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## **It's Unanimous! 98% of PA Voters Believe Early Childhood Education is Important**

*New poll shows strong support among PA voters to increase state investments in pre-k, child care and evidence-based home visiting.*

**HARRISBURG, PA (February 21, 2023)** — Just weeks before Governor Shapiro's first state budget address and negotiations begin, partners of the Early Learning PA Coalition held a Capitol Rotunda press conference today releasing new polling data on voter support for early childhood care and education programs.

The poll, commissioned by the Early Learning PA Coalition and conducted by Susquehanna Polling and Research from February 1-7, 2023, found that 98% of PA voters believe that early childhood education is important. It also showed strong voter support for increased investment for early care and education programs like pre-k, high-quality child care and home visiting services. Voter's overall support has grown several percentage points since a June 2022 poll, when 90% of voters said they found early childhood education to be important.

"Ninety-eight percent of Pennsylvanians have reached consensus that early childhood education is an important piece of what it takes to lead a healthy and productive life," said Steve Doster, State Director of Mission: Readiness – a principal partner in the Early Learning PA Coalition. "Even more amazing is that this level of support is consistent across all age brackets, education levels, ethnicity, and gender. There is also no discernable difference between the views of Republicans or Democrats, conservative or liberal - they are all at or above 98% in agreement. The same goes for voters in different regions of the state."

According to the poll, **78% of PA voters support increasing state funding to serve more eligible children in pre-k programs**, which is an increase from 65% in 2022. **Seventy-eight percent of PA voters also support increasing state funding to help more low-income working families afford high-quality child care**, up from 67% in 2022. **Support for**

**increasing state funding to provide voluntary home visiting services to eligible families was 62% of PA voters (up from 60% in 2022). The poll also found that 81% of PA voters favor allocating state funding to increase wages of child care workers.**

“Few issues have united both Republicans and Democrats in Pennsylvania like early care and education,” said Kristen Rotz, President of the United Way of Pennsylvania and principal partner in the Early Learning PA Coalition. “At a time of political polarization, Pennsylvania voters responded unanimously that early childhood care and education is not only a uniting issue, but one that the majority want prioritized in our state spending.

“As we start budget season here in Harrisburg, the partners of the Early Learning PA Coalition urge Governor Shapiro and all members of the General Assembly to respond to this level of voter support for growing the Commonwealth’s investments in early care and education. Pennsylvania must make these programs more accessible to children and families that qualify and further stabilize and strengthen the system by addressing historic teacher shortages caused by low wages.” said Rotz.

Also participating in the event was State Representative and Senator-elect Lynda Culver and State Representative Pat Harkins — who both serve as House co-chairs of the Legislative Early Care and Education Caucus as well as TaTyana Abreu, a mother of a pre-k student and staff member at York Day Early Learning.

“Folks in our area have understood for a long time the important role that high-quality early care and education programs play in benefiting the social and economic needs of our local families and the educational and developmental needs of our children, said Rep. Culver. “It’s clear that we still have more work to do in expanding these services to more Pennsylvania children and families that are eligible. It’s also clear that Pennsylvanians want us to prioritize this.”

“Early care and education has been a priority for me for years,” said Rep. Harkins. “When more than 100,000 children are eligible for state-funded pre-k programs like Pre-K Counts and Head Start but don’t have access due to insufficient funding – we have work to do. When more than half of Pennsylvania residents live in child care deserts, and less than half of Pennsylvania’s child care is considered high quality – we have work to do. When there is a historic teacher shortage that is due to low wages in the early care and education sector – we have work to do. And today, we have a mandate from the voters to do it!”

“To say my husband and I are grateful for York Day is an understatement,” said TaTyana Abreu. “We now have two children, who we can confidently drop off every morning knowing that they are well taken care of, while we work. It is not surprising to me that so many Pennsylvanians want to see more children in our state have the same opportunities that my children have, and that they want their elected officials to invest more to make sure high quality early care and education is not out of reach for families who can’t afford the costs all on their own.”

**About Pre-K for PA**

*Pre-K for PA is an issue campaign supported by individuals and organizations across Pennsylvania who believe that investing in our children is the right choice and an urgent necessity. Our vision is that every 3-and 4-year-old in Pennsylvania will have access to high-quality pre-k. For more information [www.prekforpa.org](http://www.prekforpa.org).*

**About Start Strong PA**

*Start Strong PA 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](http://www.startstrongpa.org).*

**About Childhood Begins At Home**

*Childhood Begins At Home is a statewide campaign launched in 2017 to help policymakers and the public understand the value of evidence-based home visiting and support public investments in the programs. Learn more at [www.childhoodbeginsathome.org](http://www.childhoodbeginsathome.org).*

**About Thriving PA**

*Thriving PA is a perinatal and child health campaign launched in 2021 and is working to ensure each birthing person, infant, and toddler in Pennsylvania has the opportunity for affordable, quality health care access. Learn more at [www.thrivingpa.org](http://www.thrivingpa.org).*

###



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Pennsylvania's



## Early Care & Education Crisis February 2023 Survey Results

1,107 Programs Responded

**84%**

indicated they have a

**staffing shortage.**

Low wages  
and lack of benefits

have resulted in

**3,980**

**open staff positions.**

Our economy **can't recover**  
if child care is not available to support  
the workforce.

Impacts

**38,321**

children currently sit on

**waiting lists.**

**1,599**

classrooms are

**closed.**

Programs  
reported

**30,047**

**additional** children could be  
served if fully staffed.

**PA state and federal elected  
officials must continue to invest  
to strengthen our early care and  
education system.**



## REPORT

# **\$6.65 Billion: The Growing, Annual Cost of Pennsylvania's Child Care Crisis**

Impact on families, businesses, and taxpayers  
has more than doubled since 2018



# Acknowledgements

## **ReadyNation | Business. Kids. Workforce.**

Business executives building a skilled workforce by promoting solutions that prepare children to succeed in education, work, and life. ReadyNation is part of Council for a Strong America, a national, bipartisan nonprofit that unites membership organizations, including law enforcement leaders, retired admirals and generals, and business executives, that promote solutions ensuring that our next generation of Americans will be successful, productive members of society.

**The Pennsylvania Early Learning Investment Commission** is a partnership of business leaders dedicated to making the success of every child in Pennsylvania a top priority. We work to improve tomorrow's economy through smart policy and investments in today's young children.

**Start Strong PA** is an issue-based advocacy campaign focusing on improving healthy development outcomes for infants and toddlers by increasing support for and improving the quality of child care programs that serve them.

*Supported by tax deductible contributions from foundations and individuals.*

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# **\$6.65 billion**

## **the annual cost of Pennsylvania's child care problems**

### **Summary**

For Pennsylvania, inadequate child care options impose substantial and long-lasting consequences; its effects are felt by parents, businesses, and the commonwealth's taxpayers. The top-line findings of a new study examining the economic impacts of problems in Pennsylvania's child care system on working parents, employers, and taxpayers describe the consequences. The verdict: an annual economic cost of \$6.65 billion in lost earnings, productivity, and revenue.

Productivity challenges affect both employers and employees:

- 56 percent of Pennsylvania parents surveyed report being late for work due to child care struggles.
- Half or more report missing full days of work, leaving work early, or being distracted at work.
- More than half of parents said problems with child care hurt their efforts at work.

The predictable impact: 1 in 4 say they've been reprimanded and 18 percent have been let go or fired. Meanwhile, productivity problems cause Pennsylvania employers to lose \$1.52 billion annually due to child care challenges faced by their workforce.

Beyond its impact on the workforce and economy today, Pennsylvania's child care crisis damages the future workforce by depriving children of nurturing, stimulating environments that support healthy brain development while their parents work.

Policymakers must support evidence-based policies and programs that enhance the availability and affordability of high-quality child care, to improve life outcomes for Pennsylvania's children today and strengthen the commonwealth's workforce and economy both now and in the years to come.



## **Most parents of young children are in the workforce and need child care**

The majority of Pennsylvania parents with young children are now in the workforce; this is true of both single and married parents. Across Pennsylvania, there are nearly 796,000 working parents with children ages birth to 5.<sup>1</sup>

With parents working, many children are in child care. Our study revealed that Pennsylvania families rely on a patchwork of child care arrangements, including formal center-based care (32 percent), formal home-based child care (39 percent), and informal care (21 percent). Many parents need child care so they can go to work, be productive, and build successful careers. Child care settings are also a key environment for children's development, particularly given the importance of the early years for brain development.

## **The current child care system does not meet the needs of Pennsylvania families or employers**

**Access:** In Pennsylvania, 57 percent of all residents live in a “child care desert,” an area where there are over three times as many children as licensed child care slots.<sup>2</sup> Typically, child care availability is especially limited for families who have infants and toddlers, work evening and night shifts, or live in rural areas.<sup>3</sup>

**Affordability:** Infant child care cost represents 40 percent of the median annual income of a single parent in Pennsylvania. Infant care in a center in Pennsylvania averages \$12,152 per year, comparable to \$15,312 for the average public college in-state tuition and fees.<sup>4</sup> Child care is unaffordable for nearly all families, especially low-income families who do not have access to subsidized child care and for middle class families who do not qualify for subsidized child care.<sup>5</sup>

**Quality:** Only 46 percent of child care capacity in Pennsylvania currently meets high-quality standards.<sup>6</sup> Among the shortcomings in quality are high rates of provider turnover caused by low compensation, resulting in a lack of stable, consistent caregiving for young children. Caregiver disruptions delay the secure bond that must form before a child can learn from a new adult, and limits children's developmental progress.

“Pennsylvania's economy and the success of individual companies depend on working families. Working families depend on quality child care. Unfortunately this system is in crisis, which is significantly impacting our economy and workforce. Investing in our commonwealth's child care infrastructure is an imperative that we, as business leaders, can no longer ignore.”

**Stephanie Doliveira, Executive Vice President, People & Culture, Sheetz, Inc.**





## Insufficient child care negatively impacts Pennsylvania parents, employers, and taxpayers

When families do not have the child care they need, parents' work productivity falls, resulting in costs to parents, their employers, and ultimately, taxpayers. ReadyNation in partnership with Start Strong PA commissioned a survey of working parents of children ages birth to 5 in Pennsylvania. The survey yielded a representative sample of 503 parents—both mothers and fathers—of children ages birth to 5.

