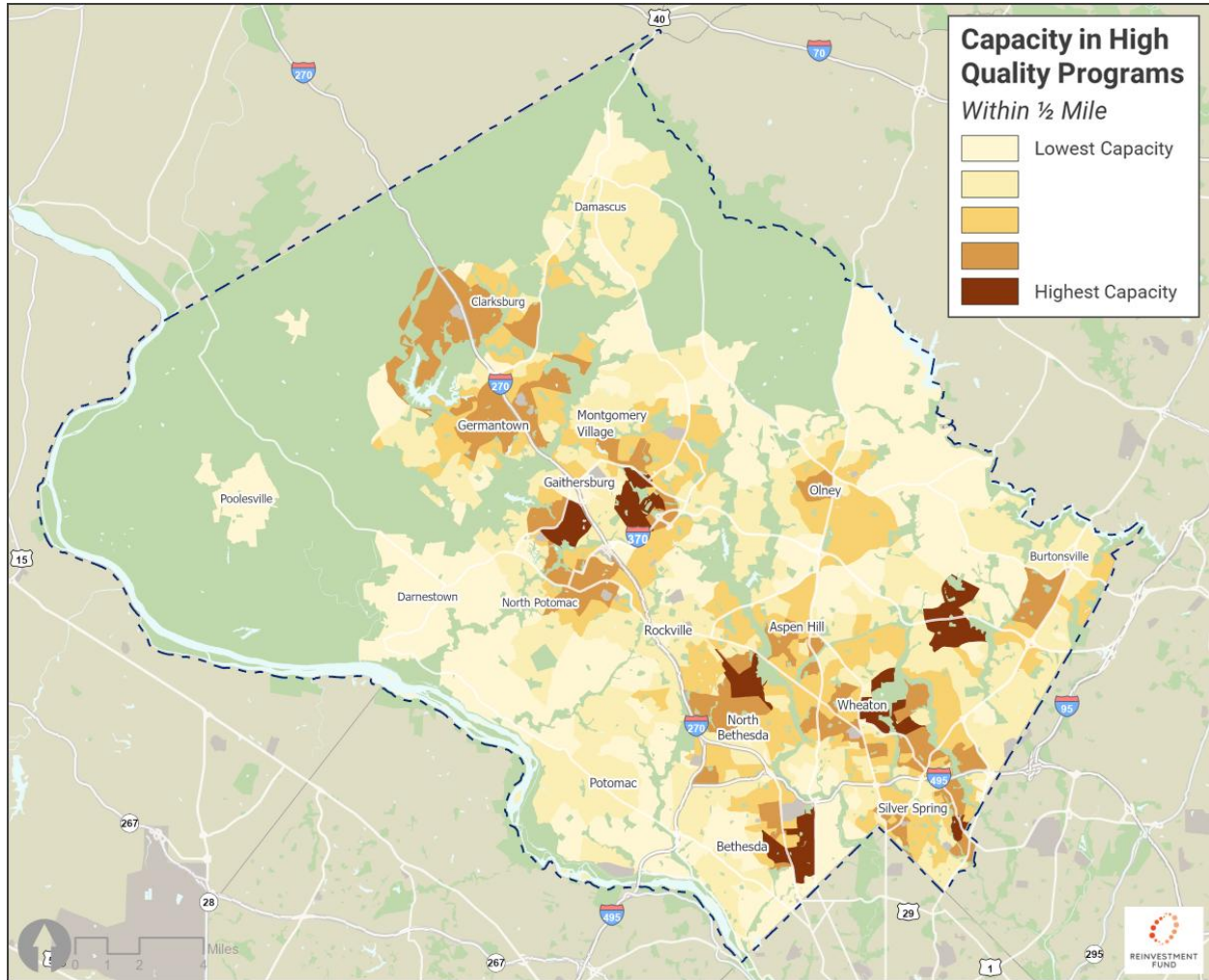
Figure 20: License Capacity for Children Under Five in Child Care Programs



High-Quality Capacity

Just 20% of child care programs in the County were rated as High-Quality on the state's EXCELS system (a rating of 3 or higher). Totaled, these programs contained roughly 12,100 seats for children under five. The map below shows the location of high-quality capacity across the county.

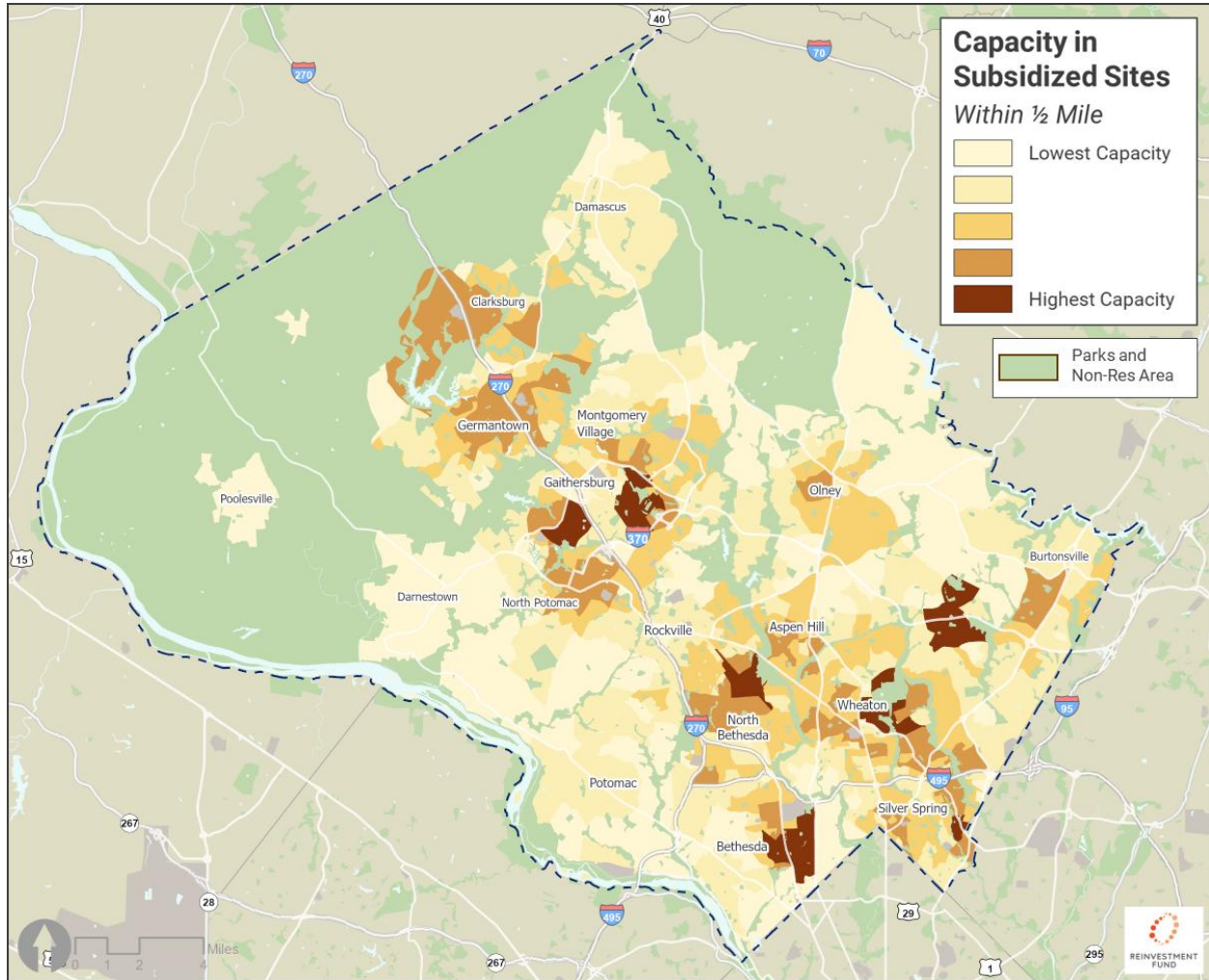
Figure 21: License Capacity in High-Quality Child Care Programs



Programs Participating in Subsidy Programs

The map below shows the capacity in programs that are eligible to participate in CCS or WPA. The map also includes capacity in School-Based Pre-K since these programs are free to parents. In total, we estimate these programs contained roughly 24,600 seats for children under five.

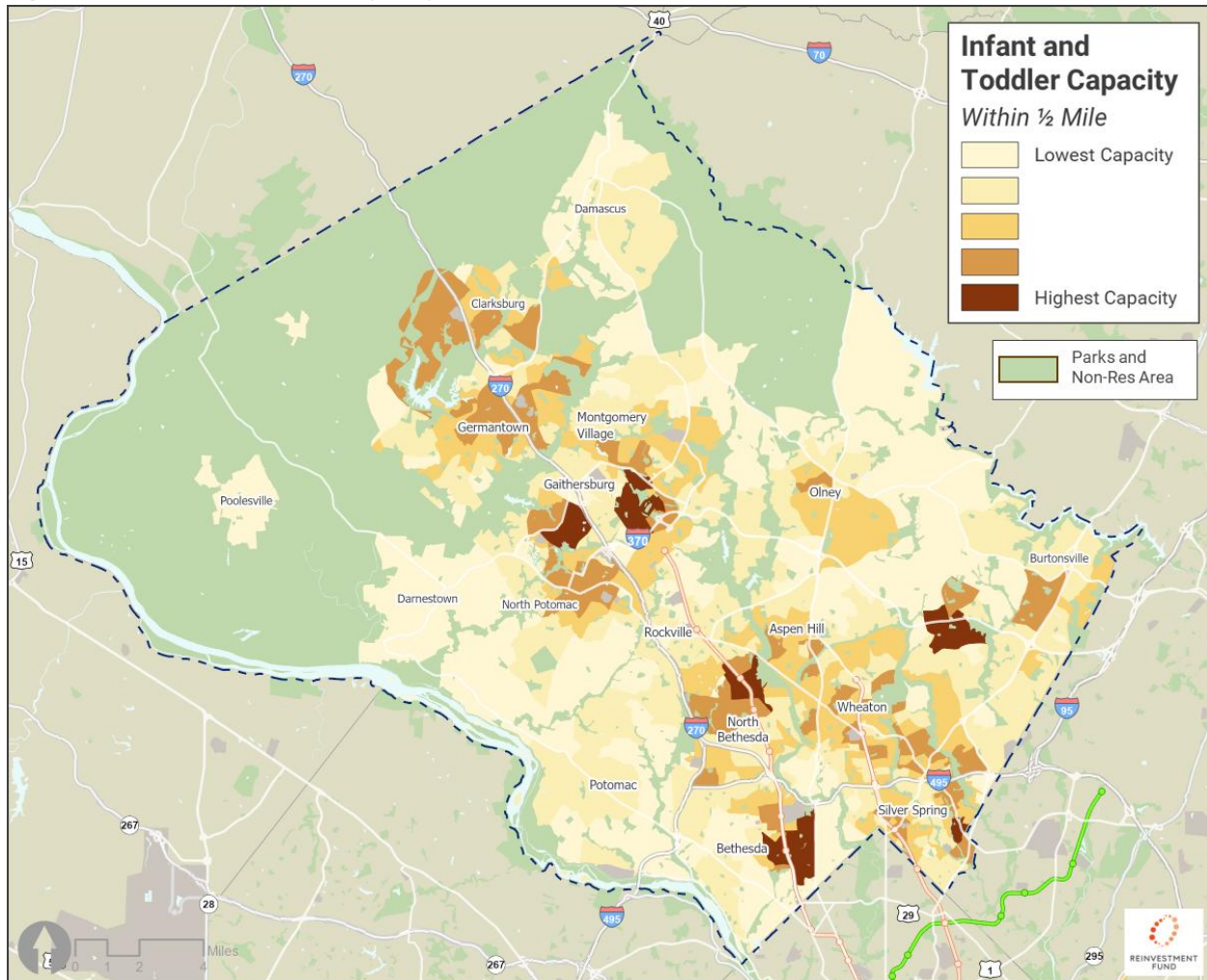
Figure 22: License Capacity in Programs that Participate in Child Care Subsidy Programs



Infant and Toddler Capacity

The availability of infant and toddler capacity, or care for children under the age of two, is much more limited than the availability of preschool care. We estimate the county has approximately 4,300 seats reserved for infants and toddlers. The maps below show the location of infant and toddler seats.

Figure 23: Infant and Toddler Capacity



Provider Experiences, Challenges, and Needs

In order to learn more about the experiences of providers operating in Montgomery County, we conducted a provider survey and focus groups with program operators to learn more about their experiences. The survey reached a representative sample of 185 licensed providers located across the county. To supplement our surveys, we held three focus groups with licensed centers and homes. (For more information about how our survey and focus groups were conducted, see Appendix B.)

Overall Health, Enrollment, and Stability

The provider survey shows that many child care providers in Montgomery County are struggling financially, with many still recovering from COVID-19.

For child care programs, enrollment and attendance are the largest drivers of financial stability. To understand how well providers are maximizing enrollment, we compared each program’s license capacity with its reported enrollment (i.e., “utilization”). Across our sample, we estimated that the average provider is currently at 74% of their capacity, although values varied from provider to provider.

From a financial perspective, programs should be enrolled as close to their full utilization as possible, yet most licensed programs in Montgomery County reported enrollment below full utilization. Only one third of centers and 26% of home-based programs had utilization rates above 90%. Challenges with staffing, affordability, and competition from other providers were all factors contributing to enrollment challenges (see next section for more information).

Figure 24: Average Enrollment and Program Utilization by Program Type Among Centers and Homes

	Average Enrollment	Average Utilization	Share with Utilization Above 90%	Share with Utilization 75% to 90%	Share with Utilization Below 75%
Center-Based (n = 67)	69	79%	34%	37%	28%
Home-Based (n = 113)	6	71%	26%	28%	46%
Total (n = 180)	30	74%	29%	32%	39%

Note: Due to small sample sizes, we excluded the five LOC programs that completed the survey from this analysis

In some parts of the county, these results likely reflect the competition for enrollment between different providers. When we compared survey responses to the shortage estimates described in Section Three, we found that programs in the most underserved areas had higher utilization rates than programs in the best served areas. In other words, in underserved areas, where there are not enough providers, programs that do exist have high utilization. In better served areas, where there are enough providers to meet demand, program utilization is lower.

Figure 25 below, shows the average utilization of survey respondents based on the level of child care shortage where their site was located. The average utilization of a program in a low shortage area was 73% while the average utilization of a program in a high shortage area was 81%.

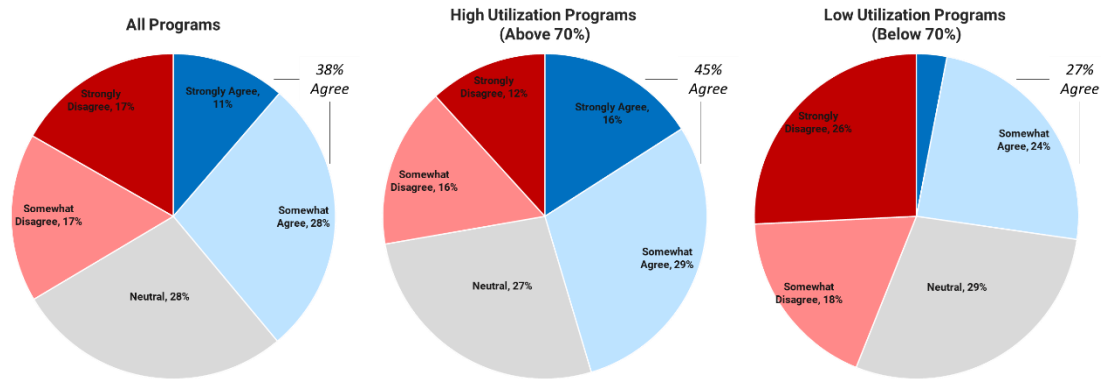
Figure 25: Level of Shortage and Average Utilization

	Respondents	Average Utilization
Areas with Highest Shortages (Under Served by Providers)	27	81%
Areas with Lowest Shortages (Better Served by Providers)	158	73%

When asked about the financial stability of their programs, 48% of centers and 34% of home-based programs agreed or strongly agreed that their programs were financially stable. Beliefs about their program’s financial stability were associated with enrollment and program utilization. Close to half (45%) of programs with utilization above 70% reported their programs were financially stable, compared with just 27% of programs with utilization below 70%. Notably, confidence in financial stability was similar across both high- and low-rated EXCELS programs.

