

GRCA

GREATER READING Chamber Alliance

February 5, 2024

Hon. Gene Yaw
Chairman of the Board
Center for Rural Pennsylvania
362 Main Capitol
Harrisburg, PA 17120-3023

Dr. Kyle Kopko
Executive Director
Center for Rural Pennsylvania
625 Forester St, Room 902
Harrisburg, PA 17120

Good morning and thank you to the Center for Rural Pennsylvania for holding this hearing on the struggles of the childcare industry, its effects on our current workforce, and the development of our next generation. Thank you to Senator David Argall and the Schuylkill County Chamber of Commerce for hosting this event and continuing to advocate for a more comprehensive look at how hard it is to be in the business of childcare. My name is Katherine Hetherington Cunfer and I serve as the Director of Government & Community Relations for the Greater Reading Chamber Alliance. We represent nearly 900 businesses of all sizes and their employees across Berks County and beyond.

While the structural issues related to the childcare business model were put under extreme duress during the COVID-19 pandemic, issues such as workforce compensation, affordability, and regulatory burden were negatively impacting childcares long before that event. My testimony comes from several perspectives, including as the individual tasked with helping businesses navigate issues related to workforce disruption and regulatory constraints, as an advocate for member childcare providers, and as a mom with a five-year-old daughter. Her and I somehow managed to survive the juggle of the pandemic together while I continued to work fulltime for the Alliance. I am well aware I am one of the fortunate few who had a career that affords flexibility as well as I still had a childcare to send her to once the pandemic lockdowns were finally over.

Fundamentally, the business model for childcare is broken. According to CareerExplorer.com, the median wage for an individual working in a childcare in Pennsylvania is \$11.26/hour. In contrast, new team members at the Dunkin Donuts down the street in Pottsville start at \$12/hour and the Sheetz in Schuylkill Haven starts at \$15/hour. It's no wonder people are choosing to leave the childcare field for better pay and less stress. Many of these individuals are being scooped up by nearby school districts who are desperate for teachers because they already have the appropriate certifications, will receive better pay and benefits, and have a better work/life balance.

On the other side of the issue, the cost to working parents for childcare is either on par or rivals their monthly mortgage. According to Tootris.com, the average cost of childcare in Pennsylvania as of December 2023 is \$11,842/year or \$987/month. The average income in Pennsylvania is \$86,142, translating to 13.7% of household income going to childcare expenses. This figure becomes even more lopsided in rural communities where the average income is much less. The US Department of Health and Human Services recommends that childcare costs be capped at no more than 7% to help balance expenses. Many families are making the decision for one parent to leave the workforce to care for children, trying to rely on elderly parents for care assistance, put off having children until they can afford it, and in some cases, forgo having children all together. These expenses coupled with a mortgage, education debt, and general life expenses are leading to a concerning trend for my generation and those younger who are having less and less children, directly contributing to population decline

and forcing businesses to rely on encouraging workforce migration or invest in robotics to replace the declining workforce.

It is no longer sustainable to rely on a model where the majority of the funding comes from the individual parents and state subsidy for certain income levels. This model is leading to childcares closing their doors and communities having few choices, if any, for care. The childcare industry is also highly regulated, burdened with unfunded mandates all in the name of safety. While it is important to have consistent high standards for care and quality, when the cost of education, certifications, licenses, and compliance outweighs your individual wage or the expenses of the business, it's time to look at both these requirements and the corresponding support structure.

Other developed nations put a higher priority and investment in early childhood and pre-K education because it greatly benefits the next generation, increasing their ability to perform once they reach the primary education level. Studies have also shown that increasing access to early childhood education leads to a reduction in crime in communities and increases tax bases due to higher wages with better education and job opportunities. Investing in childcare and increasing access by reducing regulatory hurdles can directly benefit all communities across Pennsylvania today and long into the future.

Our workforce is currently making decisions on where they will call home based on affordability, community, access to childcare and many other decisions. It is literally in Pennsylvania's best interest to tackle both the financial and the practical aspects of the childcare industry to increase access to care. It is imperative that our state government prioritizes helping more people open these types of businesses by reducing costs and regulatory hurdles and encourage more people to choose to work in this field with financial and practical support so that we can grow our workforce participation and be that place people choose to stay or seek to move to.