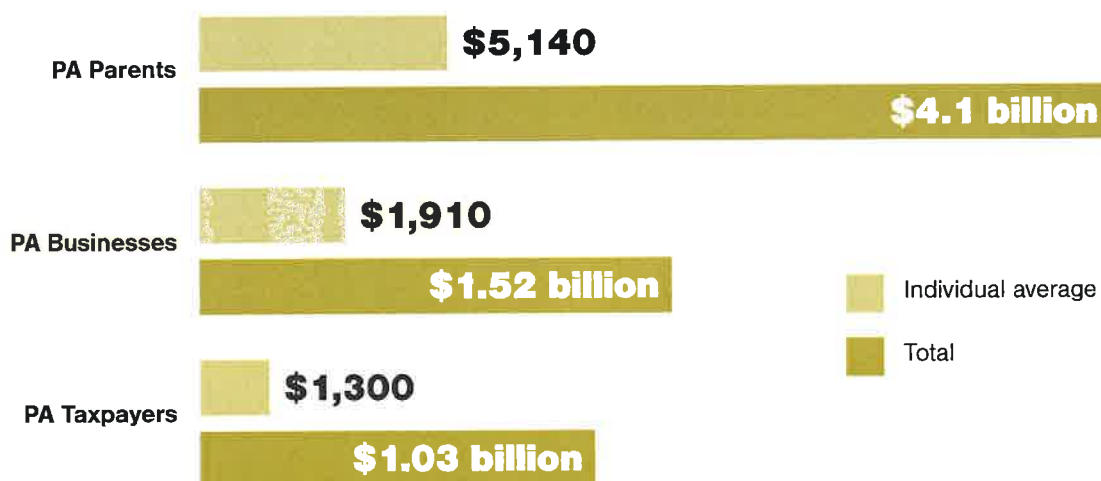
Seventy percent of working parents surveyed reported that access to child care is a challenge and more than half said it is a significant challenge to find child care that is either affordable (61 percent) or high-quality (51 percent).

The survey provided evidence of the various ways in which parents' work commitments, performance, and opportunities are diminished by problems with child care. Merging the survey evidence with labor market data, we modeled how the Pennsylvania economy is affected by child care problems.<sup>7</sup>

## The economic impacts of insufficient child care on parents, employers, and taxpayers

Insufficient care for children under the age of five costs individuals, businesses, and the commonwealth billions of dollars each year.

Annual aggregate economic burden each year a child is under age five:



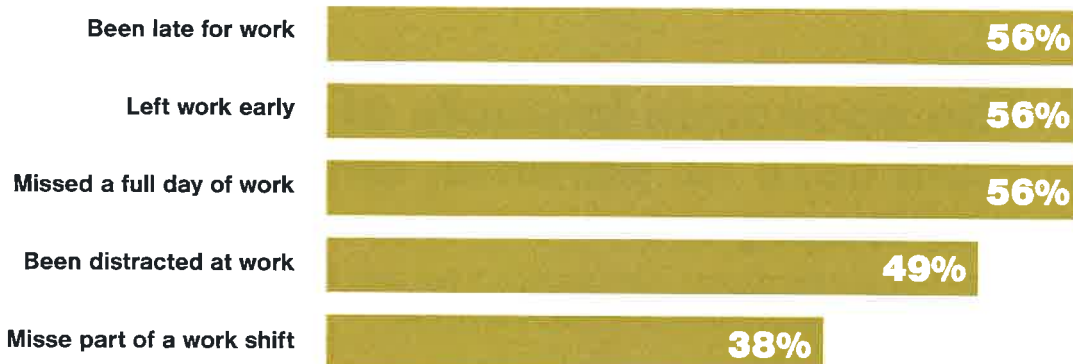
## The impact of insufficient child care on PARENTS in Pennsylvania

The survey results provide a window on how the above economic impacts occur. Parents were asked how child care problems affected their work. They reported that these problems affected their time at work and their work productivity, as well as diminishing their career opportunities.

**Less effort at work and being distracted:** Child care problems decreased parents' effort and productivity at work, undermining their job stability. More than half (56 percent) of parents reported being late for work, leaving work early, or missing full days of work. About half reported being distracted at work.

### Lower effort and productivity at work

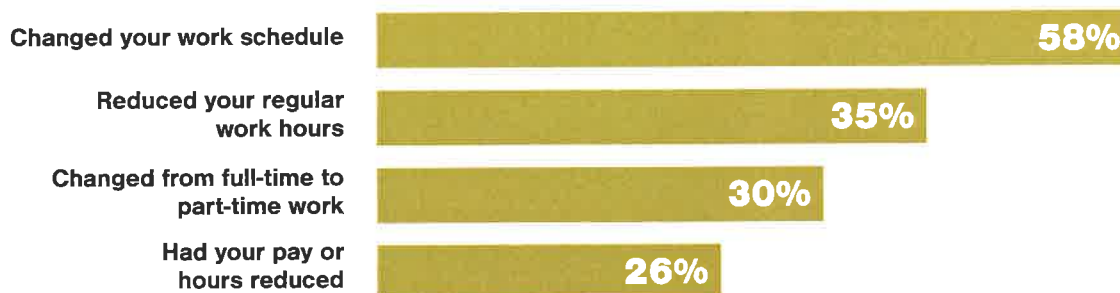
Due to child care problems, over the past six months, have you:



**Cuts to hours and pay:** Problems with child care significantly reduce how much time parents spend at work. More than one-half reported having to change their work schedules, while more than one-third said they had to reduce their regular work hours. More than one-quarter changed from full-time to part-time work or had their hours or pay reduced.

## Less time at work

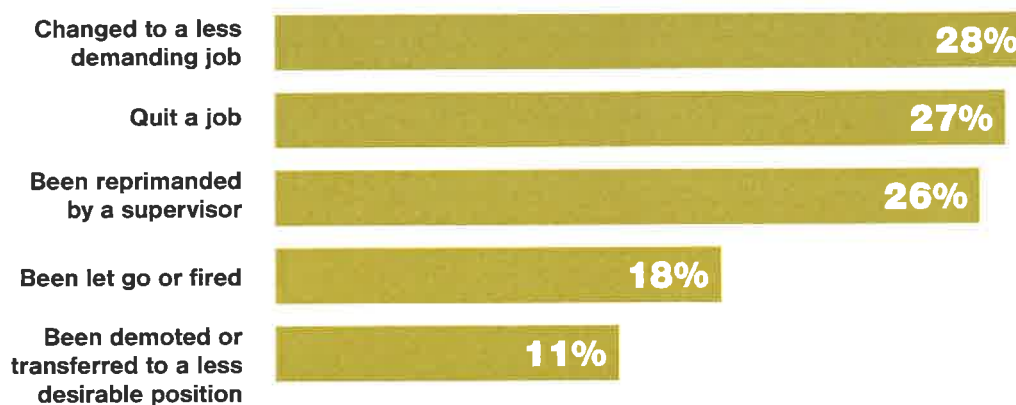
As a result of child care problems have you ever:



**Getting scolded, demoted, fired, or quitting:** Most seriously, 27 percent of parents reported quitting a job due to child care problems and 18 percent reported being let go or fired. More than one-quarter reported being reprimanded by their supervisor (26 percent) or changing to a less demanding job (28 percent). Eleven percent reported being demoted or transferred to a less desirable position.

## Work disruptions

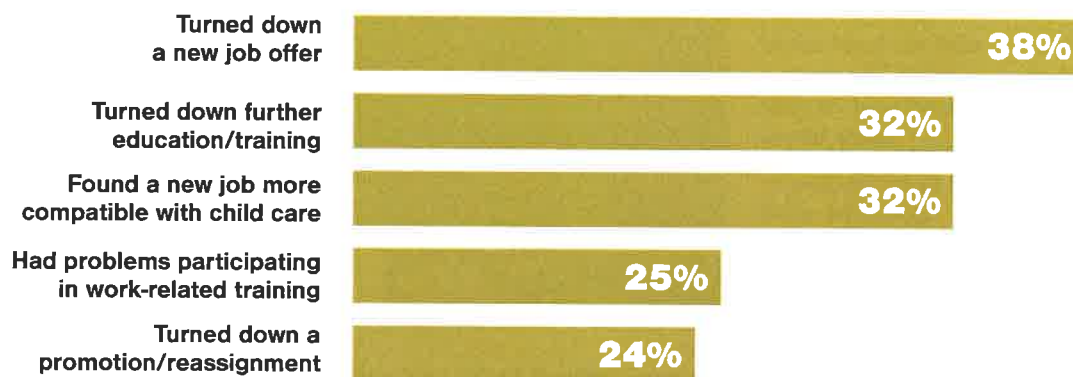
As a result of child care problems have you ever:



**Diminished career opportunities:** Problems with child care also impacted parents' long-term career prospects. More than one-third reported turning down a new job offer. About one-third reported having to turn down further education or training, or find a new job more compatible with their child care needs. About one-quarter had problems participating in work-related training or had rejected a promotion.

## Diminished career pathways

As a result of child care problems have you ever:



In sum, for parents, the primary short-term result of insufficient child care is reduced income. The challenges add up over time due to less training and less experience. Parents then face narrower career prospects, reducing their future earning potential. Reduced parent income, along with parental stress, can have harmful short- and long-term impacts on children.

## The impact of insufficient child care on Pennsylvania EMPLOYERS

Child care is the workforce behind the workforce. For employers, insufficient child care results in reductions in revenue and increased hiring costs. A workforce with lower productivity and shorter tenure has major economic consequences. If an employer's workforce keeps changing, worker morale may fall, product quality may diminish, and clients may be lost. Also, there are immediate direct costs associated with recruitment, hiring, and training as the workforce turns over. There are also future losses and costs when workers are not well-trained and have too little experience. Productivity problems cause Pennsylvania employers to lose \$1.52 billion annually due to child care challenges faced by their workforce.







## The impact of insufficient child care on Pennsylvania TAXPAYERS

The economic impact of child care problems on parents and employers subsequently causes lower tax revenues. There are losses in state income taxes; there are also losses in excise and sales taxes, as well as corporate income and property taxes. There are also decreased local taxes. At the federal level, reduced incomes mean lower tax payments. As most federal taxes are spent in the state in which they are levied, lower federal tax revenues mean lower government funding for Pennsylvania. These effects are also long-term, due to parents' decreased earning potential.