Figure 26: Programs with Higher Utilization Had More Confidence in Their Financial Stability, but Overall Confidence Was Low

“How strongly would you agree or disagree with the following statement: ‘My business is financially stable’?”

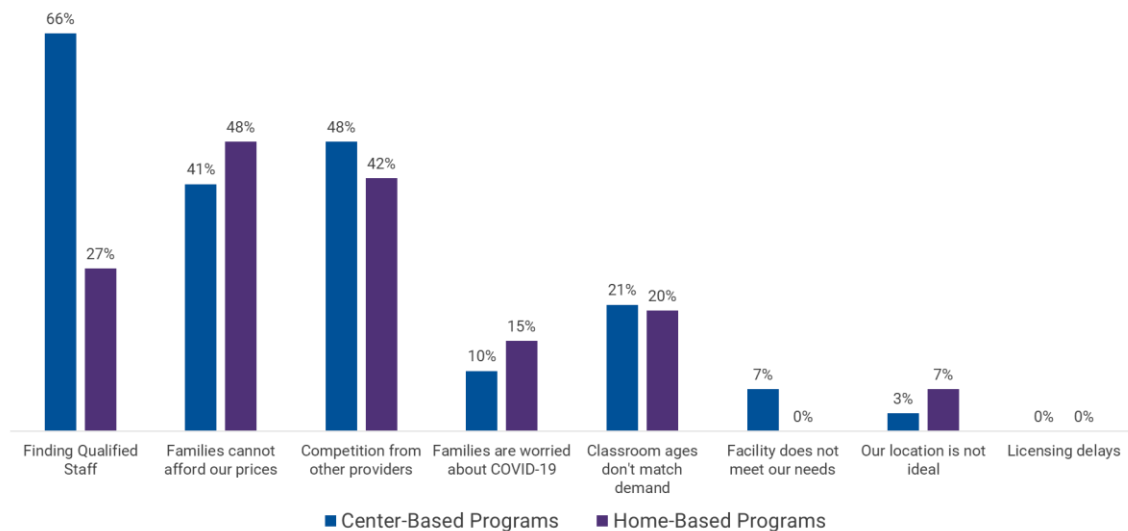


Factors Contributing to Enrollment Challenges

When asked about the largest barrier to higher enrollment, responses varied based on the type of program. For centers, the most common response was staffing. Licensed programs are required to meet maximum teacher to student ratios, so programs without sufficient staff are prohibited from utilizing all of their license capacity. In home-based programs, which often don’t have staff other than the program director, affordability or the cost of care for families was reported to be the largest barrier to achieving higher enrollment. For both centers and homes, competition from other providers was the second most common answer.

Figure 27: Staffing, Affordability, and Competition Were the Top Enrollment Barriers

“What are the largest barriers to maintaining full enrollment at this location? (Select up to 3)”



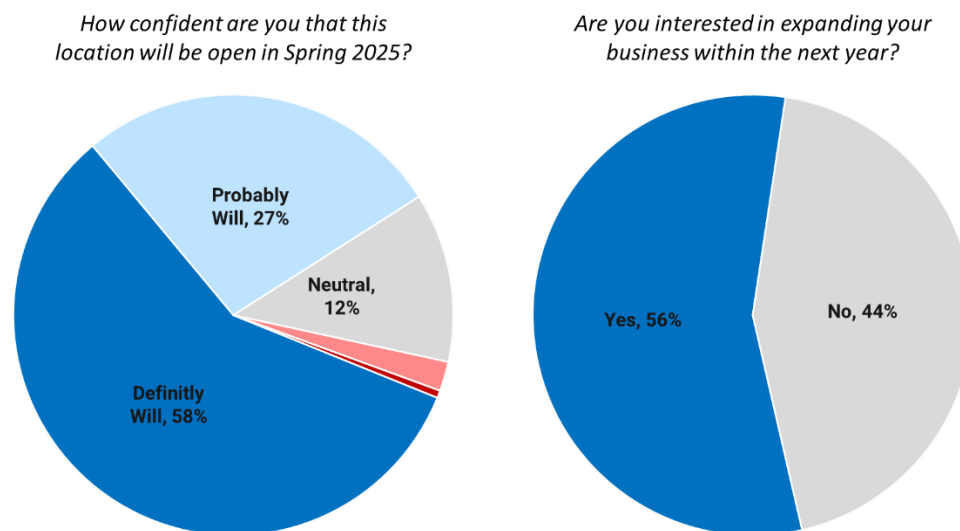
The providers that participated in our focus groups did not express a consensus on why some programs struggle to fill their seats. Many providers relayed stories about periods where their enrollment declined

unexpectedly and then rebounded, also unexpectedly. Although some providers had tried marketing to increase enrollment, they were unsure about its efficacy or best practices. In fact, one provider reported that they felt it was a better investment to use their limited marketing budget for staff recruitment, rather than recruiting more families.

Future Plans and Optimism

Despite these challenges, most surveyed child care programs were optimistic about the future. Close to 96% of centers and 78% of home-based programs reported that they “probably” or “definitely” would be open next year, with over half (56%) expressing interest in expanding in the near future.

Figure 28: Most Providers Are Optimistic About the Future and Many Want to Expand



The providers that participated in our focus groups echoed this optimism and helped explain how programs could be struggling now but are still hopeful about the future. Although they acknowledged that their business was financially precarious because of unpredictable rent increases and fluctuations in enrollment, they believed strongly that there would always be a market for childcare and that they were providing a valuable service to the community.

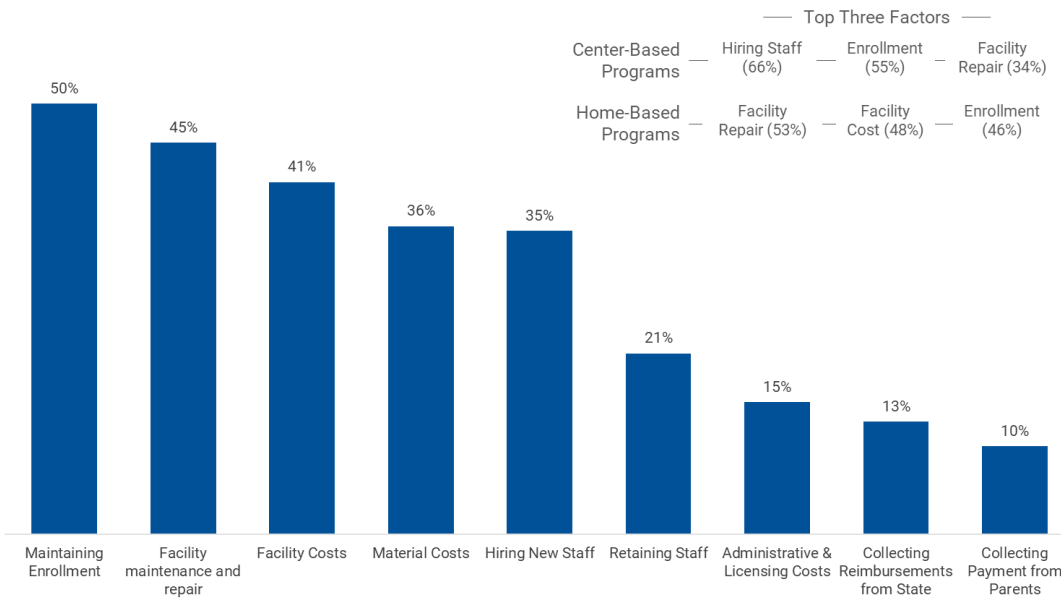
For many programs, success was less about financial benchmarks than the quality of their services and interactions with enrolled families. Although they all acknowledged the need to make ends meet, their ultimate goal was to serve the children and families in their community.

“Success is making a profit, of course, to stay in business to support your family. But we all started to be with our own children, and seeing them grow and be successful. What could be better? We didn’t go into it for the money. We went in to be with our kids and have a business at the same time. If it turns out you’re good at it and you can make money with it? That’s a bonus.”
– Family Home Provider

Business Challenges and Barriers

When asked about their biggest business challenges, survey responses varied based on program type. Nearly two-thirds of centers (66%) identified hiring staff as one of the three largest business challenges (compared with just 18% of home-based programs). Among home-based programs, 53% identified facility repairs as one of their three largest business challenges (compared with 34% of centers).

Figure 29: Enrollment, Facilities, and Staff Were the Most Common Business Challenges for Providers
 “What are your three largest business challenges at this location?”

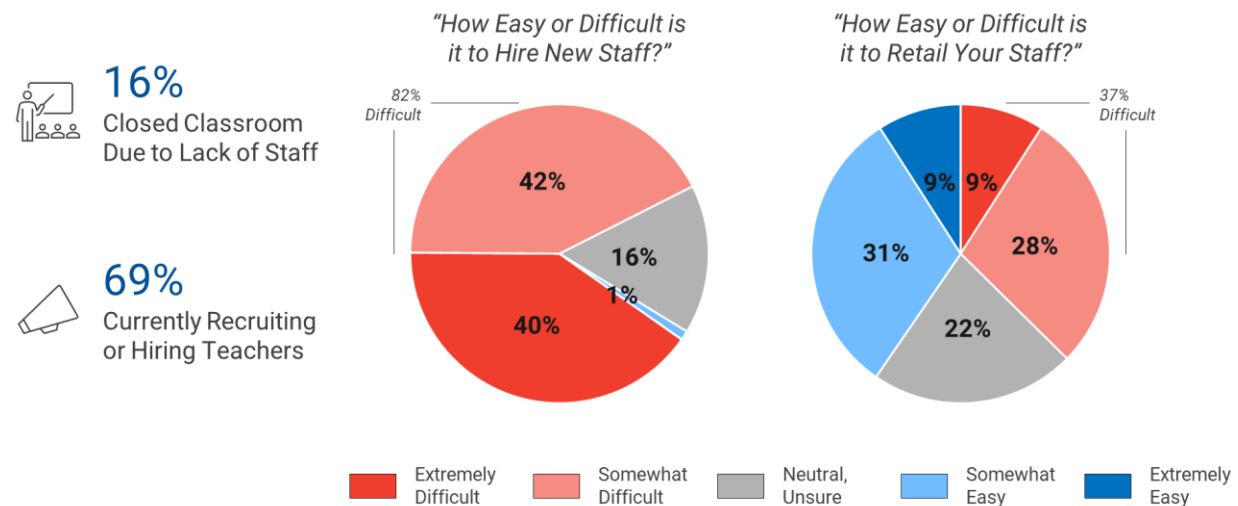


Staffing Challenges.

Among our survey respondents, 16% of centers had closed one or more classrooms due to a lack of staff and 69% were currently trying to hire more staff. Most respondents also reported that hiring was still extremely difficult. As shown in Figure 30, below, over 80% of surveyed centers reported that it was somewhat or extremely difficult to hire.

Although hiring was a major challenge, surveyed centers reported that they believed staff turnover was stable or declining. Among centers, 37% reported it was difficult or extremely difficult to retain their existing staff. When asked how turnover compared to last year 91% responded that it was similar or lower than last year (not shown below).

Figure 30: Hiring and Staffing Challenges Among Center-Based Survey Respondents



Note: Figures only include responses from center-based programs

In our focus groups with center-based providers, directors explained how keeping staff was not only critical for maintaining enrollment, but also because it affected how parents perceived the quality of their programs. As one center director explained, “At the end of the day, the quality of the teacher and the classroom experience is what makes people want to come here.” Training new staff and getting them prepared was a major commitment, but critical for maintaining high-quality programs.

While many directors believed the staff retention rate across the sector was stable or improving, respondents explained that it was becoming more difficult to find new staff because of competition from other employers:

“You don’t get the same caliber candidate that we used to. We get people who don’t show up for interviews or don’t perform well, so it’s really tough. I’m not sure we’re attracting the best young people to this field. If you graduate from college, why would you work in a daycare when you can work in a preschool or K-8. We don’t have a great pipeline to the field because there isn’t high earning potential.” – Center-Based Provider

Facility Maintenance, Rents, and Improvements

Nearly three-quarters (72%) of home-based programs, and just over half of surveyed centers (52%) identified a facility issue, either costs or repairs, as one of their top business challenges.

Every provider in our focus groups had a wish list of capital projects they hope to work on to improve their facility. Providers, particularly home-based providers, understood how important their facility was for making a good impression on parents and families. The most common wish list items involved upgrading or improving playgrounds by adding shade, installing new fencing, or resurfacing the play area.

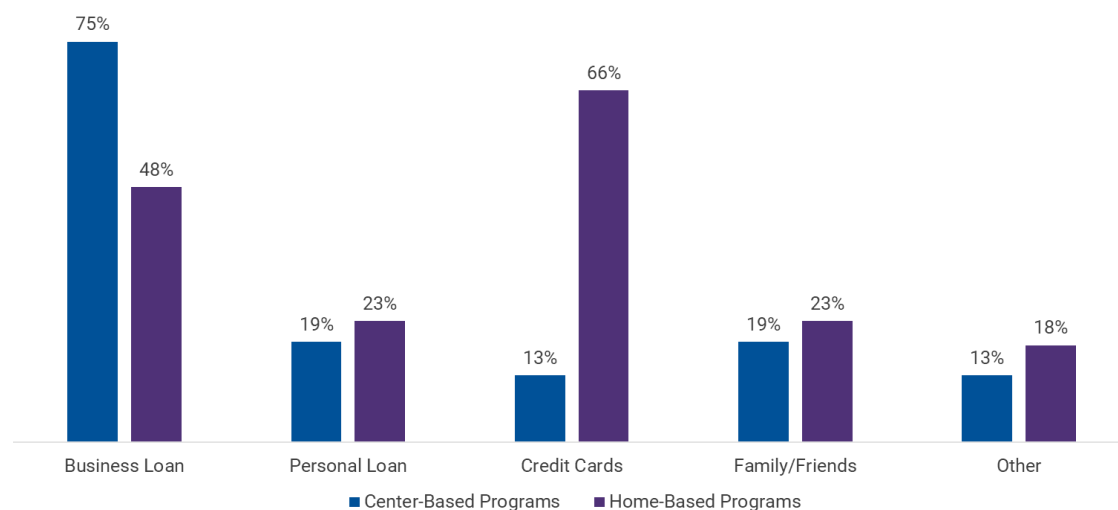
For programs that did not own their facilities, rent was a major concern. One program director reported that she was hesitant to make any long-term investments in her program because she lived in fear that her landlord would not renew her lease. Another director in the focus group who used to rent her facility agreed, sharing, “you don’t want to buy anything you can’t roll away.” Renters also had to contend with annual rent increases that put further pressure on their financial bottom lines.

Access to Resources and Debt

It is important for child care providers to have ready access to debt, or capital, when it is needed to sustain or grow their businesses. One third (34%) of surveyed providers reported currently having business debt. Among those with debt, the source of their borrowing varied by what type of program they operated. Center-based programs were much more likely to have accessed business loans, while in home-based programs, credit cards were the most common source of credit.

Figure 31: Source of Business Borrowing Among Programs with Debt (34% Of All Programs), By Program Type

“What kind of debt does your business currently have? (select all that apply)”



In our focus groups, many providers expressed some hesitation around borrowing to support their business, preferring to pay for large projects through savings or fundraising. For providers that rented their facilities, many programs reported being afraid that their landlord would suddenly decide not to review their lease and were hesitant to borrow for large projects.

