

**Pennsylvania House Child & Youth Committee
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**Testimony Presented By
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Good afternoon, my name is Diane Barber and I am the Executive Director of the Pennsylvania Child Care Association (PACCA). Thank you for inviting me to testify this afternoon on the State of Child Care in Pennsylvania.

PACCA is a statewide non-profit, membership organization. For over 45 years, PACCA has helped to inform, update and represent child care providers on existing and changing laws, regulations, policies, and research relating to early care and education.

PACCA's members operate nearly 2,000 regulated center, group and family child care programs employing over 20,000 staff and caring for nearly 140,000 children aged birth through school-age on a daily basis. PACCA's membership also includes agencies who provide region-wide child care resource and referral services, as well as businesses, consultants, higher education faculty and other entities that provide a service or support to the child care community.

PACCA is also the licensed administrator of the T.E.A.C.H. Early Childhood® PENNSYLVANIA scholarship program. This unique program addresses the challenges of first generation and non-traditional college students by providing the necessary supports to ensure ongoing success and degree attainment. For over 20 years, with more than \$50 million in investments from both public and private sources, T.E.A.C.H. Early Childhood® PENNSYLVANIA has provided over 8,000 members of Pennsylvania's early childhood workforce with the critical supports they need to continue their education.

The focus of the committee's agenda today, *The State of Child Care in Pennsylvania*, is an issue of public policy and we appreciate the House Children and Youth Committee for taking a serious look at how the pandemic has exasperated a system in crisis before March of 2020 and how in the last year has profoundly impacted child care providers' ability to serve children and their families.

The Need ...

As you know, Pennsylvania supports low-income working families afford child care through Child Care Works. Through this programs families and the Commonwealth share the payment for child care tuition based on the family's income and size. Most child care programs in Pennsylvania serve children on subsidy. Did you know ...

- Of the 200,730 children under 5 eligible for child care subsidies, however 81% are unserved.
- Of the 119,020 infants and toddlers eligible for child care subsidies 85% are unserved.
- Only 41% of subsidized children under 5 and 39% of subsidized infants and toddlers attend a high-quality child care program.
- Only 42% of child care capacity meets high-quality standards.
- Before the pandemic erupted, one of the five key barriers to employment as identified in Keystone Economic Development and Workforce Command Center Annual report was child care.

The availability of affordable, high-quality child care is crucial for all families in Pennsylvania. Quality care reaps long-term benefits to children and society by assuring safe, nurturing early learning environments.

We have learned in the last year, that child care is an essential service and integral component of our economic engine. We must have child care to rebuild a robust economy.

Child Care Providers

Pre-pandemic, Pennsylvania had nearly 8,000 regulated child care providers – home-based and center-based. As of February 24, 2021, that number has dropped to 6,900 certified providers.

Child care is regulated by the Department of Human Services through the Office of Child Development and Early Learning (OCDEL). In a normal year, Pennsylvania's child care programs operate under a comprehensive set of health and safety guidelines, some of the strongest in the country, designed to keep children – infants through school-age – safe, while their families are working. During COVID-times, they are also complying with an overlaying set of guidelines from the Center for Disease Control to prevent and mitigate against coronavirus to keep both children and adults safe, However, this has not come without a cost. During the last year, 86% of providers reported closing at some point. Throughout

closure, nearly all providers did not charge tuition, but had to make payments on their business expenses that continued to accrue. To pay for expenses during the shutdown, providers used cash reserves, extended their debt, sometimes using high-interest credit cards, or requested deferment.

A 2020 Penn State study estimated the cost to the industry from March through September 2020 to be over \$325 million in four areas common among all providers – facility expense, two-week floating payroll to rehire and pay staff, costs to implement COVID guidelines, and reduced enrollment. In addition, the study estimated it cost providers \$22/per week per child for PPE/cleaning supplies.

Between March 2020 and February 2021, nearly 550 programs had permanently closed, today nearly 363 program continue to be classified as temporally closed. And while 372 new programs have opened, we do not know if they are serving families who lost their child care programs because of the pandemic. Based on data from OCDEL, these losses are on top of a five-year net decline of over 900 child care providers. In addition, most child care programs remaining open have not recovered their pre-pandemic enrollments. Anecdotally, PACCA members are reporting on average 60% of enrollment.

I would like to take the opportunity to note that with \$106 million from the federal Child Care and Development Fund CARES Act and \$116 million in discretionary CARES Act funding approved by the General Assembly, three payments were made to child care programs in attempts to prevent closings and supplement low enrollments. We acknowledge and thank the Commonwealth and policymakers for that support.