## How child care problems adversely affect the economy

| Working Parents  | Businesses  | Taxpayers  |
|--|---|--|
| Lost earnings now from lower productivity and labor force attachment   | Lost revenue now from lower output                        | Lost revenue now from lower incomes                      |
| Extra costs of job search to match work with child care                | Extra costs due to absences, disruptions, hiring          | Smaller federal, state and local tax base and revenue    |
| Lost earnings in the future from less work experience and fewer skills | Lost revenue in the future due to lower workforce capital | Lost revenue in the future due to weaker economic growth |





### **The impact of insufficient child care on Pennsylvania's VULNERABLE POPULATIONS**

Some families may be disproportionately impacted by shortcomings in Pennsylvania's child care system. We examined impacts for four subgroups that may be expected to face extra challenges: African American and Hispanic families; families with low-incomes; families with more than one young child; and families with very young children (ages 0-3). [Note: Individual families can be in more than one group.]

All subgroups were impacted by insufficient child care. Broadly, each subgroup faces similar impacts with respect to productivity, effort, and hours at work. Some work disruption rates were higher for families of color and those with low incomes. For example, while 27 percent of all parents reported quitting a job due to child care challenges, the figure was 34 percent for parents of color and 33 percent for parents with low incomes.

Career opportunity impacts were also somewhat more onerous for these groups. For example, while 38 percent of all parents turned down a new job offer due to child care problems, the figure for parents of color was 46 percent and 44 percent for parents with low incomes. Overall, 24 percent of parents turned down promotions due to child care problems, while parents of color had a rate of 35 percent and those with low incomes had a rate of 29 percent.

## The negative impacts of insufficient child care have **INCREASED** over time

In late 2018, prior to the COVID-19 pandemic, we conducted a similar survey and study, focusing just on parents of children under age 3. Comparing the current results for the subgroup of parents of these very young children to those obtained in 2018, percentages of parents reporting each negative impact of insufficient child care are higher now for three-quarters of the impacts, with some substantially higher.

For example, parents reported that child care problems had caused them to be demoted six times more often in 2022 than in 2018. Child care problems caused parents to have pay or hours reduced three times as often. 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 ten or more percentage points higher in 2022 than in 2018. Overall, challenges to parents' work lives due to child care challenges are greater and more widespread now, compared with 2018. This situation is reflected in the increase in economic impact, as well: in 2022, the cost of child care problems for children aged 0-3 was \$5.65 billion, compared to \$2.5 billion in 2018. **These findings suggest that a combination of COVID-19 and insufficient policy action have now significantly worsened the child care crisis.**

Impacts of insufficient child care for children 0-3, pre- vs. post-COVID-19

|   | 2018 | 2022 |
|---|------|------|
| Been late for work  | 48%  | 58%  |
| Missed a full day of work                                     | 46%  | 58%  |
| Left work early   | 60%  | 56%  |
| Been distracted to the point of being less productive         | 47%  | 51%  |
| Missed part of the middle of work shift                       | 41%  | 39%  |
| Reduced your regular work hours                               | 35%  | 35%  |
| Had your pay or hours reduced                                 | 8%   | 26%  |
| Changed from full-time to part-time work                      | 22%  | 31%  |
| Been reprimanded by a supervisor                              | 14%  | 25%  |
| Quit a job  | 17%  | 29%  |
| Been let go or fired  | 10%  | 18%  |
| Been demoted or transferred to a less desirable position      | 2%   | 12%  |
| Turned down a new job offer                                   | 22%  | 36%  |
| Turned down further education/ training                       | 32%  | 32%  |
| Had problems participating in work-related education/training | 23%  | 25%  |
| Turned down a promotion/reassignment                          | 18%  | 23%  |





## How **POLICYMAKERS** can take steps to promote access to affordable, high-quality child care

Pennsylvania parents with young children often have difficulty finding affordable, high-quality child care so they can build successful careers. These difficulties are compounded by the fact that the child care sector is struggling to survive with historic labor shortages due to low compensation, high inflation, and outdated state policies that have not kept pace with current challenges. The need to improve availability and affordability of high-quality child care, as well as advance initiatives that will stabilize programs and appropriately compensate the professionals that provide these services, is critical.

Steps to help close Pennsylvania's child care gaps:

**1. WAGES - Increase compensation for child care teachers to better compete in the current labor market.** Wages for the child care sector are not keeping pace with the current labor market. According to a new (2023) study, the average early childhood educator in Pennsylvania earns \$12.43 per hour. As a result, child care providers can't recruit and retain quality educators, leading to programs with empty classrooms and long waiting lists, or programs that have to close. The commonwealth must invest in a wage scale for child care teachers that better reflects the work, experience, and degree achievement of these professionals in the field.

**2. ACCESS - Boost the availability of high-quality child care for Pennsylvania's most vulnerable working families, especially for those with infants and toddlers.** Currently, the commonwealth's subsidized child care program (Child Care Works) is reaching only 25 percent of eligible children under age 5 and only 21 percent of eligible infants and toddlers. Pennsylvania should continue to boost the availability of subsidized infant and toddler care utilizing the piloted contracted slots model which provides grants to programs to serve a specific number of children. Additionally, the commonwealth should publicly advertise its Child Care Works program to build better awareness among eligible families.

**3. QUALITY - Expand the number of high-quality providers by increasing incentives within Pennsylvania's Quality Rating Improvement System (Keystone STARS).** Research is clear that high-quality child care programs support children's healthy development and school success, yet only 46 percent of child care capacity in Pennsylvania meets high-quality standards. The commonwealth should increase Keystone STARS grants and awards to better reflect the actual cost of providing these services. Longer-term, Pennsylvania should conduct a study to determine the cost of providing quality child care and establish a new Child Care Works rate structure based upon it. Knowing the true cost will allow the commonwealth to develop a plan to fund the gap between current payments and costs, creating greater stability for programs participating in Child Care Works and likely increasing provider participation in the program, ultimately benefiting more children and families.







## **How BUSINESSES can take steps to promote access to affordable, high-quality child care**

Pennsylvania companies that take an active role in assisting their employees to obtain high-quality child care can strengthen employee engagement, satisfaction, and retention and ultimately generate additional revenue due to increased, consistent workforce participation. Moreover, these policies bolster the company bottom line through increased productivity and the ability of the company to attract and retain the talent it needs to thrive.

### Private sector opportunities:

1. Better understand what your employees' needs are through collecting survey information to determine child care impacts on scheduling, transportation and access.
2. Provide information to your employees, connecting them to child care referral resources and possible tax credit programs.
3. Offer flexible scheduling policies and/or child care benefits to your employees. This could include dependent care flexible spending accounts, child care vouchers or tuition subsidies, or other assistance programs.
4. Partner with local high-quality child care providers to offer employees tuition assistance, contracted slots, priority on wait lists, back-up care or consider an on-site child care center.
5. Consider other innovative solutions working with other area employers to support the local child care system, including educating elected officials on the business and economic case for increased state and federal investments in early learning.

Source: [investmentsincaringpa.com](https://investmentsincaringpa.com)

Working together, policymakers and businesses can help build a child care system that will support a more productive Pennsylvania workforce and economy, both now and in the future.



## Endnotes

**1** The population of working parents depends on the number of children in the family, the number of parents in the family, and labor force participation rate. This estimate of 0.796 million working parents is weighted from population aged 0-5 from [www2.census.gov/--cpsmar21.pdf](http://www2.census.gov/--cpsmar21.pdf); [www.census.gov/quickfacts/fact/table/US/PST045222](http://www.census.gov/quickfacts/fact/table/US/PST045222). Adjustments for household composition (twins, siblings, non-parent families) and labor force participation reduce the number of parents who are affected. Data from [cdc.gov/nchs/data/nvsr/nvsr71/nvsr71-09.pdf](http://cdc.gov/nchs/data/nvsr/nvsr71/nvsr71-09.pdf) and Census [census.gov/quickfacts/PA](http://census.gov/quickfacts/PA), March Current Population Survey 2022 [census.gov/data/tables/2021/demo/families/cps-2021.html](http://census.gov/data/tables/2021/demo/families/cps-2021.html). Single parents: [fred.stlouisfed.org/release/tables?rid=412&eid=360857&snid=360894](http://fred.stlouisfed.org/release/tables?rid=412&eid=360857&snid=360894). Rural: [rural.pa.gov/data/rural-urban-definitions](http://rural.pa.gov/data/rural-urban-definitions).

Notes: Survey sample is Pennsylvania parents/guardians who are caregivers (unpaid) of at least one child currently aged 0-5 and who are either working or in a school/training program. Census data is parents with co-resident children under age 6 (or 18) or age-adjusted.

**2** Center for American Progress (2019). Early learning in the United States: 2019. <https://www.americanprogress.org/article/early-learning-united-states-2019/>

**3** Howe, S. & Oncken, L. (n.d.) The third pillar of care: Availability. New America. <https://www.newamerica.org/in-depth/care-report/third-pillar-care-availability/>

**4** Child Care Aware (2022). Price of Care: 2021 child care affordability analysis. <https://info.childcareaware.org/hubfs/Child%20Care%20Affordability%20Analysis%202021.pdf>

**5** Insider (2023, January 30). Childcare is unaffordable almost everywhere across the country — and where it's even pricier, fewer women are employed. <https://www.businessinsider.com/childcare-is-unaffordable-almost-everywhere-in-america-2023-1>

**6** Pennsylvania Department of Human Services. Child care providers including early learning programs listing current monthly facility county human services. <https://data.pa.gov/Services-Near-You/Child-Care-Providers-including-Early-Learning-Prog/ajn5-kaxt>

**7** For details on the survey and economic analyses, see the accompanying technical report at: <https://www.strongnation.org/articles/2118-the-economic-impacts-of-insufficient-child-care-cost-pennsylvania-6-65-billion-annually>





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Business executives building a skilled workforce by promoting solutions that prepare children to succeed in education, work, and life. ReadyNation is part of Council for a Strong America, a national, bipartisan nonprofit that unites membership organizations, including law enforcement leaders, retired admirals and generals, and business executives, that promote solutions ensuring that our next generation of Americans will be successful, productive members of society.