The home-based providers who participated in our focus groups described relying on credit cards, family, or cashflow to make programmatic investments. Some did not believe it was possible for them to get a business loan to support their program. Those that had tried to get a commercial loan had been denied, which was discouraging and time consuming.

One home-based provider, herself an immigrant, described how deflating her experience applying for a bank loan had been.

“They said I was preapproved, but after six months of trying they denied me. I even tried Bank of America. I understand the bank can’t make a loan because I don’t have sufficient income or history. I had to use my credit card and my family has helped me. It’s difficult to get a loan. I tried, but I couldn’t.” – Home-Based Provider

The state’s Capital Support Revolving Loan Fund could be a good option for these providers, but none of the center directors who participated in our focus groups were aware of the program.

Accessing CCS Subsidies

Like the parents that participated in our focus groups, many providers were frustrated with subsidy payments from CCS. On the provider side, participants struggled with late or inconsistent payments from the system. In our focus group with home-based providers, many reported that they were considering dropping the program because they could no longer afford to wait for payments or deal with the uncertainty that it introduced to their enrollment.

“Most of my clients are having scholarships. I can be full now, but one day [CCS] will call and tell you that [some families] don’t qualify anymore. Right now, my [classroom] is full, but one parent

has to go because they lost their child care scholarship. You get email that you have only 5 more days in childcare. Later I think I will stop [taking CCS]. You can't have a stable business with scholarships. Parents are with you for 1 or 2 months and then you get an email and it tells you they only have 5 days' notice to leave. It's not stable... You have to give me enough notice." – Home-Based Provider

"I don't take scholarships for the same reason. I need stable income. I can't just not have an income. When I first started, I was signed up, but they were not paying me on time. I couldn't do it. As much as the people are nice and the kids, I can't do it. I need to support my family" – Home-Based Provider

"It's the same with me. I had a situation where my program took a child and the scholarships said they would pay a whole month. I didn't get paid for September until February. And I only got half of the month. It took 12 phone calls, emails, and a lot of headache to fight to get paid. They don't make it easy. I still take the scholarship, but it's not an easy process. It's not easy, and it's not stable." – Home-Based Provider

To ensure their families stayed registered, some providers had to work directly with parents to submit their income paperwork. One center director reported that her program had a dedicated laptop in her site so that parents could get help navigating the CCS portal.

Providers in the focus groups reported a much better experience with WPA. They shared that payments were more consistent and enrolled parents had an easier time navigating the system. However, they reported that the program was more difficult for parents to enroll in. One center-based provider noted that parents had to first be rejected by CCS to use WPA, which was discouraging and contributed to parents to dropping out of the system all together.

"WPA is easier to navigate, but the problem is that you need to apply and be denied by CCS first. Then you have to go apply again. And then they go through this whole other process. By that time, they're discouraged or they found an under the table arrangement because they don't want to go through all the hoops." – Center-Based Provider

Section 3: Shortages in Childcare

Comparing child care supply and child care demand allows us to identify access gaps where the shortage of available seats makes it difficult for families to access the care they need. Where shortages exist there may be a need for new investments that can support the creation of new programs or aid in the expansion or improvement of existing programs.

Our analysis explores child care shortages in two ways:

The first section explores “absolute shortages,” or the simple difference between our estimates of supply and demand for care. Absolute shortages help identify where there is a deficit in the number of seats and the specific market segments where expansion efforts are needed to eliminate gaps.

The second section explores “relative shortages,” which identify geographic areas where, based on the characteristics of the market, the gap between supply and demand is especially large. By utilizing information about the market relationship between supply and demand, relative shortages account for the fact that not every family uses out-of-home childcare.

Absolute Shortages: Identifying and Sizing Gaps Between Supply and Demand

This section compares the aggregate capacity in the County’s child care programs (supply) with our estimates of the aggregate number of potential child care customers (demand). *We refer to these figures as absolute shortages. Where demand exceeds supply, absolute shortages represent the number of new seats the County would need to support to ensure that every child has an opportunity to access child care programs.*

With a maximum total demand for roughly 57,300 seats and a total supply of 33,600 seats, we estimate that Montgomery County has sufficient existing capacity for 59% of children under five, a gap of 23,700 seats.

Figure 32: Supply, Demand, and Absolute Shortage of Care, by Age

	Demand for Childcare	Supply of All Childcare	Absolute Shortage (Demand – Supply)
All Children Under Five	57,300	33,600	23,700

Maryland’s EXCELS program provides a way to measure the county’s supply of high-quality care. While ensuring access to childcare is important, ensuring access to high-quality care for every family is often the ultimate goal for stakeholders. Figure 33, below, shows the absolute shortage of care when only considering care in high-quality programs. Although the county has sufficient capacity for 59% of children, when considering only high-quality care, rated programs with an EXCELS score of 3 or higher, that figure drops to just 21%.

Figure 33: Absolute Shortage of High-Quality Care, by Age

	Demand for Childcare	Supply of High-Quality Childcare	Absolute Shortage (Demand – Supply)
All Children Under Five	57,300	12,100	45,300

While large gaps between supply and demand exist in the aggregate, when we break out the county’s supply of care by age, it is clear that the largest gaps are for the youngest children. The shortage of care for infants and toddlers (children under the age of two) was particularly large. Across the county, there were 22,100 infants and toddlers but child care capacity for only 4,300 of them. While there was also an absolute shortage of seats for preschool (children ages two through five) the gap between supply and demand was much smaller.

Figure 34: Supply, Demand, and Absolute Shortage of Care, by Age

	Demand for Childcare	Supply of All Childcare	Absolute Shortage (Demand – Supply)
Infants and Toddlers (Children Under 2)	22,100	4,300	17,800
Preschool (Children 2 through 5)	35,200	29,300	5,900
All Children Under Five	57,300	33,600	23,700

Beyond children’s ages, families also have different needs and preferences based on their income and economic circumstances. Low- and moderate-income families often need financial support to afford childcare, and parents who work nights and weekends may need care at nontraditional hours. Families that speak another language at home may prefer programs where providers can communicate in another language.

The figure below illustrates the gap between the supply of seats in programs that offer subsidized care, non-traditional hours, and bilingual staff and our estimates of demand for each type of care.

Figure 35: Supply, Demand, and Absolute Shortage of Care by Program Services

	Demand for Childcare	Supply of All Childcare	Absolute Shortage (Demand – Supply)
Subsidized Center and Homes (Programs Participating in CCS or WPA)	31,800	21,600	10,200
All Subsidized Care (CCS, WPA, and School-Based Care)	31,800	24,600	7,200
Non-Traditional Hours Care (Programs Offering Night or Weekend Care)	12,100	500	11,600
Bilingual Services (Programs with 1+ Bilingual Staff)	33,700	4,900	28,800

Source: RF Analysis of American Communities Survey, Five-Year Estimates, 2017-2021; Data derived from IPUMS USA, University of Minnesota, www.ipums.org; RF Analysis of Census PULSE Data, Week 63 (Oct, 2023)

Relative Shortages: Identifying High Priority Areas with the Largest Gaps in Supply

To identify where the largest child care program shortages in the County are located, we created a measure called “relative shortage.” The relative shortage accounts for the fact that not all families choose to use child care programs. While individual providers may not know precisely how many families are seeking care at any specific moment, in the aggregate, the market for care across the county does contain information about the typical relationship between supply and demand for care.

Relative shortage is designed to highlight areas where, relative to the typical market for childcare, the gap between supply and demand is especially large or small. This calculation helps identify priority programs and areas where new capacity can help alleviate shortages.

Figures 36-38 illustrate the relative shortages of all childcare, High-Quality childcare, Infant and Toddler Care, and Preschool Care across Montgomery County in 2024. Each map is designed to highlight areas where existing gaps between supply and demand are especially large (shaded orange) or smaller than what is typically observed (shaded purple).

The different shortages across the county were also reflected in our provider survey results. Providers who completed the survey and were located in areas classified as Much Larger than Typical or Larger than Typical Shortage had an average enrollment that was 81% of their license capacity. Providers in areas classified as having Smaller than Typical or Much Smaller than Typical Shortages had an average enrollment that was just 73% of their license capacity.

Figure 36: Relative Shortage of All Childcare

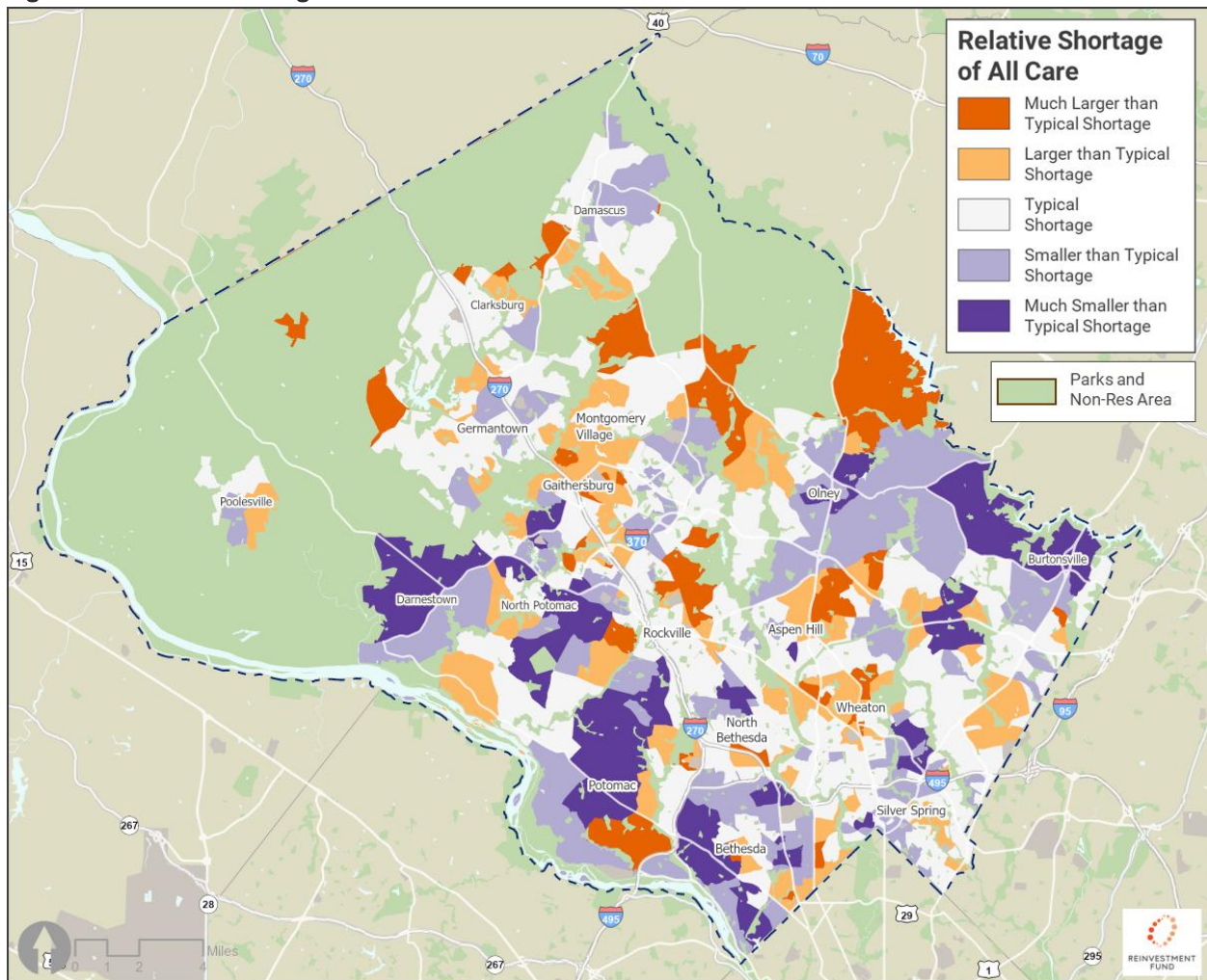


Figure 37, below, shows the location of areas with the largest shortages of high-quality care. While the location of large shortages of high-quality childcare are in some cases similar to the location of overall shortages of childcare (Figure 36), there are notable differences.

Figure 37: Relative Shortage of High-Quality Childcare

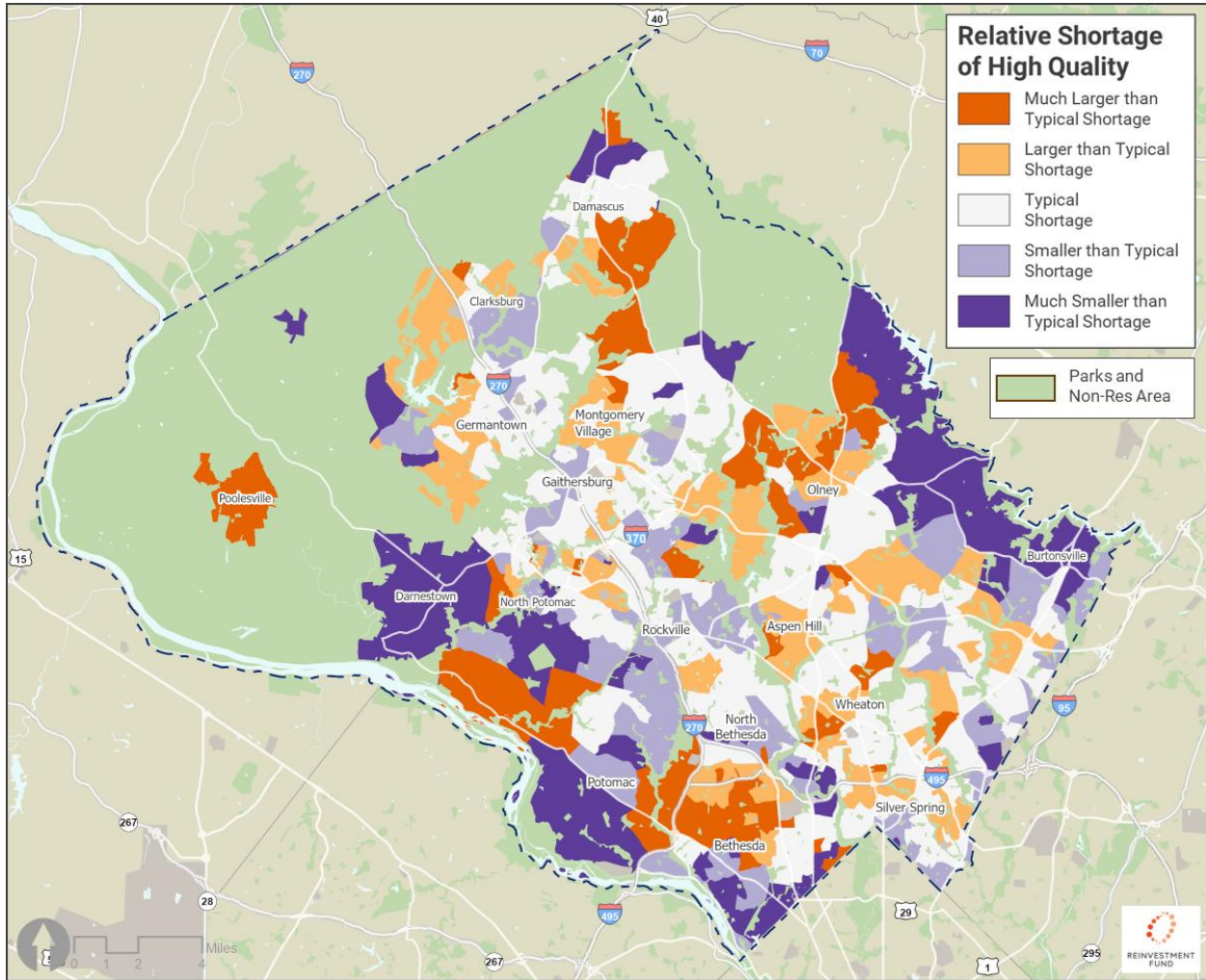
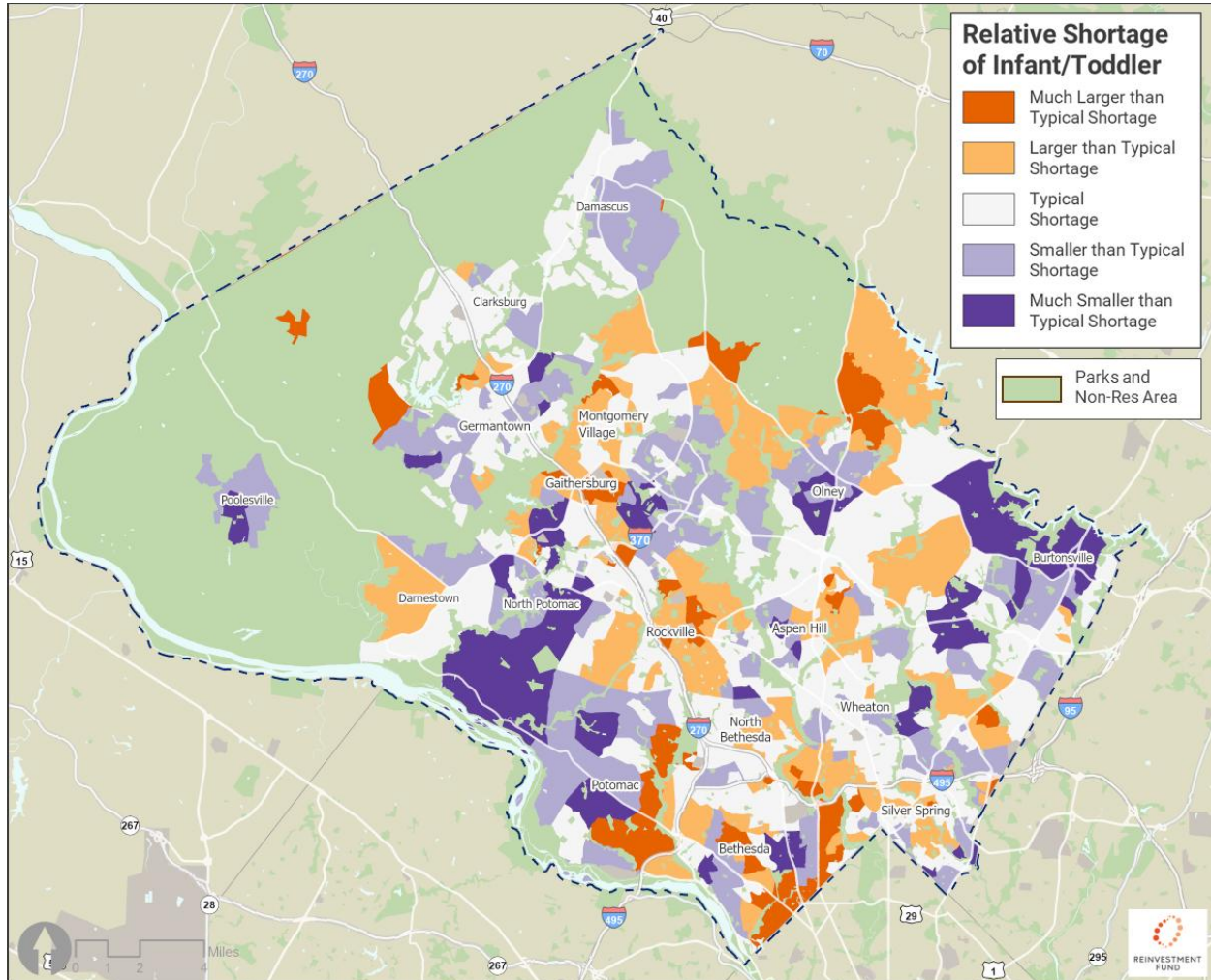