Cost of Child Care

We know child care is expensive. It is a critical, labor intensive industry. We care for children. As a result, there is a difference between what it costs to provide high-quality child care and the tuition families pay. You have likely heard the term that child care operates on very thin margins.

A 2020 study by researchers from Institute of State and Regional Affairs, Pennsylvania State Harrisburg and Muhlenberg College found the estimated weekly cost of child care in Pennsylvania was \$290 per child. Researchers noted that the cost of providing early childhood education is high, and efforts to increase minimum wage and advance the qualifications of early learning staff will serve to further increase costs. But today, between 60-80% of a child care program's budget is staffing costs.

Many providers base what they charge parents on what the Department of Human Services pays them through Child Care Works to serve children eligible for child care subsidies and not what it actually costs them to provide the care. Given the child care base rates have for all intents and purposes been stagnant for the last fourteen years, you can imagine the significant impact on providers ability to increase staff salaries (median wage for child care teachers in PA is \$10.69/hr.) and make program improvements. However, that is not to say that child care teachers in Pennsylvania do not deserve to earn comparable wages for similar credentials for teachers in other educational settings.

Most recently, an incentive and support for child care teachers and directors, the Education and Retention Award (ERA) for reaching higher credentials and degrees was eliminated. In its place, a \$600 Pandemic Relief Award was established for child care staff using the ERA funds and unspent CCDBG CARES Act funds. The ERA award had been in place for seventeen years and for the average individual meant a loss of between 9-14% of their annual income on top of already low wages. This has had a demoralizing impact on the field and during the worst child care teacher shortage in decades before the fear of COVID exposure made recruiting and retaining staff so challenging.

The Federal Government recommends that state set their base rates at the 75th percentile, meaning families should have access to at least 75% of the same providers that private pay families have access to, based on the tuition charge by the provider. On March 1, 2021 the Department of Human Services raised child care base rates to the 40th percentile. Still significantly below the federal recommendation and continuing to limit access to care available to families using subsidies.

Providers can participate in the Keystone STARS Quality Improvement and Rating System. The system has increasing levels of expectations for quality including program management, curriculum and staff qualifications. In recognition of their efforts and achievements they are awarded a STAR level from 1 to 4, 4 being the highest. For STAR 2, 3, and 4 levels there is an increasing add-on to their base rate that helps pay for the costs associated with their quality level. However, their continues to be a significant difference between what it costs to provide high quality care and what the state, and even private pay families pay toward its provision.

Why Child Care Matters

Let's not forget that child care providers are small businesses, employ staff, pay taxes, and support other local businesses. Pennsylvania's child care providers employ over 57,000 individuals and have a \$4.22 billion impact on Pennsylvania's economy.

Safe, reliable, high-quality child care is a lynchpin to growing and supporting Pennsylvania's economy. Child care enables families to work and businesses in the Commonwealth to have reliable employees. Research tells us that the type of care and early learning opportunities that children experience in the first five years of life can mark their social, educational, and economic futures decades later. Choosing a high-quality education and care program is imperative for families and their children.

Thank you again for inviting me to this hearing.

Resources:

The Cost of Child Care in Pennsylvania (August 2020), Philip M. Sirinides, Institute of State and Regional Affairs, The Pennsylvania State University at Harrisburg

https://s35729.pcdn.co/wp-content/uploads/2020/12/Cost_of_Care_Report_FINAL.pdf

Impact Of COVID-19 On Pennsylvania's Child Care Providers (August 2020), Philip M. Sirinides, Institute of State and Regional Affairs, The Pennsylvania State University at Harrisburg

https://www.dhs.pa.gov/coronavirus/Documents/PA_COVID_IMPACT_FINAL.pdf

The cost of child care in Pennsylvania, (October 2020) Economic Policy Institute

https://www.epi.org/child-care-costs-in-the-united-states/?gclid=Cj0KCQiAvvKBBhCXARIsACTePW_xDRAcdF4VECpCn1U6TKOpX17WPzQIS3H66-Q1SPGe4R5CEOeuW4aAh3kEALw_wcB#/PA

Center for American Progress Cost Calculator

<https://costofchildcare.org/?fbclid=IwAR1Slc-dxd0WU7eCV3E7T8nnlqsDMQ1pyGGBNjhxE9XX8TolrXhfpd6kJaM>

Child Care in State Economies: Pennsylvania Fact Sheet (2019), The Committee for Economic Development of The Conference Board (CED)

https://www.ced.org/assets/reports/childcareimpact/fact_sheets/revised/Pennsylvania%20Fact%20Sheet%201312019.pdf

Early Childhood Workforce Index 2020: Pennsylvania

<https://csce.berkeley.edu/workforce-index-2020/states/pennsylvania/>