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**The Pennsylvania Early Learning Investment Commission** is a partnership of business leaders dedicated to making the success of every child in Pennsylvania a top priority. We work to improve tomorrow's economy through smart policy and investments in today's young children.

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**Start Strong PA** is an issue-based advocacy campaign focusing on improving healthy development outcomes for infants and toddlers by increasing support for and improving the quality of child care programs that serve them.

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**START  
STRONG  
PA**



*A Workforce on the Brink of Collapse with  
Devastating Consequences for Children*

# **The High Cost of Working in Early Childhood Education**

*January 2023*



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# Introduction

There is no doubt that high-quality early childhood education (ECE) is a win for everyone – children, parents, employers, and our economy. Yet this critical sector is on the brink of a breakdown. Nearly 50% of surveyed early childhood educators did not think it was likely that they would be working for their employer within five years. This comes shortly after recent Bureau of Labor Statistics data showed that the early childhood workforce is still missing over 100,000 workers across the country<sup>1</sup> despite the rest of the economy rebounding from the pandemic. Other industries rely on the early childhood workforce to operate.<sup>2</sup> Those industries' workforce shortages are intricately entwined with the labor shortage in early childhood.

Additionally, the cornerstone of high-quality early childhood education is a credentialed and skilled workforce. The exodus of this early childhood workforce will inevitably drive down quality in programs, as it is largely staff with bachelor's and master's degrees that intend to leave. Even before the pandemic, the low wages of the sector took a strain on early childhood education programs and families nationwide, fueling continual staff turnover and program instability, two things which damage program quality.<sup>3</sup> For children, that adds up to caretaking disruptions during what science has identified to be a critically important and developmentally sensitive time for the brain.

The number one factor educators would stay is for higher wages. But the tuition parents pay for child care already

surpasses the cost of attending a public college in Pennsylvania, making affordability a real challenge for parents. As a result, early childhood education providers can't afford to raise tuition to increase wages for their staff.

Inaction in addressing the low wages of the sector will have serious repercussions for our economy. Pennsylvania, which has one million working parents with children younger than six years old, already loses an estimated \$3.47 billion annually as a result of child care breakdowns, causing parents to miss work and leave their jobs, according to a study by the U.S. Chamber of Commerce Foundation in partnership with the Pennsylvania Chamber of Business and Industry and the Pennsylvania Early Learning Investment Commission.<sup>4</sup> That number includes approximately \$591 million in tax revenue lost annually because of child care issues. With 565,000 children in Pennsylvania needing child care, a stable early childhood workforce is key to keeping the Commonwealth's economy healthy.

To understand the depth of the stress on the child care sector, Children First secured the support of the Office of Child Development and Early Learning (OCDEL) and the Department of Labor and Industry to gather data from approximately 30,000 early childhood educators in Pennsylvania.<sup>5</sup> Low wages, however, are only one aspect of the hardship these educators face, according to a survey of 3,429 early childhood educators who live in every county.<sup>6</sup>





# Wages are Inadequate and Inequitable

Through the results of the wage analysis and survey, we've learned that:



Early childhood teachers earned an estimated **\$12.43 per hour or less than \$25,844 per year**.



**In 100% of the 67 Pennsylvania counties, earnings failed to meet the cost-of-living.** In other words, earnings are not sufficient to cover basic necessities like housing, transportation, food, and child care.<sup>7</sup>



Wages varied widely across the state from an annual high of **\$31,320** in Union County to a low of **\$15,408** in Elk County.



**There are racial disparities** even after job title, education, geography, and program quality are taken into account. Black educators earn approximately **2% less** than their white counterparts. Hispanic educators make **5% less**, and other groups, including Asian and multiracial educators, make **10% less** than white educators.



**It pays to be educated.** Again, taking into account job title, geography and program quality, teachers with at least a bachelor's degrees make 26% more than those with a high school diploma or only some college, which translates to **earning an additional \$5,803 per year**.



**Quality pays better.** Considering ECE worker education, geography and education, staff working at high-quality programs (STAR 3 or 4) **earn 12% more** than those working at a STAR 1 or 2 program, which translates to earning an additional \$2,971 a year.



However, educators are **unable to recoup their higher education costs because of the low pay** of the early childhood education sector. This has serious implications for whether educators will ultimately stay in the sector in the long run.

## Early Childhood Workforce on the Brink of Collapse



Almost **50%** of these educators say they do not plan to or unsure of whether they will remain in their jobs in the next five years. More than half (**53%**) identified a higher salary as the most important factor in staying with their current employer.



**Turnover will mostly likely affect program quality.** Of respondents who indicated they are likely or very likely to leave their jobs within five years, **39%** had bachelor's degrees and **18%** had master's degrees. This would inevitably impact the quality of education young children receive.



**Educators struggle to cover costs of necessities on their salaries.** Approximately **21% of the staff relied on SNAP** benefits and **21% were insured by Medicaid**. This was the case even though most survey respondents had a college education.



**Fifty-four percent** of respondents said they do not have an emergency fund to cover three months of expenses and **60%** said they would not be able to accommodate or pay their daily expenses with a surprise \$400 expense.



**A shocking 44% said they had to use a payday loan or borrow money** from friends and family in the past six months **to cover basic expenses**. This is in stark contrast to the general public, of which **6%** had utilized a payday loan.<sup>8</sup>



Black educators were **11 percentage points** more than white educators to have utilized a payday loan or borrowed money from a friend. Black educators were also **12 percentage points** more likely to not have a rainy-day fund compared to their white educator counterparts.



**Early educators' finances harm their mental wellbeing**, with most respondents saying they feel stressed out about their finances and **29%** saying they worry about their finances on a daily basis.

*The findings indicate that earnings and benefits are an important part of keeping a stable workforce. In turn, a stable workforce is essential to maintaining quality programming and to make it possible for parents and employers to prosper.*



## RESULTS 1. Early Childhood Teachers Earn Less than \$13 an Hour

Based on a review of approximately 30,000 wage records, early childhood teachers earned an estimated annual salary of \$25,844 which translates to an hourly earning of \$12.43.<sup>9</sup> Teachers earn only five cents more than other staff with less credentials. Low wages in the sector make the positions less attractive and, and at the expense of the developmental needs of children, cause high turnover. In fact, early childhood teachers earn less than retail, landscaping, and home health care workers. Kindergarten teachers earn more than twice what early childhood teachers are earning, a significant finding given that many early childhood teachers have similar credentials and job duties as kindergarten teachers.

Table 1. ECE Teachers Paid Less Than \$13 Per Hour

|                  | Estimated Annual Earnings* | Estimated Full-Time Hourly Rate |
|------------------|----------------------------|---------------------------------|
| Owners/Directors | \$47,917                   | \$23.04                         |
| Teachers         | \$25,844                   | \$12.43                         |
| Other Staff      | \$25,743                   | \$12.38                         |
| Total Sample     | \$27,094                   | \$13.03                         |

\*Based on Quarter 2, 2021 earnings.

\*Estimated annual earnings based on Quarter 2, 2021.

\*\*Estimated annual earnings, May 2021, retrieved from - [https://www.workstats.dli.pa.gov/Documents/Occupational%20Wages/PA\\_ow.xls](https://www.workstats.dli.pa.gov/Documents/Occupational%20Wages/PA_ow.xls)

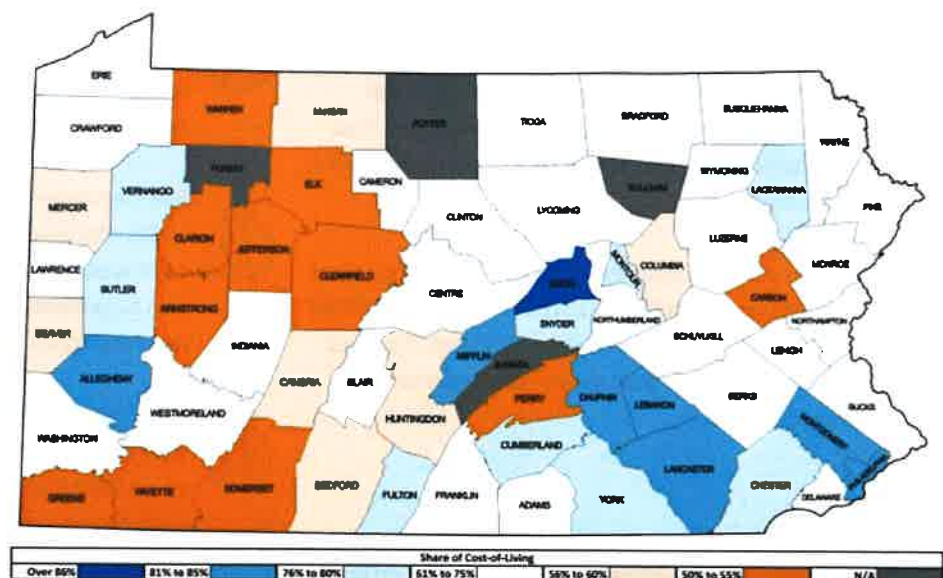
Table 2. ECE Teachers Earn Less Than Workers in Other Industries

| Occupation             | Annual Earnings |
|------------------------|-----------------|
| ECE Teachers*          | \$25,844        |
| Retail Salesperson**   | \$27,390        |
| Maid / Housekeeper**   | \$27,820        |
| Hair Stylists**        | \$28,390        |
| Home Health Aide**     | \$28,390        |
| Landscaper**           | \$32,730        |
| Kindergarten Teacher** | \$62,820        |

## RESULTS 2. Earnings Do Not Meet Cost-of-Living

Unsurprisingly, given the diversity of Pennsylvania, wages varied widely with an annual high of \$31,592 in Union County to a low of \$15,408 in Elk County. Nevertheless, the wages paid are inadequate in each county in the state. Cost-of-living calculators, like those created by MIT, allow for comparison of wages to determine if they cover basic necessities like housing, food, transportation, and medical care.<sup>10,11</sup>

In 11 counties, educators earn less than 55% of what it costs to live in their counties. In most cases, educators are earning between 60-75% of what it would cost to live in their respective counties. The only county that comes close to meeting the cost-of-living is Union County, which meets 97% of the cost-of-living; however, that county is the exception when considering trends across the state.