Figure 38 shows the location of shortages considering only infant and toddler care. The differences between large shortage areas on this map and the location of large shortage areas on the overall childcare shortages map (Figure 36) represent differences in the ages served in programs.

Figure 38: Relative Shortage of Infant and Toddler Care



Characteristics of High Shortage Areas

Examining the characteristics of high shortage areas can help shed light on the families and communities most impacted by barriers to accessing childcare.

Family Incomes

Child care shortages impact families in communities reflecting the entire income spectrum of the county. Our analysis identified areas with high relative shortages that were home to families earning far above the county’s median as well as areas where families earned far below the median family income.

According to the latest census data, the median household income in Montgomery County is close to \$125,000. Compared to the general distribution of households across the county, high shortage areas were somewhat disproportionately clustered in places where lower- and moderate-income households

were more prevalent. In high shortage areas, just over one in five households (22%) were low-income, earning less than \$50,000.

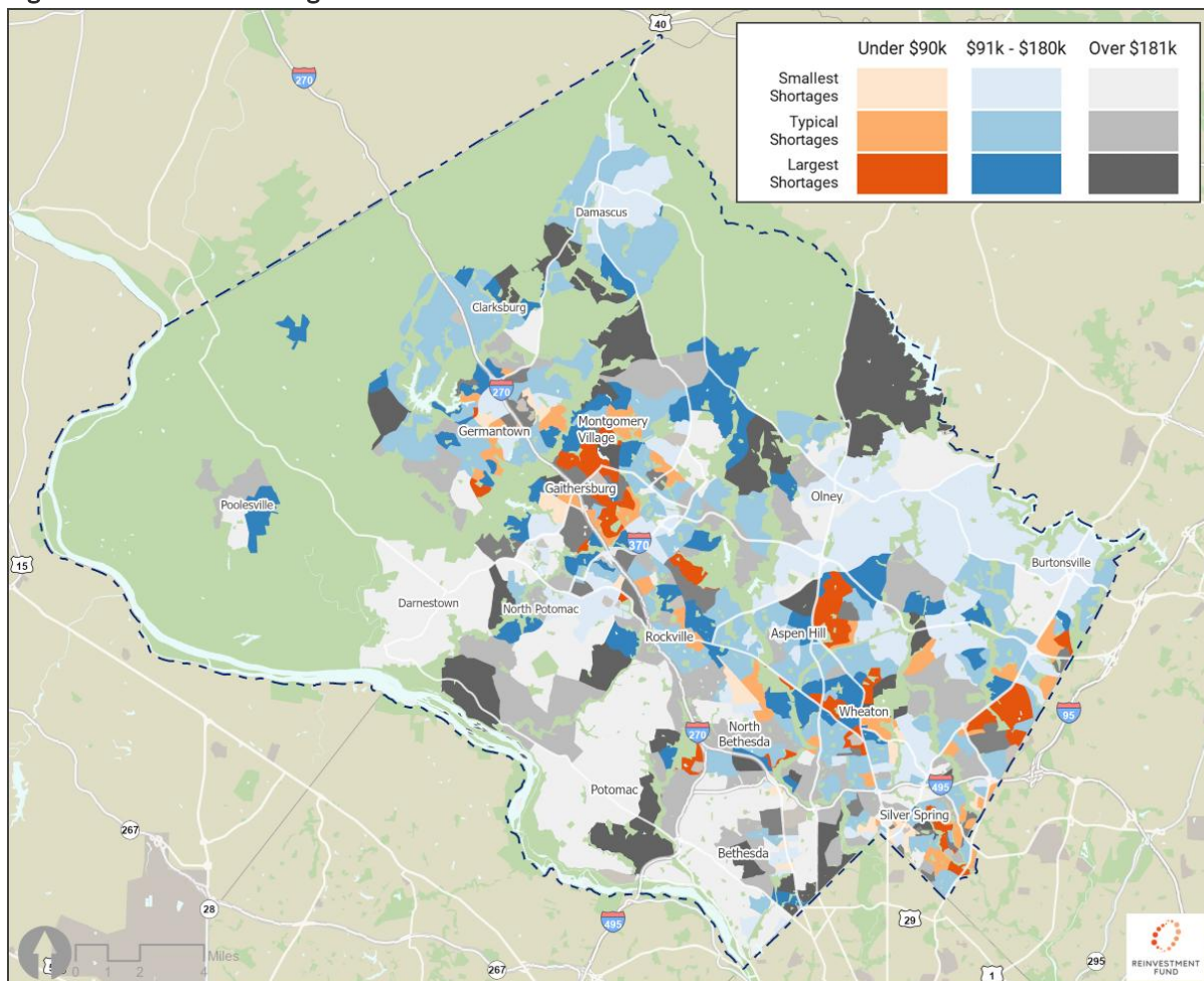
Figure 39: Household Income by Relative Shortage of All Childcare

	Share of Households in High Shortage Areas	Share of All Households
Households Earning Less than \$50,000	22%	18%
Households Earning \$50,001 to \$100,000	24%	22%
Households Earning \$100,001 to \$150,000	19%	18%
Households Earning More Than \$100,000	34%	42%
All Households	100%	100%

Source: RF Analysis of American Communities Survey, Five-Year Estimates, 2018-2022.

The map below compares median household income in each block group along with the level of relative shortage. Areas shaded in dark orange represent block groups with a median household income below \$90,000 and large shortages of childcare. Families in these areas likely face substantial challenges with affordability. However, the map reveals shortages that impact families across the income spectrum. This is reflected on the map by the most saturated color within each range: low, medium and high income places.

Figure 40: Relative Shortage of All Childcare and Median Household Incomes

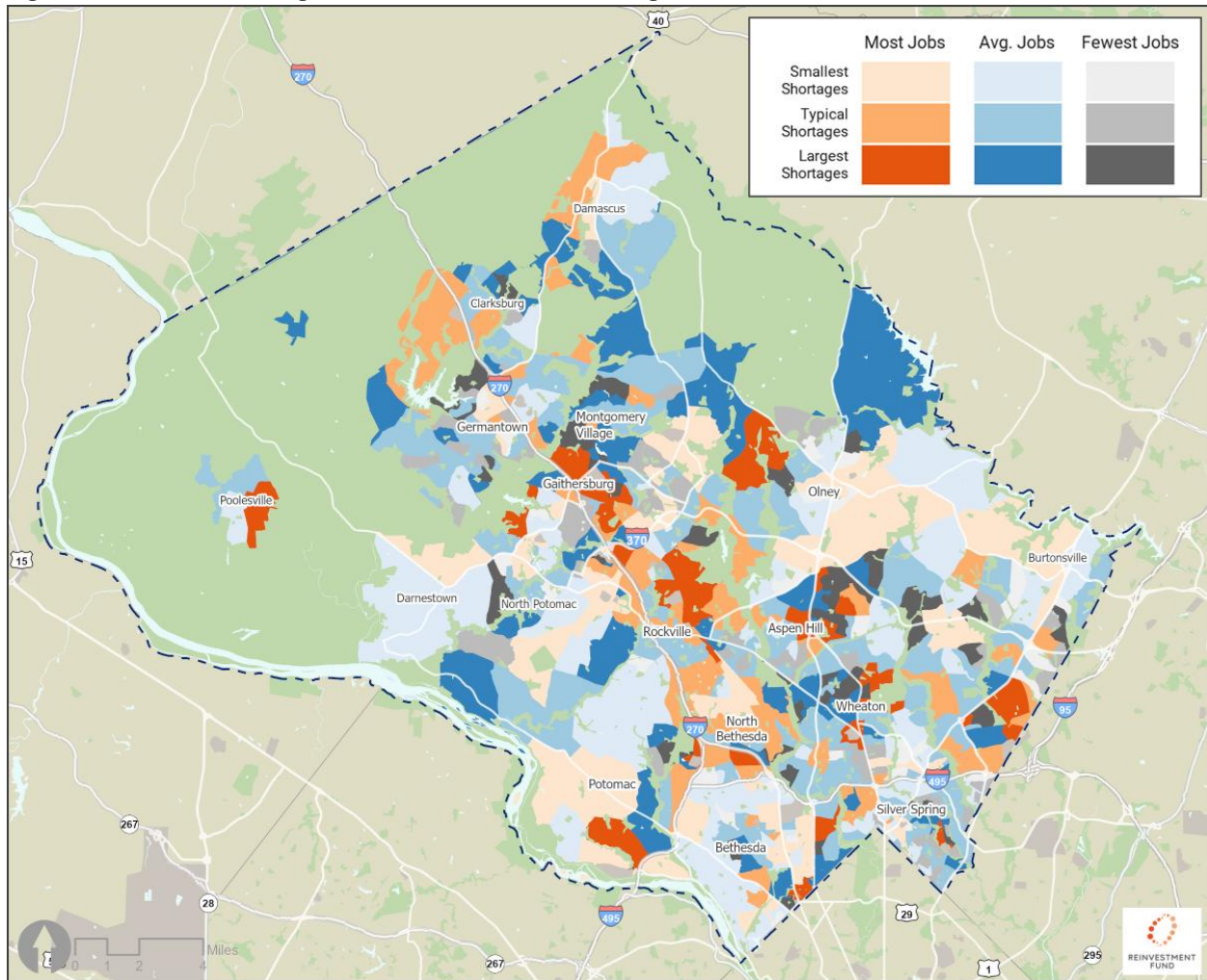


Low-Wage Job Centers

Although many families look for care near their homes, some families also consider care options near their place of employment. When looking to support child care access for working families, targeting areas with high shortages and concentrations of low-wage jobs for intervention can be a promising strategy.

The map below compares the location of low-wage jobs with relative shortages. Areas shaded in dark orange highlight those potential target expansion areas with the highest concentration of low-wage jobs and large shortages of childcare.

Figure 41: Relative Shortage of All Childcare and Low-Wage Jobs



Family Race and Ethnicity

Child care shortages impact all of the communities in Montgomery County. The table below compares the share of the population living in high shortage areas by race and ethnicity. Over one quarter of all residents across every racial and ethnic group live in areas identified as having large relative shortages. Black and Hispanic residents were particularly impacted, with close to one third living in large shortage areas. Higher percentages of White, Asian and other race/ethnicity families are observed in typical or low shortage areas.

