



Testimony

Submitted on behalf of:

ReadyNation – a nonprofit, nonpartisan network of business leaders focusing attention on the ways that workforce readiness and economic development can benefit from research-proven investments in children’s learning and growth.

Start Strong PA Campaign - launched in 2019 to support healthy child development, working families, and the economy by increasing access to and affordability of high-quality child care programs for young children. Learn more at www.startstrongpa.org.

Discussion of the Child Care Crisis in Pennsylvania

**Written Testimony:
Center for Rural Pennsylvania**

**Pottsville, PA
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Testimony:

Thank you to the Center for Rural Pennsylvania, and Chairman Yaw, for holding this hearing to provide the opportunity to hear and receive testimony regarding Pennsylvania's child care crisis that is impacting all areas of the commonwealth – rural, suburban, and urban.

Individual business owners and chambers of commerce across Pennsylvania are rightfully identifying that our child-care sector is the “workforce behind the workforce.” When working families struggle to find and afford child care, it diminishes their work commitments, performance, and opportunities – costing Pennsylvania's economy.

This effect was the focus of a [2023 study from the nonprofit ReadyNation and the Pennsylvania Early Learning Investment Commission](#). According to the study, gaps in Pennsylvania's child-care system are costing families, employers, and taxpayers about \$6.65 billion annually in lost earnings, productivity, and tax revenue.

The long-standing difficulties that families are having in finding and affording high-quality child care is not a new issue in Pennsylvania. When comparing the 2023 report to a [similar study conducted in 2018](#), we see that parents' struggles have only gotten harder. Parents reported that child-care problems had caused them to be demoted six times as often in 2022 as in 2018. Child-care availability issues caused parents to have their pay or hours reduced three times as often. Incidents of turning down a new job offer, missing a full day of work, quitting a job, being reprimanded by a supervisor, and being late for work were all reported at least ten percentage points more in 2022 than in 2018. As a result, the economic impact of parents contending with child-care problems has almost doubled, from \$3.5 billion in 2018 to \$6.65 billion in 2023.

These compounding gaps in the child care sector and their economic impact is reaching crisis proportions in Pennsylvania. It is important to understand that there are two sides to this crisis – a demand side and a supply side.

On the demand side, working families are struggling to afford child care. The average cost of infant/toddler care across Pennsylvania (more than \$12,000 per year) is almost equal to that of public college tuition. On the supply side, a historic shortage of child care teachers is closing classrooms and driving up waitlists for working families.

A September 2023 survey conducted by The Children's Hospital of Philadelphia's Policy Lab detailed the impact that the statewide shortage of child care teachers is having on the availability of care options for working families throughout Pennsylvania. Looking specifically at the 6 child care providers from Schuylkill County (representing only 11 percent of licensed providers in the county) that responded to the survey:

- Providers reported 21 open staff positions causing a loss of 49 child care slots; and
- Providers also reported a combined waitlist of 122 children at these 6 programs.

The staffing shortage within the child-care sector is driven by low wages. According to a [2023 report from Start Strong PA](#), the average child-care teacher in Pennsylvania earns \$12.43 per hour, or less than \$25,844 per year. The report also showed that approximately 21% of staff rely on SNAP benefits and 21% get their health coverage through Medicaid, even though most child-care teachers surveyed have a college education.

Child-care providers stress that they can't raise teacher wages because families are already struggling to afford the costs of care. Providers also struggle to compete in a labor market with many sectors offering \$20+ per hour for largely unskilled positions. Additionally, providers contend with rising rent, utilities, and food costs. All of this requires policy solutions that address both the demand and supply sides of this crisis.

ReadyNation and the Start Strong PA campaign congratulate the Shapiro Administration and General Assembly for acting in a bipartisan fashion to make child care more affordable for families through the enhanced Pennsylvania Child and Dependent Care Enhancement Tax Credit Program. This will certainly help in solving the demand side (affordability) of the child care crisis. Unfortunately, tax credits do not address the supply side (teacher shortage) of our child care crisis.

As part of the Governor's 2024-25 state budget address, the Shapiro Administration outlined a proposal to increase the child care subsidy reimbursement rate to the 75th percentile of the current market price of child care services using mostly federal funding. While this increase will alleviate some of the rising facility, food, utility, and supply costs for providers participating in Child Care Works, more will need to be invested to solve the unprecedented teacher shortage occurring throughout the entire system that continues to drive up waitlists for working families.

Across the country, [states are directly investing in recruitment, retention and wage impacting strategies](#) to solve the child care teacher shortage and ensure that child care supply can meet the demand from working families. Eighteen states including Arizona, Georgia, Iowa, Minnesota, North Carolina, Oklahoma, and Tennessee have been investing in these types of initiatives to cut down turnover rates. Maine, Florida, Kentucky, and Nebraska all pay at or above the 75th percentile and have made additional recurring investments in recruitment and retention programs to address staffing shortages and stabilize their child care systems. Already in 2024, Virginia Governor Glen Youngkin has proposed investing \$448 million — including educator incentives — in Virginia's early learning and child care system for each of the next two years.

ReadyNation and the Start Strong PA Campaign encourage Governor Shapiro and the General Assembly to tackle the supply side of the child care crisis (teacher shortage) head-on by establishing a program that will help providers better recruit and retain their staff.

Initiatives like those found in Maine and Minnesota offer promising approaches. Under such models, the commonwealth could supply monthly payments to child care providers maintaining a subsidy agreement with the state and such funds would be restricted for initiatives which would directly help retain and recruit staff such as monthly wage increases, hiring bonuses, benefit packages, or retention bonuses for staff staying for a certain length of time or for staff achieving certain credentials or degrees. A key element of this model is the flexibility of use - understanding that providers know their program, region, and employees best.

ReadyNation and the Start Strong PA Campaign recommend that such a program offer a monthly payment of at least \$440 per child care employee. At that level, such a payment would increase the average compensation package of Pennsylvania's roughly 53,700 child care employees to more than \$15 per hour. While many sectors are offering wages in excess of \$15 per hour, this would be an important step in making child care providers more competitive in the local job market. Such an initiative would cost the commonwealth roughly \$284 Million.

Only child care workers that have direct contact with children should be eligible for this benefit. Group supervisors, assistant group supervisors and aides in child care centers and group child care homes and

operators and staff persons in family child care homes should qualify. Corporate staff who do not work directly at the program should be ineligible. Directors of child care centers may be eligible if they are also serving as teaching staff and should limit their wage increase to their FTE amount.

More and more Pennsylvanians are coming to the realization that our economy depends on working families and working families depend on child care. We must act now to solve both sides of Pennsylvania's child care crisis.

Respectfully Submitted,

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