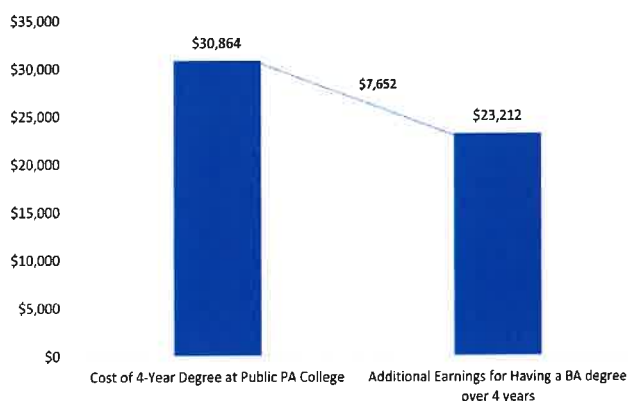
## RESULTS 3. Low Wages Drive Down Quality

The median earnings data found that individuals with bachelor's degrees earn \$12,672 more than those with a high school diploma or some college.<sup>12</sup> However, after adjusting for variations in geography and other characteristics like job title, program quality, and education level, we learn that teachers with bachelor's degrees make 26% more, which translates to earning an additional \$5,803 per year. In other words, earning a college degree boosts annual pay less than \$6,000, while paying the average in-state tuition for a public college in Pennsylvania is \$7,716 per year, or \$30,864 total in order to earn a bachelor's degree.<sup>13</sup>

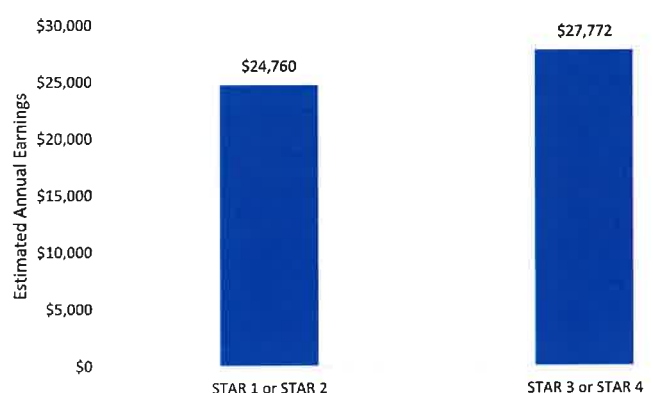
A simple cost analysis tells us that it may not pay to obtain a bachelor's degree given the marginal return on that investment. Yet, a credentialed workforce trained in the science of early learning is essential to providing quality early childhood education programming for young children. The current wages educators with a college degree in early childhood are earning do not reflect their important contributions to the field.

Similarly, comparing median earnings show that working at a high-quality program translates to receiving \$3,012 more a year. This is not surprising, given the subsidy add-on reimbursement rate to high-quality programs in Pennsylvania. However, once characteristics like where individuals live are taken into consideration, staff who work at a high-quality (STAR 3 or 4) program earn only 12% more than those who work at a STAR 1 or 2 program, which translates to earning an additional \$2,971 a year. In sum, individuals who take the time to complete a higher degree and work at a high-quality program are not able to recoup the cost of their education in the near future. While it is true that workers can recoup the cost of the education over the lifetime of their entire careers, many low-wage workers do not make decisions to stay in certain fields based on what they will ultimately earn by retirement.

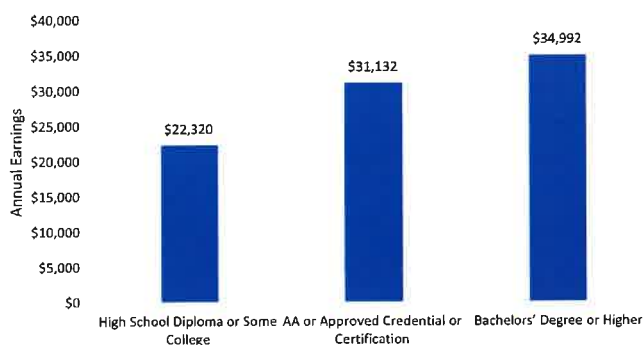
Graph 1. Four-Year Degree Costs More Than Early Educators Can Make



Graph 3. Working at High-Quality Programs Only Minimally Increases Pay for Teachers



Graph 2. More Education Equals More Pay for Early Childhood Workforce<sup>14</sup>



Racial disparities are pervasive with educators who identify as Black, Hispanic, Asian, and multiracial. They earn less than white educators even after taking into consideration their job title, education level, location, and the level of quality in the program in which they work. In other words, Black educators who have the same education level and job title, and work in the same geographic area and in programs of the same quality, would still earn less than their white counterparts. The discrepancy is wider with Hispanic educators earning 5% less than white educators and educators in the "other" category, like those who identify as Asian or multiracial, earning 10% less.

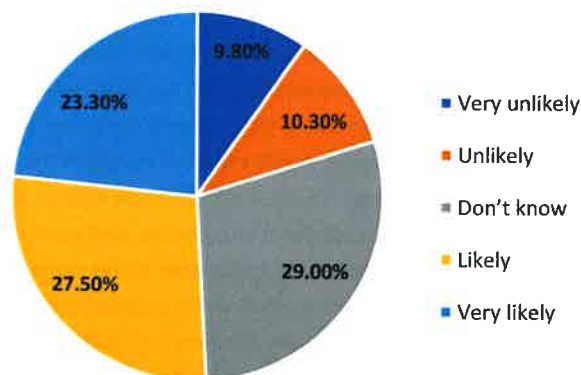
## RESULTS 4. Low Wages Mean Volatility and Dependence

A survey of 3,429 early childhood educators demonstrated a workforce in severe distress.<sup>15</sup> The respondents were mostly women (83%), ages 26-45 years old (63%), who work at a center-based program (93%). Overall, the sample was more likely to have teachers who taught toddlers (60%) or pre-k children (62%), though it should be noted that educators were able to identify as teaching more than one age group of children. Finally, 40% of educators had been working in child care for 11 or more years and over half had either an associate's degree or bachelor's degree.

The respondents made it clear that there will be significant turnover in the early childhood workforce over the next five years if wages are not addressed systematically, as **almost 50% of respondents say they do not plan to be in their jobs in five years**. Of those who indicated that they are very unlikely or unlikely to still be working in five years, **most respondents had either a bachelor's degree (39%) or master's degree (20%)**. The number one factor why respondents said they would stay is if there were higher wages, however career advancement opportunities and better job benefits were also important.

**Almost 65% of respondents shared that they applied for some type of public benefit in the last two years.** Approximately 21% of respondents were enrolled in SNAP benefits. Additionally, 21% of the respondents were enrolled in Medicaid, also indicating that their salaries qualified them for this public benefit.

Graph 4. Nearly Half of Educators Unlikely to Stay



Graph 5. Substantial Number of Teachers at Risk of Leaving Are Highly Educated

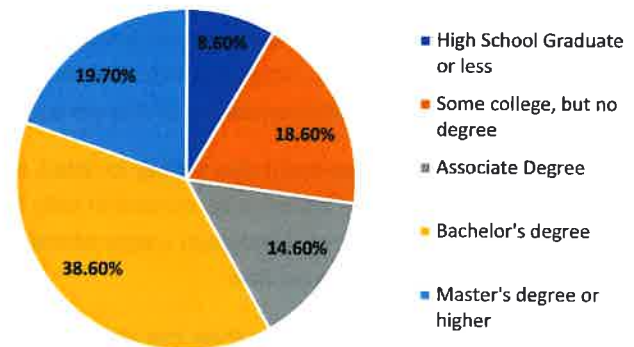


Table 3. Most Educators Used Some Public Benefits in the Last Two Years\*

| Have you or anyone in your household applied for any of these public benefits within the last two years? | Count | Percent |
|--|-------|---------|
| SNAP   | 681   | 21.3%   |
| Medicaid   | 656   | 20.6%   |
| Child care/early childhood education subsidy   | 461   | 14.4%   |
| SSI  | 438   | 13.7%   |
| CHIP   | 333   | 10.4%   |
| WIC  | 245   | 7.7%    |
| Subsidized Housing   | 211   | 6.6%    |
| TANF   | 114   | 3.6%    |
| None   | 1,205 | 37.8%   |

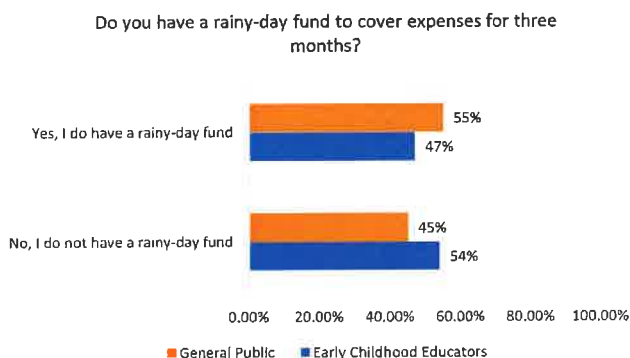
\*Respondents were allowed to check more than one benefit.

**Many early childhood educators live financially precarious lives**, often on the brink of being unable to accommodate emergencies with **54% of educators indicating they do not have an emergency rainy-day fund**. This is nine percentage points higher than that of the public where, on average, 45% of adults do not have an emergency fund.<sup>16</sup>

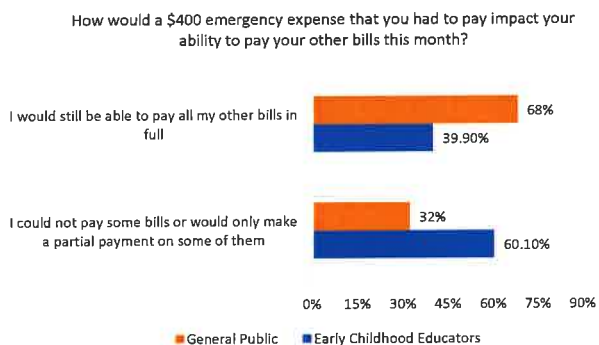
In addition, **60%** of early educators said they would not be able to accommodate or pay their daily expenses with a surprise \$400 expense.