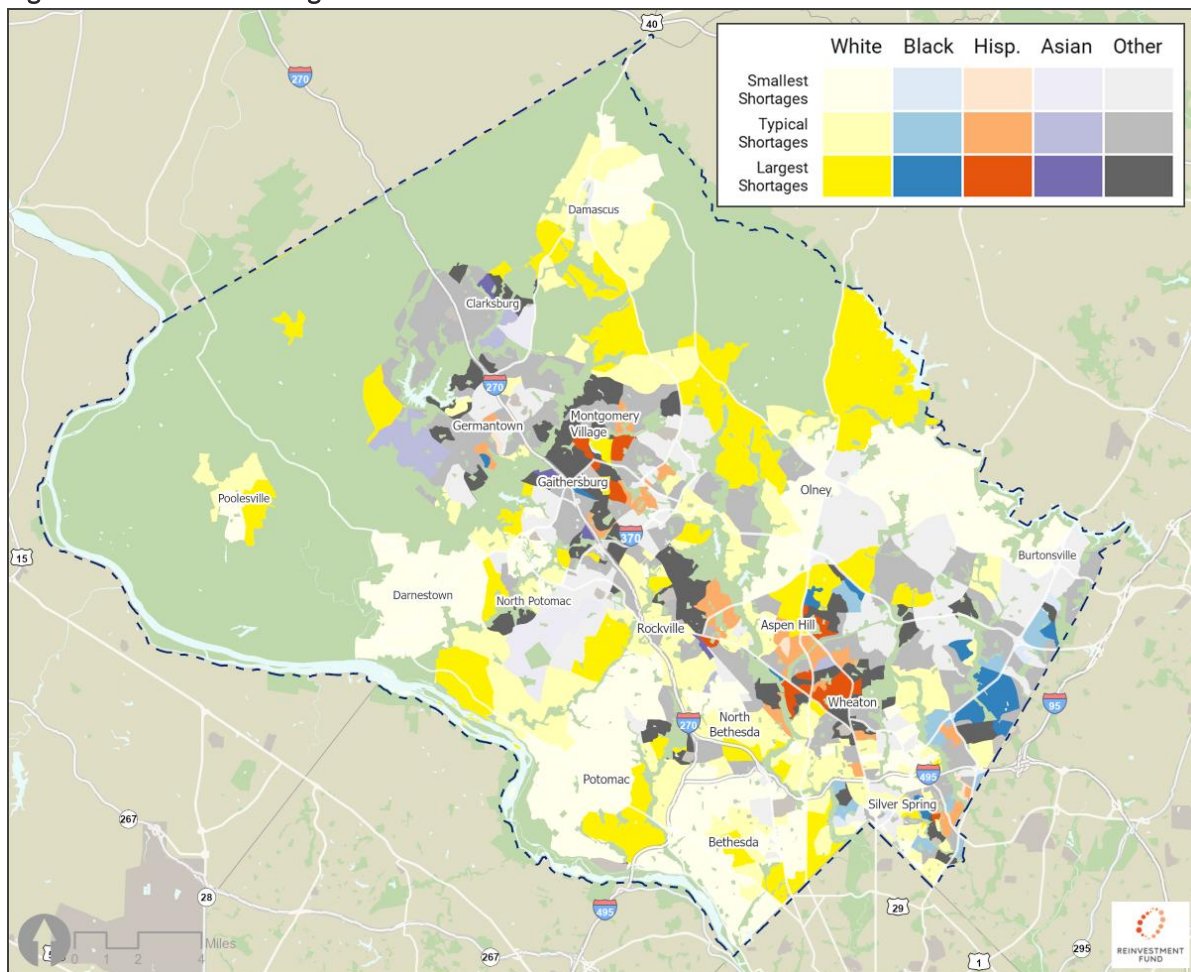
Figure 42: Relative Shortage of All Childcare and Race/Ethnicity

	White	Black	Hispanic	Asian	All Other Races	Total Population
Larger than Typical Shortages	26%	34%	35%	26%	26%	26%
Typical Shortages	38%	42%	45%	41%	40%	38%
Smaller than Typical Shortages	36%	24%	19%	34%	34%	36%
All Areas	100%	100%	100%	100%	100%	100%

Source: RF Analysis of American Communities Survey, Five-Year Estimates, 2018-2022.

The map below compares the predominant race in each block group with relative shortages. Areas are colored to represent the predominant racial or ethnic group that lives in each block group. The shade of each color represents the level of child care shortages. Areas shaded in dark orange, for example, represent block groups where over 50% of the population is Hispanic and there are large shortages of childcare. There is not a racial/ethnic grouping for whom there are not a substantial number of places in the largest shortage category.

Figure 43: Relative Shortage of All Childcare and Predominant Race

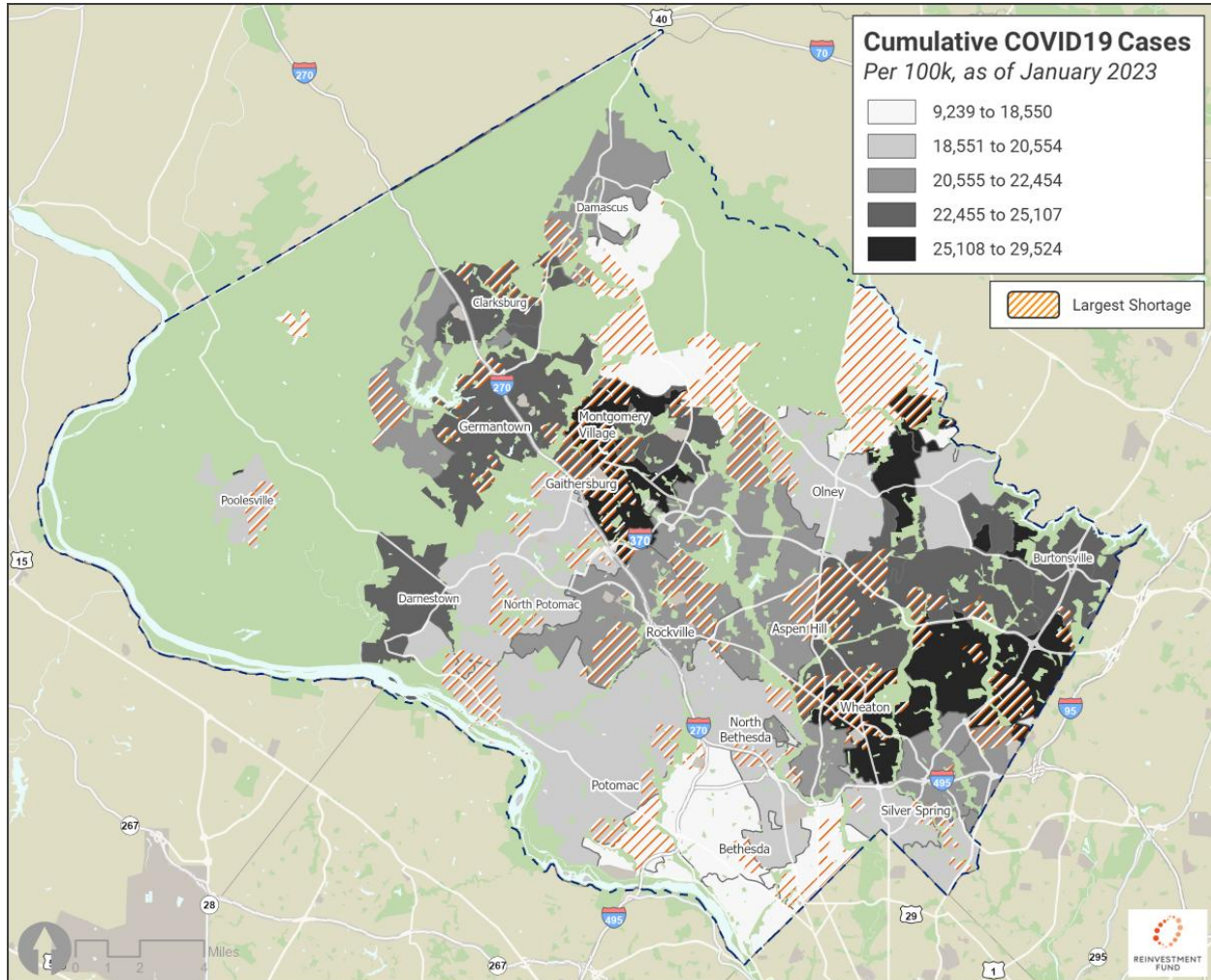


COVID-19

The COVID-19 pandemic has had a large and lasting impact on the lives of children, families, and child care providers across the country and within Montgomery County. The map below shows the cumulative COVID-19 cases in each zip code in the county overlaid with hatching to represent where the largest shortages of childcare are found.

Some of the communities in Montgomery County with the highest case counts, like the areas near Wheaton and Gaithersburg, also had substantial child care shortages.

Figure 44: Cumulative COVID-19 Cases Per 100,000 and Largest Child Care Shortages



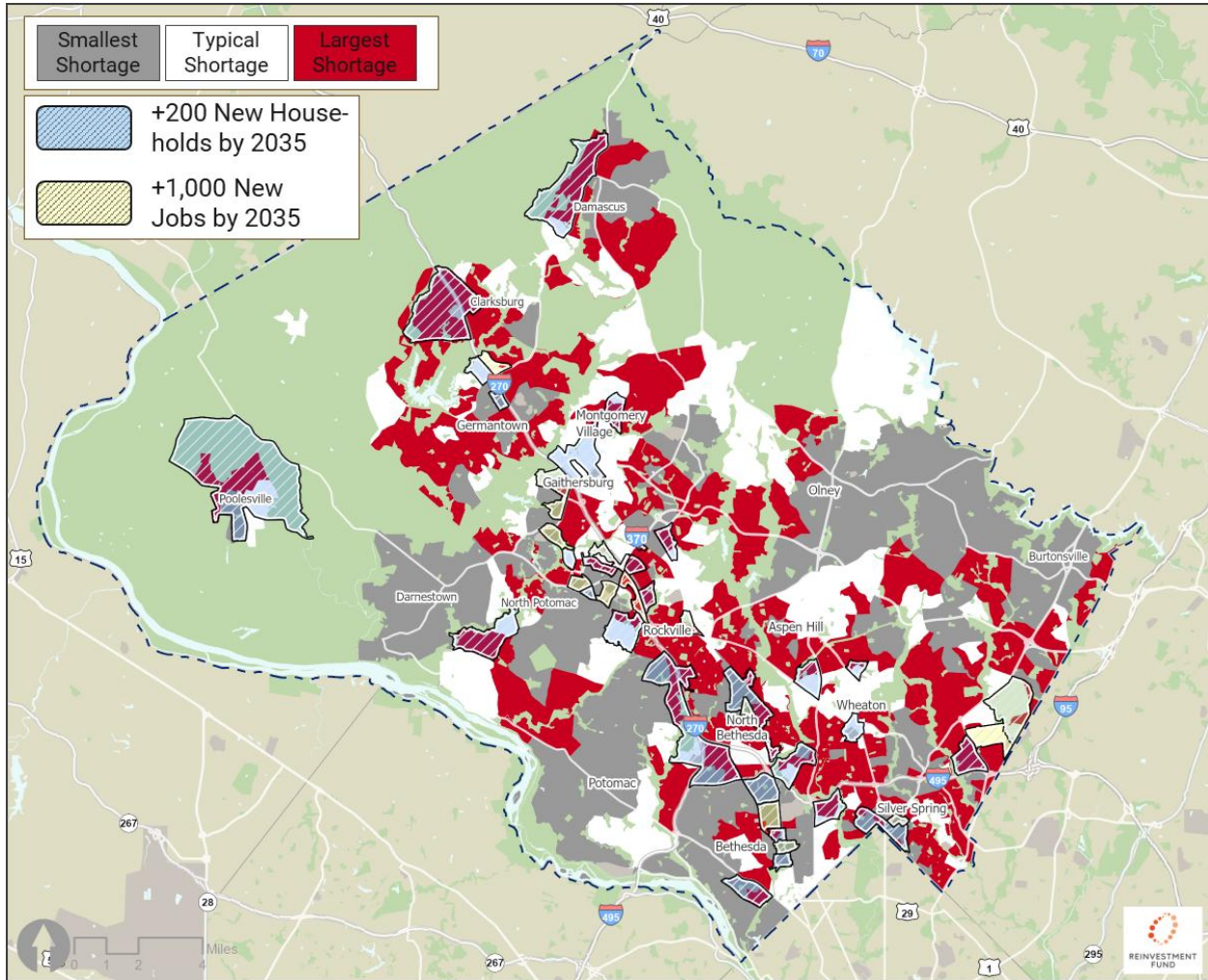
Shortages in High Growth Areas

The Metropolitan Washington Council of Governments works with the Montgomery County Planning Department to develop long-range forecasts for employment, population, and households. The most recent forecast (Round 10) includes population and employment estimates for neighborhoods in the region over the next 30 years (2020 to 2050).

The research team used these projections to identify areas expected to add 200+ new households or 1,000+ new jobs over the next ten years. The map below overlays these high growth areas with relative shortages. Close to one third of the block groups in high growth areas were identified as already having

large shortages of care. As the county's population and economies grow, these data suggest the shortage of care in these areas will only worsen.

Figure 45: Relative Shortage of All Childcare and High Growth Areas



Section 4: Recommendations

Our analysis of the childcare market across Montgomery County reveals a highly competitive market, where child care providers are competing for enrollment, and many are struggling to sustain their businesses. At the same time, families are struggling to find the kinds of care they need and there are serious shortages in the supply of care within specific segments of the childcare market and regions of the county. Providers are looking for resources that can help them improve and stabilize their businesses, while families are struggling to locate and afford the care they need (and prefer).

This section provides a set of recommendations for improving access to high-quality care for Montgomery County families. The first set of recommendations focus on strategic investments to grow supply in target areas determined by market conditions. The second set of recommendations focus on improving systems and resources that will increase access for parents and providers across the county.

Strategic Investments to Address Child Care Shortages

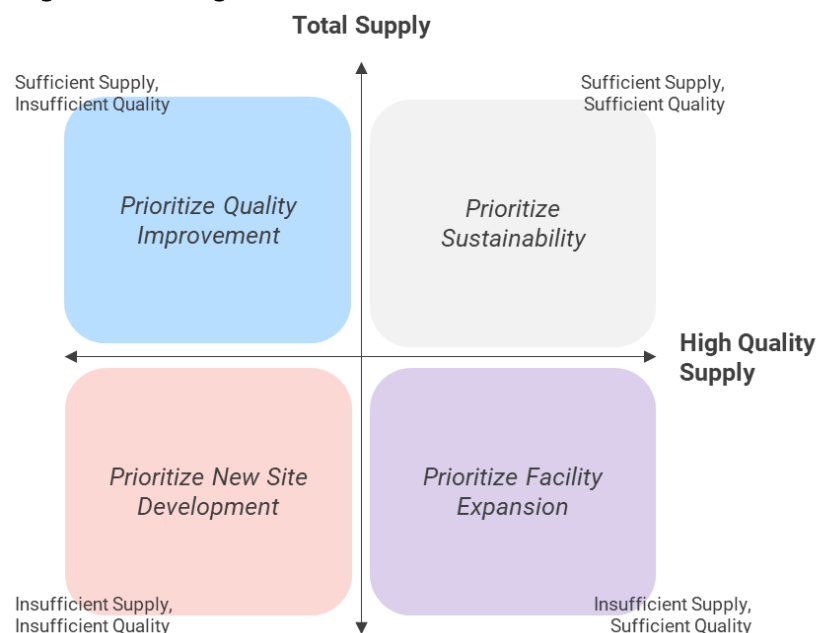
Our analysis showed the need for targeted investments that can expand the supply of childcare within specific market segments and regions of the county. Although childcare is in some ways a public good, individual child care providers compete in a consumer-driven marketplace for enrollment. Subsidizing the creation or expansion of programs in an area that is already well served by providers could be harmful. Instead, the County should look for ways to match the appropriate expansion strategy to the market conditions identified in the analyses described in this report.

Figure 46 illustrates a framework for matching supply building strategies to market characteristics. The X-axis on the figure represents the sufficiency of total supply in an area. The Y-axis represents the proportion of seats in an area that were identified as being high-quality. The appropriate investment strategy is based on how areas score on these two metrics.

In areas with sufficient child care seats but low-quality ratings, for example, the County should focus on supporting strategies that help existing providers improve their quality ratings. In areas with a presence of high-quality providers, but an overall lack of capacity, the County should prioritize program and facility expansion projects that help existing providers grow their businesses to serve additional families. In areas with neither sufficient capacity nor existing quality providers, encouraging new program development is an appropriate strategy.

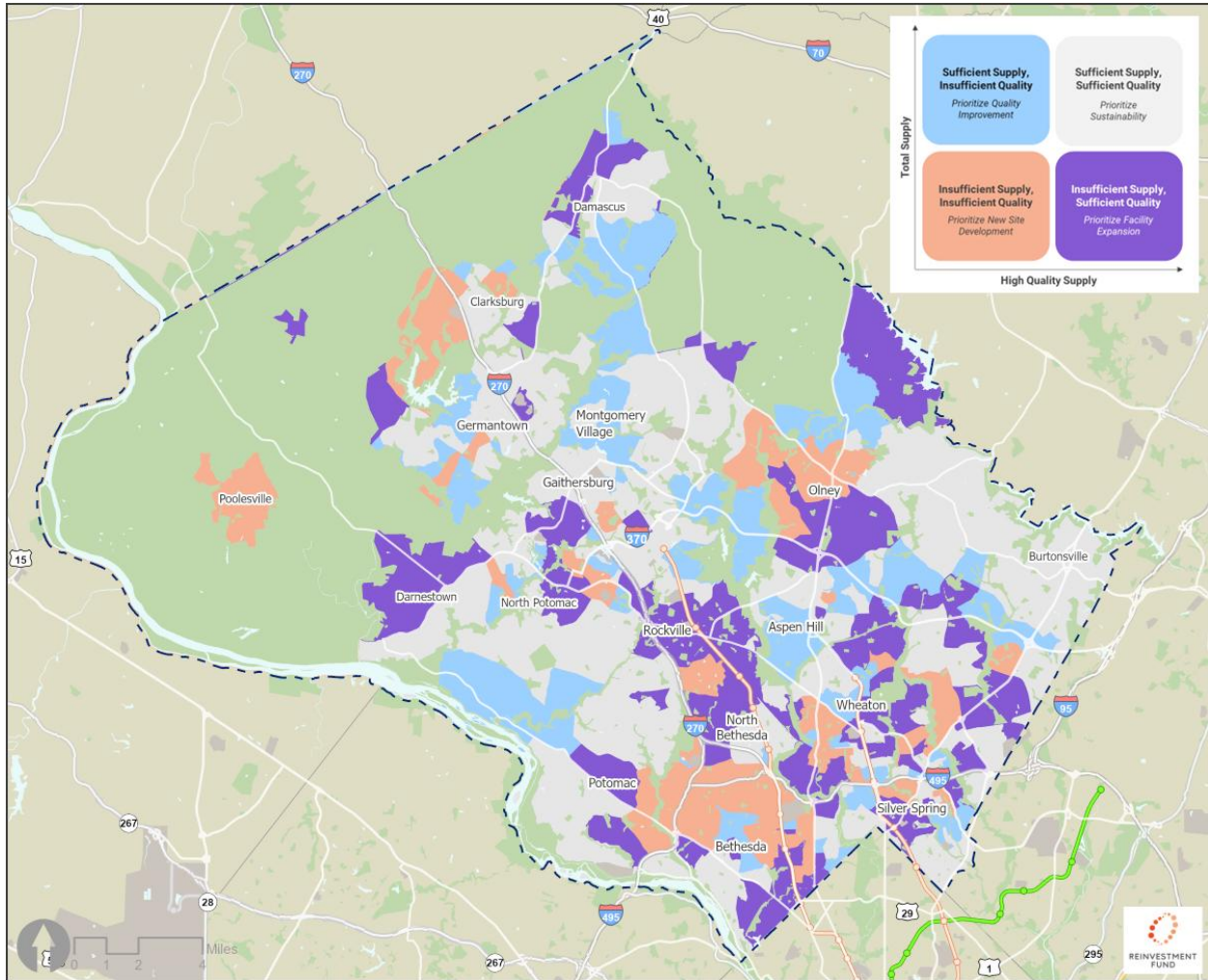
The relative shortage analyses described in Section Three can be used to match communities to the appropriate strategy. The map below classifies each census block group based on its relative shortage of total supply and relative shortage of high-quality supply.

Figure 46: Linking Investment Activities to Market Characteristics



The classifications on this map provide a starting place to consider how to prioritize different strategies across the county. Similar analyses, examining access for other segments of supply, are available in Appendix C: infant and toddler serving programs, programs accepting child care subsidies, and community- and school-based state funded Pre-K.

Figure 47: Comparing Total Shortage and High-Quality Shortages Across Montgomery County



Regardless of the specific approach, supply building investments must be paired with planning support and technical assistance. Executing a facility expansion project, starting a new business, or improving a quality rating requires resources, but also substantial strategic planning to understand needs and prepare businesses for success. Successful supply building efforts often invest substantial resources in business services and strategic planning before helping providers launch expansion projects to ensure they are prepared for success.⁷ These efforts help providers shore up their back-office systems, develop marketing and long-term business plans, and strengthen their businesses to position providers for success over the long term.

⁷ For example, see: <https://www.reinvestment.com/grants/coaching-to-success/>

Improving Child Care Systems and Access to Resources

Our analysis also revealed the need for resources to address the affordability of childcare and the financial sustainability of child care businesses. This section describes a set of recommendations for addressing these needs.

Recommendation #1: Address information gaps by simplifying messages and identifying new pathways for communication.

Our focus groups revealed that both parents and providers lacked comprehensive (and in some instances critical) information about the child care system. Many parents were not aware of subsidy programs that could help them afford the cost of childcare or quality rating systems that could help them select a high-quality program. These challenges are compounded for immigrant families and non-English speaking residents. In our focus groups, these parents explained how they often struggled to understand basic information about how the child care system operates, such as the distinction between different child care arrangements, how to apply for seats in licensed programs, and what resources could help them afford the cost of a care.

The County should take a two-pronged approach to address these challenges:

First, the County should invest in new communication tools that provide basic and simple explanations of how childcare in Montgomery County operates. For families, these resources should explain the different types of licensed child care options, how and when to sign up for care, where to find information about program quality, why credentialed quality matters, and how to access subsidies to pay for care. These explanations should be simple, jargon free, and easily translatable into the languages spoken across the county. A similar approach is needed for child care providers as well. The federal government's Plain Language standards can help the County prepare the material in a manner that parents will fully understand.⁸

Second, the County must develop new communication pathways to distribute information to families and providers. Making information and guides easily accessible on public websites is a good start, but the County should also develop a proactive strategy to identify organizations that work with families and build partnerships with them to distribute information. Potential partner organization should include social and cultural organizations that work with families, but also health care systems, major employers, or other social service providers that interact with new parents and other hard to reach populations. Our focus groups suggest that social media and digital campaigns are a good way to reach some parents, but that other families are best reached with printed materials that are distributed through community organizations and other trusted institutions. Supporting local parent navigators who could be available to help parents access these systems would have additional benefits for families that are struggling with child care systems.

Recommendation #2: Address families' affordability challenges by piloting improvements to subsidy systems.

Both parents and providers had difficulty with the state's Child Care Scholarship (CCS) system. Parents were frustrated with the lack of customer service and faced difficulty navigating recertification. Providers were unsatisfied with the timing of payments through CCS and their experience with parents being

⁸ For example, see: <https://www.plainlanguage.gov/>

disqualified from the program on short notice. Experiences with the County’s Working Parents Assistance (WPA) program were better, and the County should look for ways to build on WPA’s success through two pilots that will improve the affordability of childcare and leverage WPA’s systems to improve services for Montgomery County families.

First, pilot a combined application for CCS and WPA to simplify enrollment in both programs. Families should not have to understand the difference between the State and the County program to receive support. Experience in other public benefits systems suggests that many benefits go underutilized simply because of the steps necessary to understand what programs exist, what individuals are eligible, what steps are required to access resources.

A single application system for both programs would be easier for families to understand and ensure that all parents who are eligible for benefits are gaining the support to which they are entitled. This is particularly true for immigrant families who, based on our focus groups, already struggle to understand the child care system in Maryland.

Second, work with the State to pilot a contract model with providers for CCS and WPA seats. In a contract-based system, providers establish a network of reserved seats for eligible families. Providers are responsible for recruiting to fill these seats, while families gain streamlined access to the network, simplifying the process while preserving the ability for parents to choose the option that best meets their needs.

Contract-based systems provide greater financial stability for providers, making it easier for them to budget and plan. They also simplify participation for both families and providers, who have less administrative responsibility under a contract-based system. States that have piloted contract-based systems have found that they improve financial stability and possibly help programs hire and retain more qualified staff, which ultimately benefits families and children.⁹

Recommendation #3: Fund business services and technical assistance to help providers improve and grow their businesses.

In the section above we outlined approaches to making investments to grow child care supply that address shortages in care. However, our surveys revealed that many providers feel financially precarious, and while many are interested in expansion, they may not be prepared to do so. Providers struggle with business planning and many lack the accounting and business systems they would need to secure a business loan or other types of debt or capital that are critical for the long-term success of any business. Resources like the State’s Capital Support Revolving Loan Fund can be difficult for many providers to access because many do not yet have the capacity to plan or execute a major facility project.

To address these challenges the County should invest in technical assistance and business supports tailored to the child care sector. Other successful child care capital programs often include grants for

⁹ For more information see: Adams, Ewen, and Luetmer. “Using Contracts to Support the Child Care Workforce” Urban Institute. June 2021. <https://www.urban.org/sites/default/files/publication/104344/using-contracts-to-support-the-child-care-workforce.pdf>; Chad Dorn. “Infant and Toddler Contracted Slots Pilot Program: Evaluation Report” Pennsylvania Office of Child Development and Early Learning. August 2020. https://www.pakeys.org/wp-content/uploads/2020/11/IT-Pilot-Evaluation-Report_PA_Final.V2.pdf; Lyons, Palmer. “Contracting Can Boost Access to Early Care and Learning Programs” National Council of State Legislatures. April 2022. https://www.pakeys.org/wp-content/uploads/2020/11/IT-Pilot-Evaluation-Report_PA_Final.V2.pdf

technical assistance and business planning ahead of capital support. Predevelopment grants allow providers to work with qualified coaches and experts to create a marketing plan, improve back-office systems, and develop facility strategies. These efforts help build a pipeline of qualified providers who are prepared to take on larger program expansion and quality improvement projects.¹⁰

Recommendation #4: Provide regular updates on the state of supply, demand, and shortage to track market changes over time.

Child care markets are dynamic and since the pandemic there have been substantial changes in how programs operate and how parents work and use care. The County should ensure that information about the supply of and demand for care, like the information presented earlier in this report, are easily accessible and kept regularly up to date.

To support the work of researchers and advocates, the County should quarterly or bi-annually publish data on the location and capacity of all child care providers in Montgomery County. The information should be downloadable and accessible in machine-readable formats so that advocates and researchers can access and use it.

At a minimum this data should include information on each active program's location, infant and toddler capacity, preschool capacity, hours of operation, and EXCELS quality rating. Indicators for programs that also or exclusively provide after school care, offer bilingual services, and accept CCS or WPA subsidies would also be beneficial. The LOCATE tool has much of this information already but not in a downloadable format. The County's open data portal would be a natural place to make this information available.¹¹

¹⁰ For more information, see: Singh, Bluestein. "Building Pre-K: Philanthropy & CDFI Collaborations in Financing Early Education Facilities" February 2016. Low Income Investment Fund. https://www.liifund.org/app/uploads/2023/09/LIIF_DB_Building-UPK-Report-2016-FINAL.pdf; Local Initiatives Support Corporation. "How to Model Business Training & Technical Support to Meet the Needs of Early Childhood Educators." March 2022. https://www.lisc.org/media/filer_public/3f/db/3fdb6dde-7d53-4c0d-889f-524df2f1c601/32_models_of_technical_support_121522.pdf

¹¹ See: https://data.montgomerycountymd.gov/Community-Recreation/Childcare-Organizations/5avik6sb/about_data

Appendix A: Methods and Data Sources for Supply and Demand

Demand Estimates

Estimating Demand for Childcare. Our estimates of child care demand are designed to represent the maximum possible demand for childcare in each census block group in the county. In other words, the total number of possible customers for childcare in each part of the county. Our estimates start with the resident population in each block group and then adjust for the number of parents with young children that commute into or out of each block group.

For each block group, we start with the population of children under five as our baseline for demand. Next, we increase demand in each block group for each parent that commutes to the block group for work and reduce demand for each parent that lives in the block group but commutes somewhere else for work. These commuting adjustments are discounted to account for the fact that most parents prefer to look for care near their home and a growing number of parents work from home, further reducing their interest in commuting for care. The first discount factor is drawn from previous research that found up to a third of families are interested in using care near or on the way to work. The second discount factor is drawn from the latest Census PULSE survey, which was used to estimate the proportion of parents with young children that work from home three or more days per week by industry.

Data Sources. Data for our demand estimates were derived from a number of data sources. Population estimates were purchased from Claritas 360, a national data and analytics firm. These estimates represent the resident population in Montgomery County at the beginning of 2024. Resident characteristics were drawn from the latest American Community Survey Public Use Microdata, which represent the characteristics of residents between 2018 and 2022. Resident commuting patterns were drawn from the Census' Longitudinal Employer-Household Dynamics (LEHD) survey, which provides information about the home and work location of residents across the region. Estimates of family's use of hybrid work were drawn from the Census' PULSE Survey.

Supply Estimates

Broadly speaking, a child care provider in our study represents any business establishment or individual (e.g., center-based, home-based) that offers a combination of supervision and/or educational program for a group of children under age five. Estimating supply of childcare requires the identification of all known child care providers in the county and an estimate of their capacity.

There is no single source of all active child care providers; therefore, developing as complete a list as possible required combining multiple datasets. For the purposes of this analysis, we relied on four datasets to estimate the supply of childcare:

- **Maryland License Database.** The County provided us with list of licensed child care providers active in Montgomery County in January 2024. This database included program names, locations, total license capacity, infant capacity, program type, and EXCELS Quality ratings.
- **Head Start and Pre-K Locations.** The location and size of Head Start and other public school-based child care providers was drawn from data from the Montgomery County School District. These data included the location of programs, their size, and funding sources (See: https://gis.mcpsmd.org/cipmasterpdfs/MP24_AppendixL.pdf)

- **Other School-Based Locations.** Other school-based child care programs, such as those offered in private and independent schools, were drawn from National Center for Education Statistics CCD and PSS Survey data, which includes the location and grade-level enrollment in public and private schools.
- **Business Listings Records.** To understand more about the location and size of unlicensed and informal care providers, we purchased business records describing the location, size, and characteristics of child care businesses across the county. Business records were purchased from two data providers: National Establishment Time Series and DataAxle.

Once each dataset had been cleaned and records were combined and deduplicated, we worked to estimate license capacity for each unique child care location. For providers with a record in the Maryland License Database, we used each program’s license capacity to estimate their supply. For school-based programs, such as Head Start or independent school programs, we used the most recent enrollment record.

Because many programs also serve school age children and our analysis was focused on care for children 5 years and younger, we worked to estimate each program’s capacity for children within this range. For school-based sites, this information was available from enrollment data. For records from the Maryland License Database, we estimated capacity for children under six years old using responses from the provider survey.

For programs that responded to the survey, we calculated their capacity for children under six years old by multiplying the share of their enrollment comprised of children under six by their total license capacity. For programs that did not complete the provider survey, we applied the average share of enrollment for children under six years old by program type, to their total license capacity.

Programs that did not serve any children under six years old, such as school-age providers and after school providers, were removed from the analysis.

Appendix B: Family and Provider Surveys and Focus Groups

Provider Survey: Methods and Responses

To understand more about the experiences of licensed child care providers in Montgomery County, we conducted an online survey of active licensed programs across the county. The survey was conducted in partnership with Brodsky Research as part of the County's Cost of Care study.

Every provider who participated in the survey was entered into a raffle for one of six \$100 gift cards and every provider who completed the survey was given a \$30 gift card and entered into a second raffle for a \$250 gift card.

The survey was distributed online between June 27th and July 22nd, 2024. Email addresses were gathered from the State's licensed database and a survey invitation was sent to every licensed program with a valid email address in the County. One hundred and eighty-five providers completed the survey, roughly 16% of all licensed providers. Providers were asked about their program characteristics (enrollment, vacancies, services), major business challenges, program costs, and program revenue sources. Surveys were distributed in both English and Spanish and took approximately 42 minutes to complete.

The survey reached a diverse set of providers and the distribution of program types in our sample closely matched the distribution of programs across the county. Surveyed sites were also geographically representative, with sites located across the county. Programs with the highest EXCELS ratings were overrepresented in our sample. Roughly a quarter of survey respondents had an EXCELS rating of 4 or 5, compared with just 9% of all licensed providers in the county.

The tables below compare the characteristics of programs that responded to our survey with the characteristics of all licensed providers in the county.