This is in stark contrast to the public, which reported that only 32% would be unable to accommodate a surprise \$400 expense.<sup>17</sup> Even more alarming, **44%** of educators reported utilizing a payday or check advanced loan or borrowing money from a family member or friend to cover expenses. In the public, only 1% reported utilizing a payday or check advance loan and 8% reported borrowing money from a friend or family member.

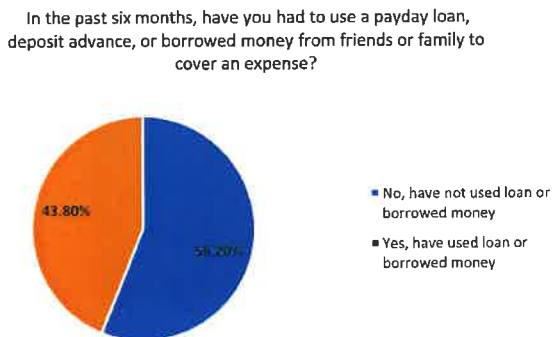
**Graph 6. Early Childhood Educators Less Likely to Have Savings Compared to Public**



**Graph 7. Early Childhood Educators Can't Afford Surprise Expenses Compared to Public**



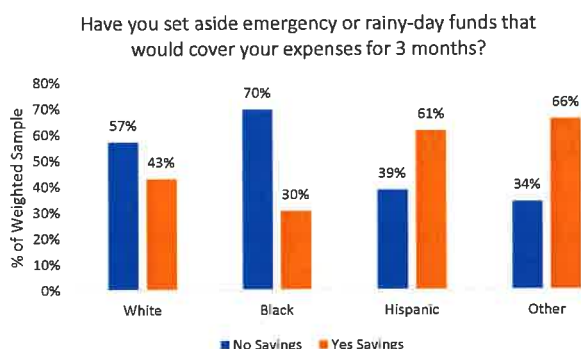
**Graph 8. Almost Half of Educators Took a Loan or Borrowed to Cover Expenses**



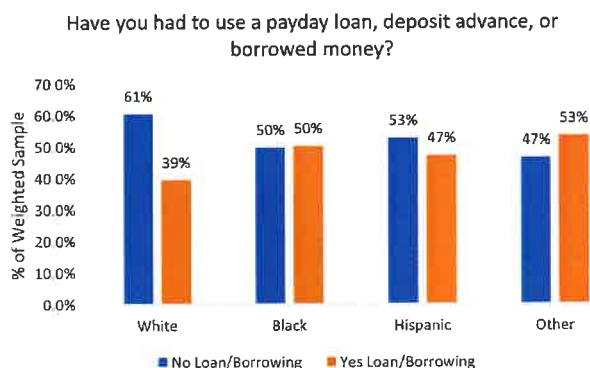
**Black educators were 12 percentage points more likely to not have a rainy-day fund compared to their white counterparts.**

Hispanic educators and individuals in the “other” category, like Asian and multiracial educators, were more likely to have savings. Forty-four percent of the respondents indicated that they used a payday loan or borrowed money from friends and family in the past six months to cover basic expenses. Black educators were 11 percentage points more likely to use a payday loan or borrow money from a friend in the past six months.

**Graph 9. Saving for the Future is a Challenge for Early Educators**



**Graph 10. Educators of Color Borrow Money at Higher Rate Than White Educators**

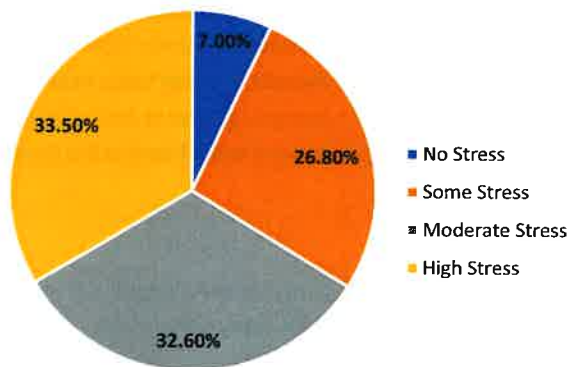


**The finances of the early childhood workforce affect their mental health**, with Graph 12 showing that most educators feel stressed about their finances and 29% reporting that they worry about their finances on a daily basis. This is alarming especially since polls of the general public show **66% report that they feel significant or somewhat significant stress as it relates to their finances.**<sup>18</sup>



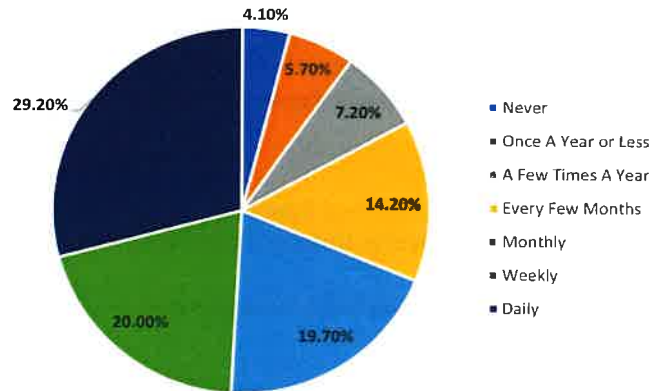
Graph 11. Almost All Educators Feel Some Level of Stress About Their Finances

How much stress, if any, do your finances cause you?



Graph 12. Early Childhood Educators Worry About Their Finances Frequently

How often do you worry about your finances?



## Conclusion

The early childhood education sector in Pennsylvania is on the brink of a breakdown. Almost 50% of responding early childhood educators report being unsure or intending to not be working in their jobs in five years. Data show that the sector is poised to lose degree-credentialed educators. The reasons behind these bleak statistics are made clear in the wage analysis – early childhood educators are not earning enough to keep up with the cost-of-living in their geographic regions. This affects their ability to save for the future and meet surprise expenses, leading to high levels of stress and worry.

There is reason to be deeply concerned about the quality of early childhood programming that children will receive if this workforce crisis continues. The findings of this report indicate the need for additional investments in the early childhood workforce, for the sake of our economy and, especially, the sake of our youngest children. Early childhood education providers are unable to raise tuition prices for their parents any more to raise the salaries of their staff. Public investment is the only pathway forward to prevent the sector from a collapse.



# Appendix

# Appendix 1

Table A. Median Earnings Comparison to Cost-of-Living by County, 2021 Q2

|                   | Median Quarterly Earnings (2021_Q2) | Estimated Full-Time Hourly Rate | Estimated Annual Earnings | Cost of Living <sup>1</sup> | Share of Cost of Living |
|-------------------|-------------------------------------|---------------------------------|---------------------------|-----------------------------|-------------------------|
| Adams County      | \$6,279                             | \$12.08                         | \$25,116                  | \$33,987                    | 74%                     |
| Allegheny County  | \$6,911                             | \$13.29                         | \$27,644                  | \$34,258                    | 81%                     |
| Armstrong County  | \$4,217                             | \$8.11                          | \$16,868                  | \$31,138                    | 54%                     |
| Beaver County     | \$5,041                             | \$9.69                          | \$20,164                  | \$34,258                    | 59%                     |
| Bedford County    | \$4,466                             | \$8.59                          | \$17,864                  | \$32,011                    | 56%                     |
| Berks County      | \$5,794                             | \$11.14                         | \$23,176                  | \$32,906                    | 70%                     |
| Blair County      | \$5,280                             | \$10.15                         | \$21,120                  | \$32,074                    | 66%                     |
| Bradford County   | \$5,618                             | \$10.80                         | \$22,472                  | \$32,427                    | 69%                     |
| Bucks County      | \$6,400                             | \$12.31                         | \$25,600                  | \$37,170                    | 69%                     |
| Butler County     | \$6,489                             | \$12.48                         | \$25,956                  | \$34,258                    | 76%                     |
| Cambria County    | \$4,331                             | \$8.33                          | \$17,322                  | \$31,283                    | 55%                     |
| Cameron County    | \$5,069                             | \$9.75                          | \$20,276                  | \$31,491                    | 64%                     |
| Carbon County     | \$4,480                             | \$8.62                          | \$17,920                  | \$35,422                    | 51%                     |
| Centre County     | \$6,406                             | \$12.32                         | \$25,624                  | \$36,629                    | 70%                     |
| Chester County    | \$7,061                             | \$13.58                         | \$28,242                  | \$37,170                    | 76%                     |
| Clarion County    | \$4,063                             | \$7.81                          | \$16,250                  | \$32,677                    | 50%                     |
| Clearfield County | \$4,057                             | \$7.80                          | \$16,228                  | \$31,096                    | 52%                     |
| Clinton County    | \$4,804                             | \$9.24                          | \$19,216                  | \$31,408                    | 61%                     |
| Columbia County   | \$4,941                             | \$9.50                          | \$19,764                  | \$34,050                    | 58%                     |
| Crawford County   | \$5,090                             | \$9.79                          | \$20,358                  | \$31,034                    | 66%                     |
| Cumberland County | \$6,350                             | \$12.21                         | \$25,400                  | \$33,280                    | 76%                     |
| Dauphin County    | \$6,766                             | \$13.01                         | \$27,064                  | \$33,280                    | 81%                     |
| Delaware County   | \$6,727                             | \$12.94                         | \$26,908                  | \$37,170                    | 72%                     |
| Elk County        | \$3,852                             | \$7.41                          | \$15,408                  | \$30,576                    | 50%                     |
| Erie County       | \$5,661                             | \$10.89                         | \$22,644                  | \$32,843                    | 69%                     |
| Fayette County    | \$4,339                             | \$8.34                          | \$17,356                  | \$34,258                    | 51%                     |
| Forest County     | N/A                                 | N/A                             | N/A                       | \$31,491                    |                         |
| Franklin County   | \$4,973                             | \$9.56                          | \$19,892                  | \$33,218                    | 60%                     |
| Fulton County     | \$6,081                             | \$11.69                         | \$24,322                  | \$31,491                    | 77%                     |
| Greene County     | \$3,990                             | \$7.67                          | \$15,960                  | \$32,802                    | 49%                     |
| Huntingdon County | \$4,736                             | \$9.11                          | \$18,944                  | \$32,011                    | 59%                     |