Provider Survey: Responses

	All Respondents	EXCELS ≥ 3	EXCELS <3	Not Rated	Centers	Home-based	LOC
Responses	185	80	85	20	67	113	5
Average Enrollment	30.3	40.3	24.2	16.4	69.4	5.9	57.6
Average Utilization	74%	77%	72%	71%	79%	71%	87%
<i>Program Type</i>							
Centers	36%	50%	27%	20%	100%	0%	0%
Family	56%	40%	68%	70%	0%	92%	0%
Large Family	5%	8%	4%	0%	0%	8%	0%
Letter of Compliance	3%	3%	1%	10%	0%	0%	100%
<i>EXCELS Quality Rating</i>							
Did Not Answer	2%	0%	0%	15%	0%	2%	20%
Quality rating 1	34%	0%	74%	0%	27%	39%	20%
Quality rating 2	12%	0%	26%	0%	7%	15%	0%
Quality rating 3	19%	45%	0%	0%	28%	13%	40%
Quality rating 4	8%	18%	0%	0%	15%	4%	0%
Quality rating 5	16%	38%	0%	0%	16%	17%	0%
Unrated	9%	0%	0%	85%	6%	11%	20%
<i>Site Type</i>							
Independent, Single-Site Business	84%	81%	87%	85%	61%	98%	80%
Part of a Multi-Site Business	16%	19%	13%	15%	39%	2%	20%
<i>Is this program affiliated with a faith-based organization?</i>							
Did Not Answer	1%	1%	0%	0%	0%	1%	0%
No	86%	81%	92%	85%	84%	92%	0%
Yes	13%	18%	8%	15%	16%	7%	100%
<i>How is this program organized?</i>							
Did Not Answer	5%	1%	7%	10%	0%	7%	20%
For-Profit Business	64%	61%	69%	55%	49%	76%	0%
Not-For-Profit Business	26%	34%	20%	20%	46%	12%	80%
Other	5%	4%	4%	15%	4%	5%	0%
<i>Does this location offer any of the following services (check all that apply)?</i>							
Language support for dual language families	42%	44%	46%	20%	36%	47%	20%
Meals and bottles	51%	43%	58%	60%	34%	63%	20%
Diapers	18%	16%	24%	5%	15%	21%	0%
Part-time or Part-day	62%	56%	67%	60%	69%	57%	80%
Drop-in care	38%	30%	44%	45%	36%	40%	20%
Services for children with special needs	45%	50%	44%	30%	51%	42%	40%
Extended day services	29%	33%	29%	10%	31%	28%	0%
24-hour care	1%	0%	1%	0%	0%	1%	0%
Transportation services	12%	11%	13%	15%	12%	13%	0%
<i>What day(s) does this location operate?</i>							
Monday	99%	100%	99%	100%	100%	99%	100%
Tuesday	98%	98%	99%	100%	97%	99%	100%
Wednesday	99%	100%	99%	100%	100%	99%	100%
Thursday	99%	100%	99%	95%	100%	98%	100%
Friday	99%	100%	99%	100%	100%	99%	100%
Saturday	3%	1%	5%	5%	0%	5%	0%
Sunday	3%	1%	4%	5%	0%	4%	0%
<i>How strongly would you agree or disagree</i>							
Strongly agree	11%	11%	12%	10%	18%	6%	40%
Somewhat agree	28%	30%	24%	35%	30%	27%	0%

		All Respondents	EXCELS ≥ 3	EXCELS <3	Not Rated	Centers	Home-based	LOC
<i>with the following statement: "My business is financially stable"?</i>	Neither agree nor disagree	28%	26%	27%	35%	22%	32%	0%
	Somewhat disagree	17%	13%	22%	10%	16%	17%	20%
	Strongly disagree	17%	20%	15%	10%	13%	18%	40%
<i>How confident are you that this location will be open in Spring 2025?</i>	Definitely will	58%	60%	54%	65%	69%	50%	80%
	Probably will	27%	29%	25%	30%	27%	28%	0%
	Might or might not	12%	9%	18%	5%	4%	17%	20%
	Probably will not	2%	3%	2%	0%	0%	4%	0%
	Definitely will not	1%	0%	1%	0%	0%	1%	0%
<i>Are you interested in expanding your business within the next year?</i>	Did Not Answer	1%	1%	0%	0%	1%	0%	0%
	No	43%	41%	36%	80%	45%	40%	100%
	Yes	56%	58%	64%	20%	54%	60%	0%
<i>What are your three largest business challenges at this location? (Select up to 3)</i>	Maintaining Enrollment	50%	47%	52%	53%	55%	46%	60%
	Building Costs	41%	43%	40%	37%	28%	48%	60%
	Building Repairs	45%	45%	45%	47%	34%	53%	20%
	Hiring New Staff	35%	43%	35%	5%	66%	18%	0%
	Retaining Staff	21%	32%	14%	5%	35%	13%	0%
	Administrative & Licensing Costs	15%	12%	13%	37%	11%	14%	100%
	Material Costs	36%	33%	33%	58%	18%	46%	40%
	Collecting Payment from Parents	10%	8%	13%	5%	6%	13%	0%
	Collecting Reimbursement from State	13%	12%	17%	0%	9%	16%	0%
<i>What are the largest barriers to maintaining full enrollment at this location? (Select up to 3)</i>	Finding Qualified Staff	38%	44%	39%	11%	66%	27%	0%
	Families cannot afford our prices	46%	58%	43%	11%	41%	48%	50%
	Competition from other providers	45%	56%	35%	56%	48%	42%	100%
	Families are worried about COVID-19	13%	3%	22%	11%	10%	15%	0%
	Classroom ages don't match what parents want	20%	14%	22%	33%	21%	20%	0%
	Our facility does not meet our needs	2%	0%	4%	0%	7%	0%	0%
	Our location is not ideal	5%	3%	7%	11%	3%	7%	0%
	Licensing delays	0%	0%	0%	0%	0%	0%	0%
<i>At this location, do you have any classrooms that are closed due to a lack of staff?</i>	No	91%	91%	89%	100%	84%	96%	100%
	Yes	9%	9%	11%	0%	16%	4%	0%
<i>Are you recruiting or hiring teaching staff for this location?</i>	Did Not Answer	1%	1%	0%	0%	1%	0%	0%
	No	65%	56%	69%	80%	30%	84%	100%
	Yes	35%	43%	31%	20%	69%	16%	0%
	Extremely easy	1%	0%	1%	0%	0%	1%	0%
	Somewhat easy	2%	0%	2%	5%	1%	1%	20%

		All Respondents	EXCELS ≥ 3	EXCELS <3	Not Rated	Centers	Home-based	LOC
<i>How difficult or easy is it to hire new teaching staff?</i>	Neither easy nor difficult	30%	23%	33%	45%	16%	39%	0%
	Somewhat difficult	31%	35%	27%	30%	42%	22%	80%
	Extremely difficult	34%	41%	32%	10%	40%	31%	0%
	Did Not Answer	4%	1%	5%	10%	0%	6%	0%
<i>How difficult or easy is it to retain the staff you already have?</i>	Extremely easy	9%	10%	7%	10%	9%	8%	20%
	Somewhat easy	21%	18%	20%	35%	31%	12%	60%
	Neither easy nor difficult	30%	34%	26%	35%	22%	36%	0%
	Somewhat difficult	23%	25%	26%	5%	28%	20%	20%
	Extremely difficult	12%	13%	15%	0%	9%	15%	0%
	Did Not Answer	5%	1%	6%	15%	0%	8%	0%
<i>How has staff turnover at this location changed since last year (Spring 2023)?</i>	Staff turnover is higher	6%	8%	7%	0%	9%	5%	0%
	Staff turnover is similar	52%	55%	46%	70%	49%	54%	60%
	Staff turnover is lower	35%	35%	39%	15%	42%	30%	40%
	Did Not Answer	6%	3%	8%	15%	0%	11%	0%
<i>Does your business have any debt outstanding?</i>	Yes	34%	41%	45%	29%	25%	40%	0
	No	64%	55%	50%	70%	70%	58%	100%
	Did Not Answer	3%	5%	5%	2%	4%	2%	0%
<i>What kind of debt does your business currently have (Select All that Apply)?</i>	Business Loan	55%	82%	50%	42%	75%	48%	n/a
	Credit Cards	52%	41%	50%	58%	13%	66%	n/a
	Personal Loan	22%	18%	20%	24%	19%	23%	n/a
	Family/Friends	22%	12%	20%	27%	19%	23%	n/a
	Other	17%	12%	10%	21%	13%	18%	n/a
<i>How strongly would you agree or disagree with the following statement: "Fewer parents are interested in using child care because of COVID-19 or other health and safety concerns."</i>	Strongly agree	6%	5%	9%	7%	6%	6%	20%
	Somewhat agree	10%	5%	9%	13%	16%	7%	0%
	Neither agree nor disagree	29%	23%	27%	31%	28%	30%	0%
	Somewhat disagree	17%	9%	14%	20%	13%	19%	0%
	Strongly disagree	38%	59%	41%	29%	36%	37%	80%
<i>Did your business take on new debt because of the pandemic?</i>	Yes	40%	41%	41%	39%	30%	48%	0%
	No	59%	59%	59%	59%	69%	51%	100%
	Did Not Answer	1%	0%	0%	2%	1%	1%	0%
<i>What kind of debt did your business take on because of the pandemic?</i>	Credit Card	49%	50%	50%	49%	25%	58%	n/a
	PPP	30%	50%	25%	23%	45%	25%	n/a
	Family Friends	25%	11%	13%	32%	10%	30%	n/a
	Personal Loan	22%	11%	38%	23%	20%	23%	n/a
	Business Loan	21%	33%	13%	17%	35%	15%	n/a
	Other	11%	11%	13%	11%	10%	11%	n/a
<i>Has the debt you took on because of the pandemic been forgiven or paid in full?</i>	Yes	27%	33%	22%	26%	50%	19%	n/a
	No	70%	67%	67%	72%	45%	80%	n/a
	Did Not Answer	3%	0%	11%	2%	5%	2%	n/a

Provider Focus Groups

To learn more about providers' experiences, we conducted a set of focus groups with people operating licensed centers and home-based programs. Focus group participants were recruited from survey respondents, allowing us to tailor groups to include a diverse array of experiences and perspectives. In total we held three focus groups, two for center-based providers and one for home-based providers. A total of 12 providers participated, with six home-based providers and six center-based providers. Focus groups were held virtually over Zoom between August 27th and August 29th, 2024. All providers who participated in a focus group were given a \$50 gift card.

Each focus group was structured to allow for conversation between participants and lasted between 45 and 60 minutes, depending on the size of the group. Topics included each program's enrollment and capacity, major business challenges, access to capital and interest in future investments and county support.

Although each focus group was conducted in English, participants included four child care providers for whom English was not their first language.

Family Survey: Methods and Responses

To understand more about how families make child care choices and where they learn about child care options, we partnered with SSRS, a national survey firm, to survey parents with at least one child under six years old living in Montgomery County. The survey was active between April 25th and July 15th, 2024 and reached 249 parents.

Reaching a truly random sample of parents who met our criteria was not practical within the time and budget constraints of our project. Instead, SSRS relied on three methods to reach a sample of parents that were broadly representative of families living in the county. One hundred and fifty parents who lived in the county and had young children were drawn from an existing national panel of adults. Additionally, SSRS recruited an additional 40 parents who met our criteria for inclusion through digital platforms like Facebook and Twitter. Finally, SSRS worked with Montgomery County to identify a set of community partners who worked with families in the county and distributed the surveys to parents. An additional 59 parents were identified and surveyed through community partners.

In total the survey reached 249 parents and included families that use licensed care as well as those that do not, opting to provide full-time parental care or relying on an informal arrangement with another family member, friends, or nanny/au pairs. The survey included questions about how parents care for their children, what kinds of child care arrangement they use, how they make child care decisions, and factors that could influence their choices, such as work schedule, household composition, and/or employment status. For parents with more than one child under six years old we asked that they report on a single child who was randomly selected from their household.

The final sample was very similar to the overall population of parents in Montgomery County based on age and household size but included proportionally more White respondents and proportionally more highly educated parents than lived in the county. To correct for these inconsistencies, SSRS developed a series of survey weights to ensure survey results more closely matched the population of parents living in the county.

The tables below show the characteristics of parents in the county, the unweighted characteristics of survey respondents, and the weighted characteristics of survey respondents. All results reported in this report rely on weighted results.

Figure B2: Characteristics of County Population, Unweighted Survey Sample, and Weighted Survey Sample

		County Average	Unweighted Sample	Weighted Sample
Respondent's Age	18-29	8%	8%	8%
	30-34	22%	27%	24%
	35-39	32%	49%	34%
	40+	38%	16%	35%
Number of Adults in Home	1	3%	9%	3%
	2	79%	74%	78%
	3+	18%	17%	18%
Number of Children in Home	1	67%	67%	66%
	2	31%	29%	32%
	3+	2%	4%	2%
Respondent's Race	White	33%	51%	35%
	Black	24%	19%	23%
	Hispanic	22%	21%	24%
	Other	21%	9%	18%
Respondent's Educational Attainment	HS or Less	22%	13%	23%
	Some College or AA	13%	17%	13%
	BA / Some Grad.	26%	28%	26%
	Graduate School +	40%	42%	38%

Family Survey: Responses

		Total	Uses License Care	Uses Full-Time Parental Care	Uses Informal Care
<i>Respondent's Age</i>	18 to 29	8%	3%	13%	8%
	30 to 34	24%	14%	33%	24%
	35 to 39	34%	32%	28%	52%
	40 or Older	35%	51%	26%	16%
<i>Family Income</i>	Less than \$50,000	23%	7%	44%	15%
	\$50,000 to less than \$75,000	10%	2%	13%	20%
	\$75,000 to less than \$100,000	11%	13%	7%	12%
	\$100,000 and over	56%	78%	35%	54%
<i>Respondent's Race/Ethnicity</i>	Black	21%	17%	23%	29%
	Hispanic	23%	9%	40%	20%
	White	34%	59%	15%	18%
	Other	18%	11%	22%	27%
	Did Not Answer	3%	5%	0%	6%
<i>Respondent's Highest Level of Education</i>	Did Not Answer	0%	0%	0%	0%
	High School or Less	23%	2%	36%	42%
	Some College or AA	13%	7%	19%	15%
	BA or Some Post-Grad	26%	36%	18%	21%
	Graduate +	38%	56%	27%	22%
<i>Language Spoken at Home</i>	English	76%	92%	59%	77%
	Spanish	13%	3%	26%	9%
	Other	11%	5%	16%	14%
<i>Respondent Lives with Spouse</i>	No	18%	9%	29%	16%
	Yes	82%	91%	71%	84%
<i>Respondent Lives with Other Adults in Home</i>	No	12%	3%	19%	15%
	Yes	88%	97%	81%	85%
<i>Child has Special Needs</i>	No	92%	97%	84%	98%
	Yes	8%	3%	16%	2%
<i>Age of Selected Child</i>	Under one year old	9%	8%	10%	8%
	One year old	13%	9%	12%	24%
	Two years old	24%	18%	31%	18%
	Three years old	12%	5%	20%	15%
	Four years old	23%	34%	13%	22%
	Five years old	19%	25%	15%	14%
	Web blank/ Refused	0%	0%	0%	0%
<i>Parents are Employed or in School</i>	No	7%	2%	16%	0%
	Yes	93%	98%	84%	100%
<i>Do you or your partner or spouse regularly work nights?</i>	No	76%	87%	68%	70%
	Yes	23%	13%	32%	27%
	Web blank/ Refused	1%	0%	0%	3%
<i>Do you or your partner or spouse regularly work on weekends?</i>	No	62%	72%	58%	50%
	Yes	38%	28%	42%	50%
	No	42%	37%	40%	56%

		Total	Uses License Care	Uses Full-Time Parental Care	Uses Informal Care
<i>Do you or your partner or spouse work from home more than twice a week?</i>	Yes	58%	63%	60%	44%
<i>How often does a change in your or your partner's or spouse's work schedule(s) impact your use of childcare?</i>	Never	33%	26%	45%	26%
	Often (2-3 times per week)	14%	9%	14%	25%
	Rarely (1-2 times per month)	30%	33%	25%	34%
	Sometimes (1 time a week)	23%	32%	17%	15%
<i>If you were not constrained by cost, location, or availability what days of the week would this child receive care from someone who is not a parent or guardian?</i>	Saturday Care	16%	7%	20%	32%
	Sunday Care	10%	5%	12%	16%
<i>If you were not constrained by cost, location, or availability what time or times would this child receive care from someone who is not a parent or guardian? (Select All That Apply)</i>	Before 6am	7%	3%	8%	15%
	6am to 1pm	69%	76%	60%	70%
	1pm to 6pm	63%	82%	53%	39%
	After 6pm	14%	16%	13%	14%
<i>How satisfied are you with the arrangement you use to care for this child?</i>	Very dissatisfied	8%	2%	13%	11%
	Dissatisfied	3%	1%	2%	14%
	Neither satisfied nor dissatisfied	12%	13%	12%	10%
	Satisfied	37%	45%	35%	24%
	Very Satisfied	39%	40%	37%	41%
	Web blank/ Refused	1%	0%	1%	0%
<i>What are the three most important factors that influenced your childcare decisions? (Select up to 3)</i>	Cost	57%	50%	61%	63%
	Close to Home	37%	36%	37%	39%
	Close to Work	14%	12%	18%	11%
	Culture, Religious Background	7%	6%	8%	3%
	Hours of Care	34%	36%	33%	32%
	Health and Safety Practices	23%	17%	22%	37%
	Learning Opportunities	24%	28%	21%	23%
	Language Spoken	3%	1%	4%	7%
	Quality Rating	6%	10%	5%	1%
	Physical Space	8%	15%	3%	4%
	Availability/Openings	12%	15%	12%	6%
	Personal Relationship	10%	7%	12%	12%
	SPED	2%	0%	5%	0%
	Teacher Quality	28%	43%	15%	21%
Feeling	15%	19%	12%	13%	
<i>What would improve your current childcare situation the most?</i>	Lower Cost	78%	78%	82%	69%
	Better Location	30%	33%	26%	28%
	Better Hours	25%	27%	19%	30%
	Better SPED Accommodations	3%	0%	7%	0%
	Language and Cultural Competencies	3%	0%	7%	0%
	Part Time Hours	17%	6%	30%	15%

	Total	Uses License Care	Uses Full-Time Parental Care	Uses Informal Care
Part Fulltime Hours	29%	27%	36%	19%
Other	19%	6%	32%	23%
If you were not constrained by cost, location, or availability, would you change how this child is cared for?				
Parental Care	57%	38%	74%	64%
Licensed Program	24%	49%	8%	3%
Combination of Settings	8%	11%	6%	5%
Nanny or Au Pare	6%	3%	3%	19%
Family, Friend, or Neighbor	2%	0%	2%	9%
Don't Know	2%	0%	6%	0%

Parent Focus Groups

To learn more about parents' experiences with childcare in Montgomery County we conducted a series of four focus groups with a total of 15 parents that lived in Montgomery County and had children in childcare. While most participants were mothers, 4 of our 15 participants were fathers.

Focus groups were completed between August 13th and August 28th, 2024. Parents were recruited through local child care providers who distributed a flyer to families. Our fourth focus group was organized by a local provider that serves a large population of immigrant families. This focus group was comprised of immigrant parents and included three parents who participated with the help of a translator. All providers who participated in a focus group were given a \$50 gift card.

Each focus group was structured to allow for conversation between parents and lasted between 45 and 60 minutes, depending on the size of the group. Topics included how families gathered information about child care options, what factors influenced their choices about how to care for their children, challenges they experienced finding care, and ways that the county could better support their family.

Appendix C: Matching Strategies to Market Characteristics

Our analysis showed the need for targeted investments that can expand the supply of childcare within specific market segments and regions of the county. The shortage information and maps presented in this report provide a starting place for understanding market conditions across Montgomery County and prioritizing the appropriate strategy for expanding access.

In areas where the supply of childcare is limited, strategies should focus on expanding access through new program creation and expansion. In areas where supply is in line with demand, strategies should focus on quality improvement, program services, and business sustainability.

The maps below provide a framework for matching supply building strategies to market characteristics. The Y-axis on the figures represents the sufficiency of total supply in an area. The X-axis represents the proportion of seats in each area with specific characteristics: high-quality programs, infant and toddler care, and subsidized care.

Figure C1: Prioritizing Efforts to Expand Infant and Toddler Supply

This map shows overall shortage of childcare (seats for children under the age of five) and the shortage of infant and toddler supply (seats for children under the age of two).

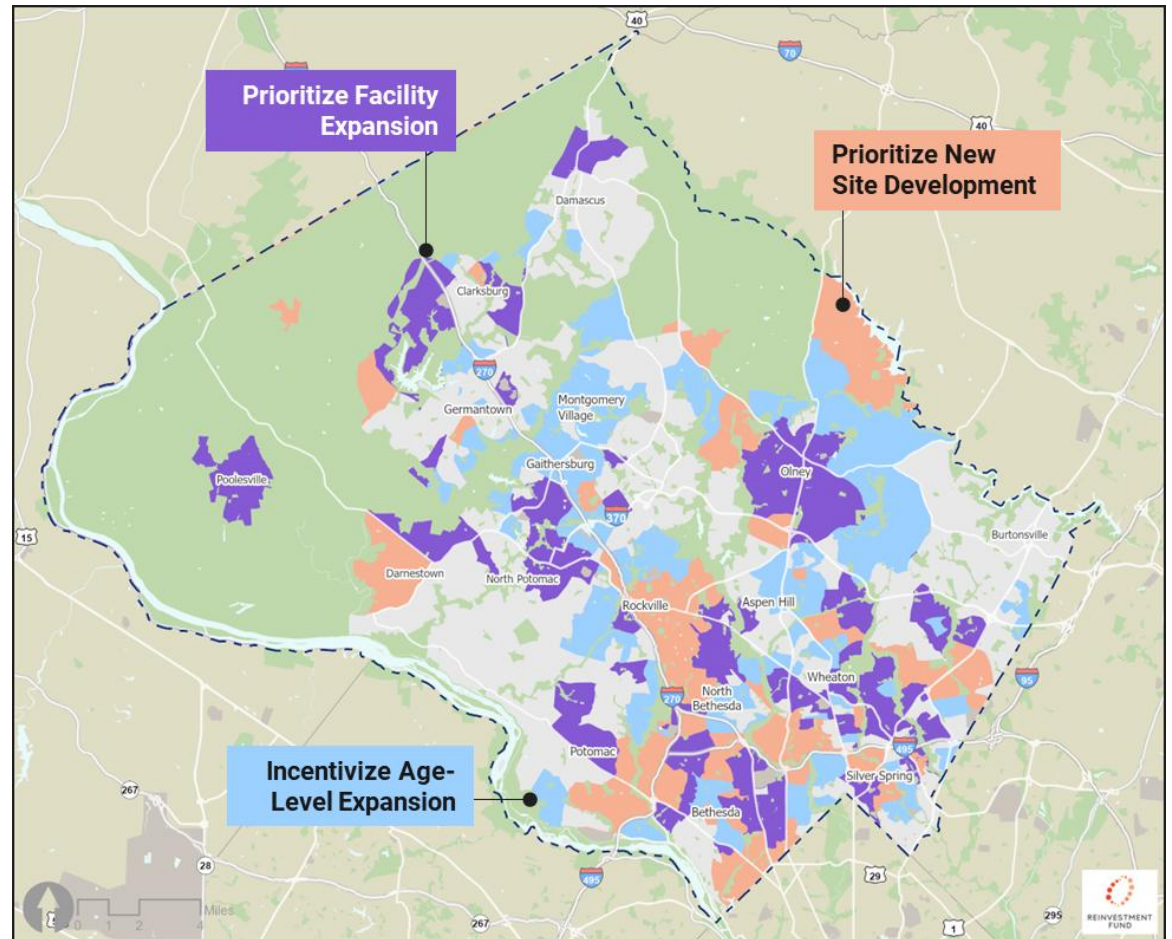
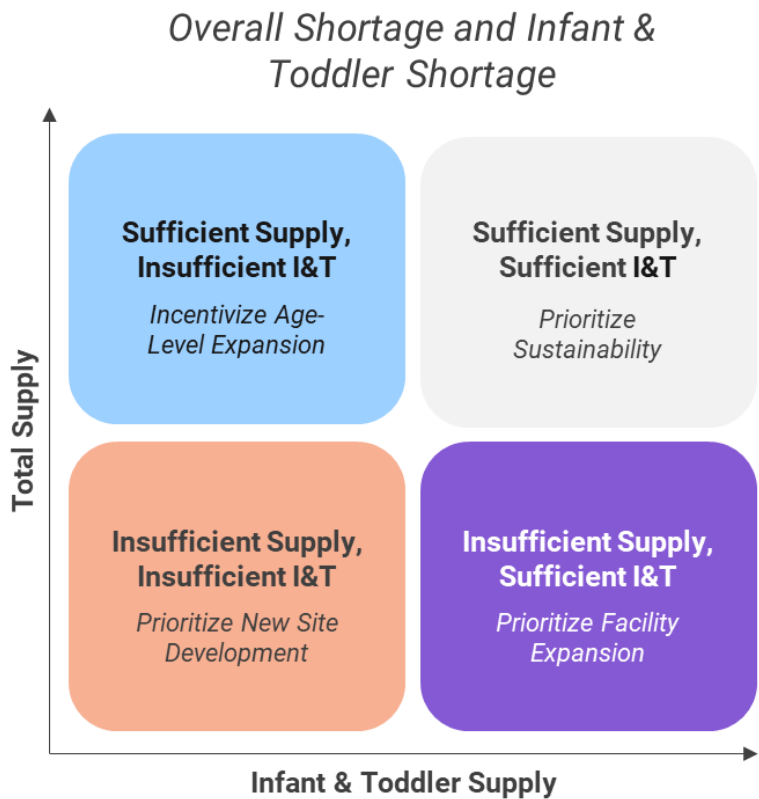


Figure C2: Prioritizing Efforts to Expand Subsidy Participation

This map shows the overall shortage of childcare and the shortage of subsidized seats (programs eligible for CCS, participating in WPA, or school-based pre-K).

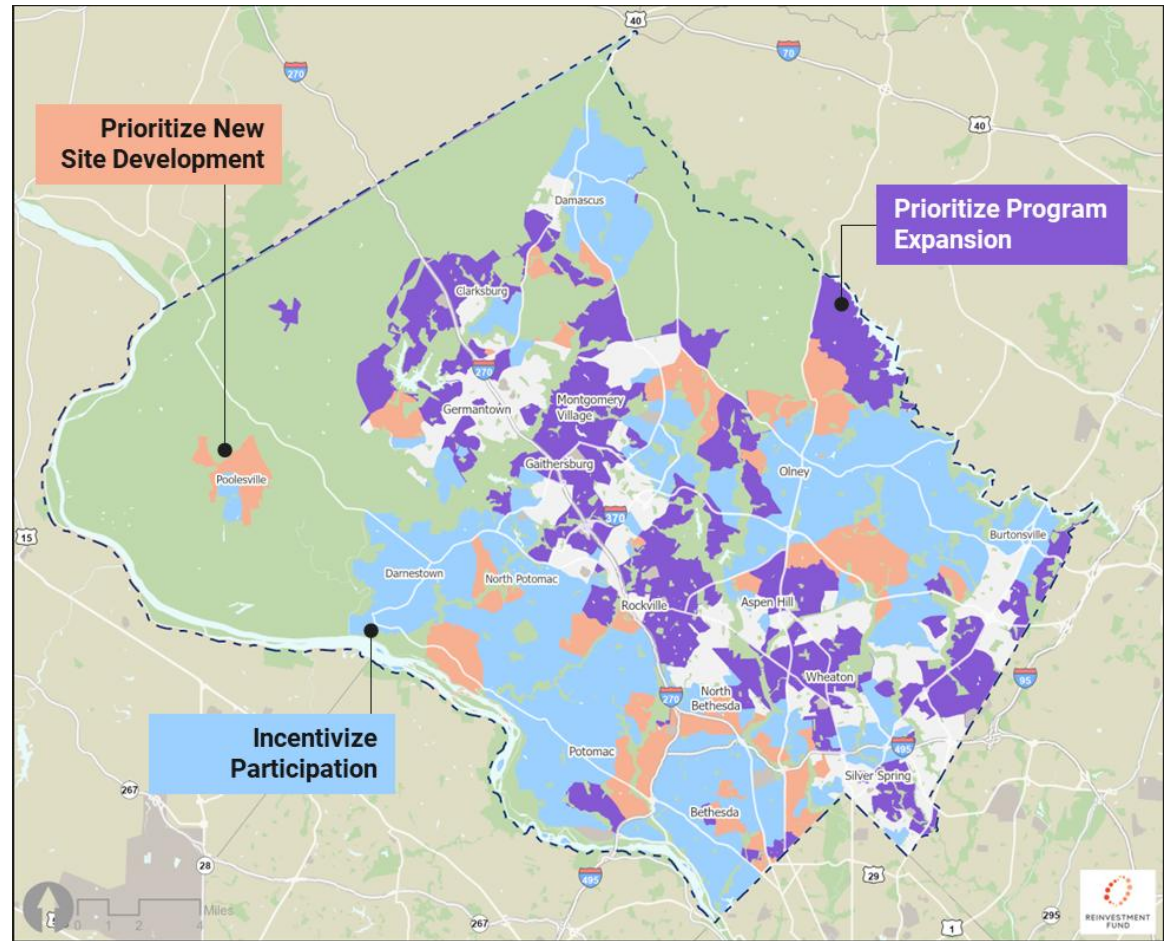
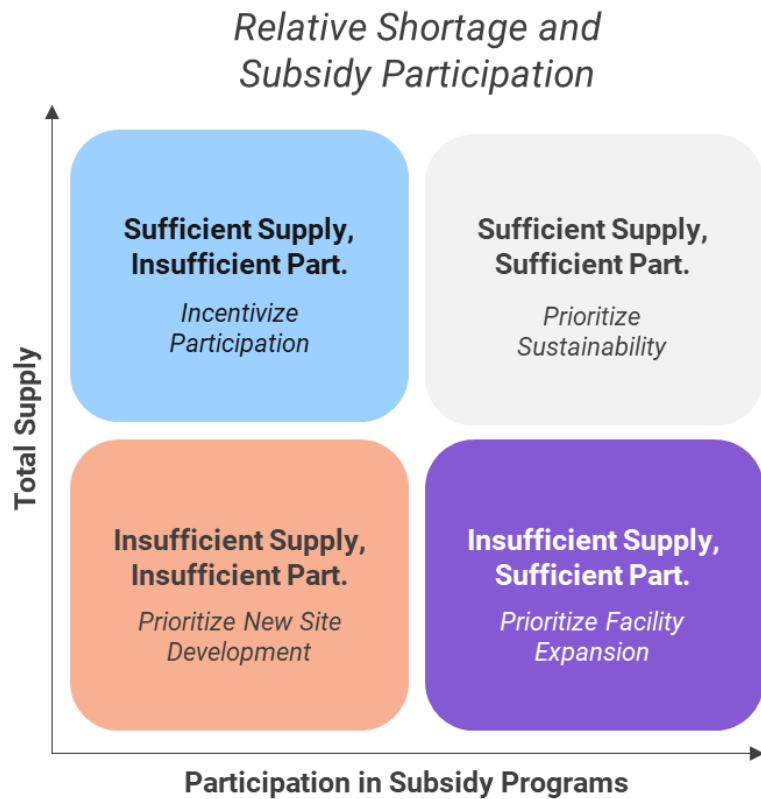


Figure C3: Prioritizing Efforts to Expand High-Quality Supply

This map shows the overall shortage of childcare and the shortage of high-quality programs (programs with an EXCELS rating of three or higher).