|                       | Median Quarterly Earnings (2021_Q2) | Estimated Full-Time Hourly Rate | Estimated Annual Earnings | Cost of Living <sup>1</sup> | Share of Cost of Living |
|-----------------------|-------------------------------------|---------------------------------|---------------------------|-----------------------------|-------------------------|
| Indiana County        | \$5,585                             | \$10.74                         | \$22,340                  | \$32,760                    | 68%                     |
| Jefferson County      | \$4,030                             | \$7.75                          | \$16,120                  | \$31,928                    | 50%                     |
| Juniata County        | N/A                                 | N/A                             | N/A                       | \$30,576                    |                         |
| Lackawanna County     | \$6,063                             | \$11.66                         | \$24,252                  | \$32,323                    | 75%                     |
| Lancaster County      | \$6,780                             | \$13.04                         | \$27,120                  | \$33,779                    | 80%                     |
| Lawrence County       | \$5,407                             | \$10.40                         | \$21,628                  | \$31,138                    | 69%                     |
| Lebanon County        | \$7,278                             | \$14.00                         | \$29,110                  | \$34,216                    | 85%                     |
| Lehigh County         | \$6,180                             | \$11.88                         | \$24,720                  | \$35,422                    | 70%                     |
| Luzerne County        | \$5,857                             | \$11.26                         | \$23,428                  | \$32,323                    | 72%                     |
| Lycoming County       | \$5,638                             | \$10.84                         | \$22,552                  | \$33,779                    | 67%                     |
| McKean County         | \$4,603                             | \$8.85                          | \$18,412                  | \$31,637                    | 58%                     |
| Mercer County         | \$4,499                             | \$8.65                          | \$17,996                  | \$31,741                    | 57%                     |
| Mifflin County        | \$6,210                             | \$11.94                         | \$24,840                  | \$31,242                    | 80%                     |
| Monroe County         | \$5,636                             | \$10.84                         | \$22,544                  | \$35,984                    | 63%                     |
| Montgomery County     | \$7,460                             | \$14.35                         | \$29,838                  | \$37,170                    | 80%                     |
| Montour County        | \$6,316                             | \$12.15                         | \$25,264                  | \$33,821                    | 75%                     |
| Northampton County    | \$6,158                             | \$11.84                         | \$24,632                  | \$35,422                    | 70%                     |
| Northumberland County | \$4,908                             | \$9.44                          | \$19,632                  | \$30,826                    | 64%                     |
| Perry County          | \$4,384                             | \$8.43                          | \$17,534                  | \$33,280                    | 53%                     |
| Philadelphia County   | \$7,471                             | \$14.37                         | \$29,884                  | \$37,170                    | 80%                     |
| Pike County           | \$5,870                             | \$11.29                         | \$23,478                  | \$39,270                    | 60%                     |
| Potter County         | N/A                                 | N/A                             | N/A                       | \$31,678                    |                         |
| Schuylkill County     | \$5,060                             | \$9.73                          | \$20,238                  | \$32,074                    | 63%                     |
| Snyder County         | \$6,402                             | \$12.31                         | \$25,608                  | \$32,594                    | 79%                     |
| Somerset County       | \$4,123                             | \$7.93                          | \$16,490                  | \$32,427                    | 51%                     |
| Sullivan County       | N/A                                 | N/A                             | N/A                       | \$31,491                    |                         |
| Susquehanna County    | \$5,097                             | \$9.80                          | \$20,388                  | \$31,138                    | 65%                     |
| Tioga County          | \$5,099                             | \$9.81                          | \$20,396                  | \$31,200                    | 65%                     |
| Union County          | \$7,830                             | \$15.06                         | \$31,320                  | \$32,261                    | 97%                     |
| Venango County        | \$6,130                             | \$11.79                         | \$24,520                  | \$31,741                    | 77%                     |
| Warren County         | \$4,307                             | \$8.28                          | \$17,228                  | \$32,323                    | 53%                     |
| Washington County     | \$5,812                             | \$11.18                         | \$23,246                  | \$34,258                    | 68%                     |
| Wayne County          | \$5,082                             | \$9.77                          | \$20,328                  | \$33,426                    | 61%                     |
| Westmoreland County   | \$5,428                             | \$10.44                         | \$21,712                  | \$34,258                    | 63%                     |
| Wyoming County        | \$5,029                             | \$9.67                          | \$20,116                  | \$32,323                    | 62%                     |
| York County           | \$6,263                             | \$12.04                         | \$25,050                  | \$33,093                    | 76%                     |

| Share of Cost-of-Living | Color |
|-------------------------|-------|
| Over 86%                |       |
| 81% to 85%              |       |
| 76% to 80%              |       |
| 61% to 75%              |       |
| 56% to 60%              |       |
| 50% to 55%              |       |
| N/A                     |       |



# Appendix 2

The primary demographic data source for the wage analysis came from the Professional Development Registry (PD Registry) owned by the Office of Child Development and Early Learning (OCDEL), which collects information about the early childhood workforce for the purposes of tracking professional development. This dataset includes workers from all types of early childhood settings, including child care settings but also Pre-K Counts and Head Start programs. This data also includes both programs that are center-based and home-based, however due to data suppression and the nature of the wages captured by the Department of Labor and Industry, home-based providers represent a very small sample of this dataset.

Recently the PD Registry was an essential tool used to identify and give out grants that were funded by pandemic relief aid such as the American Rescue Plan (ARP). This increased participation in the PD registry as it required the workforce to create profiles on the registry. We believe the PD Registry to be the only source of data available on the early childhood workforce in Pennsylvania, although by no means is it a perfect record due to the self-reported nature of most of the data. For example, while certain demographic information such as race was mandated and allowed analysis to be done by race, Hispanic ethnicity was not mandated, resulting in a large portion of the sample missing their Hispanic demographic information. Despite these shortfalls, the usage of the PD Registry in a study like this is unprecedented, giving us insight into a workforce in ways we had not been able to do before.

Our analysis relied on quarterly earnings data from individuals in licensed ECE programs between the second quarter of 2021 (April – June) and the first quarter of 2022 (January – March). Wage data were provided by the Pennsylvania Department of Labor and Industry (L & I), which is responsible for managing the Commonwealth's unemployment insurance program. As part of Pennsylvania's unemployment insurance program, L & I collects wage information from employers across the state for all workers that qualify for unemployment insurance.

Using name and social security numbers, L & I's wage information was matched with worker characteristics from OCDEL's PD Registry, a compilation of self-reported personal and programmatic data that OCDEL collects from individuals working in licensed ECE programs around the Commonwealth. The PD Registry contains a substantial set of self-reported information about educators such as their race, ethnicity, education level, job

title, and certifications. OCDEL worked to combine Registry data with programmatic information about the specific ECE site where individuals were employed (e.g., programs' STAR level, geographic location, and center vs. home-based).

## Estimated Annual and Hourly Earnings

To make these data more interpretable and help enable comparisons to other relevant statistics, we used quarterly earnings to estimate annual earnings and hourly pay rates. Annual earnings described in this report were calculated by summing median quarterly earnings across each four quarters included in our data.

We estimated hourly pay rates by dividing estimated annual earnings by 2,080. These hourly earnings figures represent the imputed hourly compensation for individuals if they had worked full time – 40 hours a week for 52 weeks or 2,080 hours per year. To be clear, we do not know the number of hours worked and so this is an estimate.

## Data Processing

Quarterly wage data from L & I contained several outlier cases that may be the result of data entry errors from employers or individuals with short or intermittent employment histories. To clean the data, we removed all cases where individuals were reported to have earned over \$100,000 in a single quarter (the 99.97th percentile) or below \$942.50. This lower threshold is the minimum quarterly wage for a worker earning the state's minimum wage (\$7.25/hour) working only 130 hours in a single quarter (10 hours per week). These exclusions removed 5,400 records or roughly 1,350 per quarter - approximately 4% of our sample.

To ameliorate privacy concerns related to individual earnings data, L & I suppressed categories of records with fewer than six unique cases. For example, if our dataset only contained three white teachers in Forest County in a STAR 3 program with a High School Diploma, all three records would be suppressed. Although we were unable to analyze individual records for these cases, L & I was able to provide statewide medians for individual groups (e.g., all teachers, all educators in Forest County).

To reduce the amount of suppression, it was necessary to aggregate and combine certain individual characteristics. For example, individuals in ECE programs with a STAR 1 rating and individuals in programs with a STAR 2 rating were combined into a single group, and individual counties were grouped into their Early Learning Resource Center (ELRC) regions to reduce the need for data suppression.

We worked to develop groupings that would balance privacy and with the clarity of our data, but some compromises were necessary. For example, due to data limitations, only non-Hispanic Black, non-Hispanic white, and Hispanic individuals were identified in this analysis. Individuals identifying, for example, as Asian, American Indian, multiracial or another race were grouped together.

Of the 45,001 educators in Q2 2021, for example, L&I suppressed 4,946 records due to privacy concerns and was able to match 31,007 records with earnings data. A further 1,221 matched records with wage data were dropped during the data cleaning process due to issues with reported earnings.

The table below summarizes the number of records analyzed in our analysis in each quarter between Q2-2021 and Q1-2022.

**Table B. Summary of Records Analyzed in Each Quarter Between Q2-201 and Q1-2022**

|                                     | <b>Pre-Suppression<br/>Records</b> | <b>Post-Suppression<br/>Records</b> | <b>Records Matched<br/>with<br/>Earnings<br/>Data</b> | <b>Matched<br/>Records<br/>with Valid<br/>Earnings</b> |
|-------------------------------------|------------------------------------|-------------------------------------|---|--|
| Quarter 2,<br>2021 (Apr.<br>– Jun.) | 45,001                             | 40,055                              | 31,007  | 29,786   |
| Quarter 3,<br>2021 (Jul.<br>– Sep.) | 48,254                             | 43,204                              | 33,570  | 31,957   |
| Quarter 4,<br>2021 (Oct.<br>– Dec.) | 47,007                             | 42,014                              | 32,821  | 31,653   |
| Quarter 1,<br>2022 (Jan.<br>– Mar.) | 48,558                             | 43,453                              | 33,895  | 32,497   |
| <b>Total</b>                        | <b>188,820</b>                     | <b>168,726</b>                      | <b>131,293</b>  | <b>125,893</b>   |

## Data Limitations

Unemployment insurance records have been used to study compensation and pay across many different sectors and industries. These data provide one of most robust and complete sets of information about how and what individuals are paid but have several important limitations.

First, not all employees are eligible for unemployment insurance. Notably, self-employed individuals and workers paid as independent contractors or on 1099s are not covered by the state's unemployment insurance system, and therefore would be missing from our data. In the ECE industry, many home-based ECE providers are classified as self-employed, and therefore are not included in our analysis.

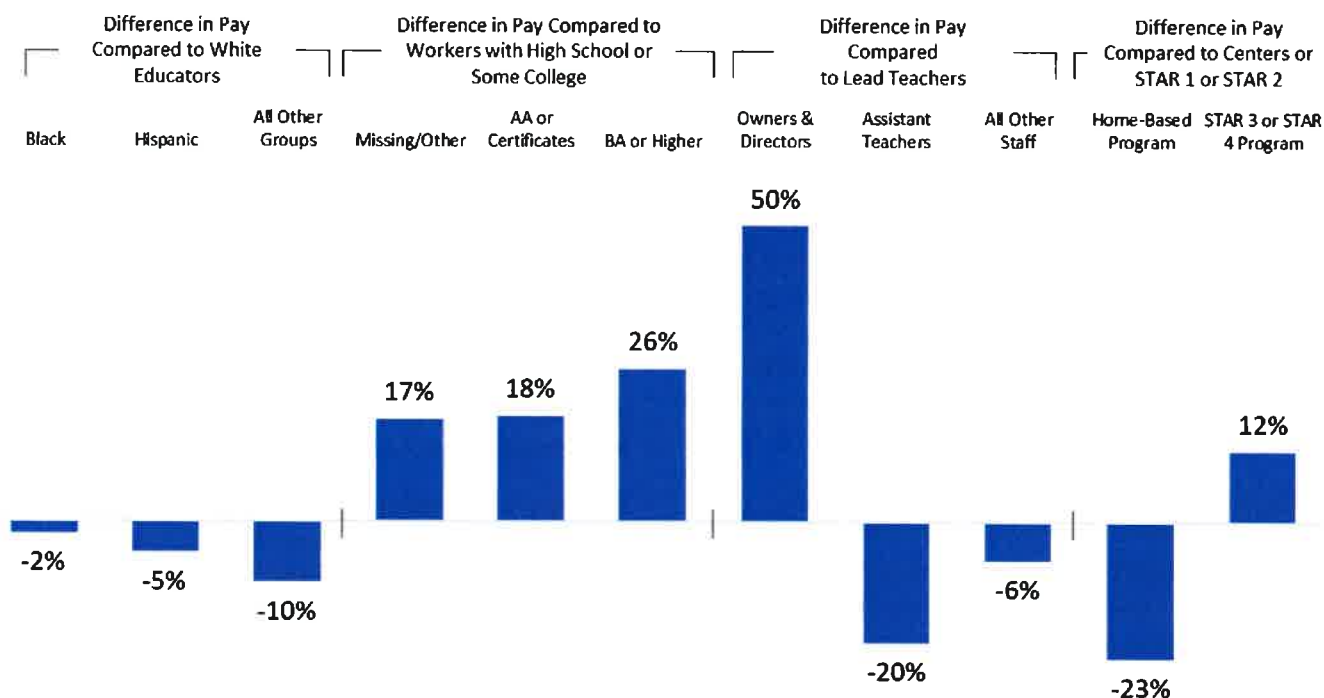
Second, L & I data report aggregate quarterly wages, but not the number of hours worked. This makes it difficult to distinguish between workers employed full-time and part-time, and workers holding multiple jobs simultaneously. To offset these challenges, we aggregated wages across all forms of employment within quarters to report the total earned in each quarter from all forms of eligible employment. In some cases, we estimated hourly wages from quarterly earnings, but these figures should be interpreted with caution.

## Regression Analyses

To understand more about the impact of different personal and programmatic characteristics on earnings in the ECE sector, we conducted a regression analysis on the individual earnings records provided by OCDEL and L & I. The model described below used the natural log of earnings for the four quarters between Q2, 2021 and Q1, 2022. The natural log transformation helps correct for skewness in the earnings data and aids with the interpretation of the coefficients, since income is better considered on a multiplicative rather than additive scale.

A full set of controls describing each individuals' race and ethnicity, job classification, and education level, as well as programmatic factors describing each educator's employer's STAR level, program type (home or center based), and ELRC region were included along with fixed effects for each time quarter. Due to concerns with missing data, we did not include indicators for educators holding certifications in the model. Coefficients from the model represent the percentage difference in quarterly earnings associated with each characteristic holding all other factors constant. The figure below summarizes each factor included in the model (excluding geographic and time factors).

Graph A. Summary of Model Coefficients: Impact of Individual and Program Characteristics on Logged Wages



## Analytical Approach

Our estimating equation is a regression of individual and programmatic characteristics on logged quarterly earnings.

$$\ln(\text{Earning}_i) = \beta_0 + \beta_1 \text{RaceEth}_1 + \beta_2 \text{Edu}_i + \beta_3 \text{Job Title}_i + \beta_4 \text{Prog Type}_i + \beta_5 \text{QRIS}_i + \beta_6 \text{ELRC Region}_i + \beta_7 \text{Quarter}_i + e_i$$

RaceEth1 is vector of indicators for each educator's self-reported race and ethnicity. Responses were grouped into four categories: Non-Hispanic white (excluded), Non-Hispanic Black, Hispanic, and All Other Races/Multiracial. Edu1 is vector of indicators for each educator's level of education. Responses were grouped into five groups: High School Diploma or Some College (excluded), Associate's or Approved Credential/Certification, Bachelor's Degree or Higher, and Other or Missing Education. Prog Typei is an indicator for individuals working in a Home-Based program or center based program (excluded). QRISi is an indicator for individuals working in a program with a STAR 1/STAR 2 rating or STAR 3/STAR 4 rating (excluded). ELRC Regioni is a vector indicating the ELRC region in which the individual was employed (ELRC Region 18: Philadelphia, is excluded).

Quarteri represents the quarter in which earnings were calculated (Q2, 2021 was excluded). Table C on the next page describes the coefficients and standard errors from the model above. All inputs were statistically significant at the 0.05 level, with the exception of Q1, 2021.



Table C. Regression Output (Adjusted R2 = 0.1999)

|                                       | Estimate | Std. Error | t value  | Pr(> t )  |
|---------------------------------------|----------|------------|----------|-----------|
| (Intercept)                           | 8.692    | 0.007      | 1184.892 | 0.00000   |
| Race/Eth: Non-Hispanic Black          | -0.018   | 0.005      | -3.223   | 0.00127   |
| Race/Eth: Hispanic                    | -0.052   | 0.007      | -7.087   | 0.00000   |
| Race/Eth: All Other Races/Multiracial | -0.102   | 0.005      | -19.911  | < 0.00000 |
| Edu: Associate's or Credential        | 0.180    | 0.006      | 29.538   | < 0.00000 |
| Edu: Bachelor's or Higher             | 0.259    | 0.005      | 52.459   | < 0.00000 |
| Edu: Other or Missing Education       | 0.174    | 0.004      | 40.521   | < 0.00000 |
| Job Title: Assistant Teachers         | -0.205   | 0.004      | -48.946  | < 0.00000 |
| Job Title: Owners or Directors        | 0.500    | 0.006      | 85.289   | < 0.00000 |
| Job Title: All Other Staff            | -0.065   | 0.005      | -13.972  | < 0.00000 |
| Prog Type: Home-Based Provider        | -0.231   | 0.015      | -15.343  | < 0.00000 |
| QRIS: STAR 3 or STAR 4                | 0.121    | 0.003      | 36.195   | < 0.00000 |
| Region: ELRC 15                       | -0.062   | 0.009      | -6.824   | 0.00000   |
| Region: ELRC 3                        | -0.197   | 0.010      | -19.619  | < 0.00000 |
| Region: ELRC 4                        | -0.220   | 0.009      | -23.192  | < 0.00000 |
| Region: ELRC 16                       | -0.098   | 0.008      | -11.878  | < 0.00000 |
| Region: ELRC 12                       | -0.200   | 0.010      | -19.304  | < 0.00000 |
| Region: ELRC 6                        | -0.251   | 0.010      | -24.153  | < 0.00000 |
| Region: ELRC 8                        | -0.155   | 0.012      | -12.701  | < 0.00000 |
| Region: ELRC 1                        | -0.195   | 0.010      | -19.674  | < 0.00000 |
| Region: ELRC 19                       | -0.043   | 0.009      | -4.998   | 0.00000   |
| Region: ELRC 5                        | -0.047   | 0.007      | -6.956   | 0.00000   |
| Region: ELRC Group A                  | -0.239   | 0.008      | -28.919  | < 0.00000 |
| Region: ELRC Group B                  | -0.072   | 0.006      | -11.208  | < 0.00000 |
| Region: ELRC 13                       | -0.146   | 0.010      | -14.749  | < 0.00000 |
| Region: ELRC 17                       | -0.016   | 0.007      | -2.294   | 0.02181   |
| Region: ELRC 14                       | -0.090   | 0.008      | -11.219  | < 0.00000 |
| Quarter: Q3, 2021                     | -0.046   | 0.005      | -9.916   | < 0.00000 |
| Quarter: Q4, 2021                     | 0.129    | 0.005      | 27.959   | < 0.00000 |
| Quarter: Q1, 2022                     | 0.004    | 0.005      | 0.809    | 0.41873   |



To help illustrate the estimates in the model work in practice, the table below shows the predicted annual earnings for a Black, white, and Hispanic lead teacher with an associate's degree, working in a STAR 3 or STAR 4 center in Philadelphia (ELRC Region 18), Allegheny County (ELRC Region 5), Montgomery County (ELRC Region 17), and ELRC region B, which included York, Lancaster, Cumberland Dauphin, Lebanon, Perry, and Adams counties.



Table D. Predicted Earnings Among Similar Teachers by Race\*

|   | White    | Black    | Hispanic |
|---|----------|----------|----------|
| ELRC Region 5: Allegheny County   | \$32,441 | \$31,863 | \$30,798 |
| ELRC Region 17: Montgomery County   | \$31,451 | \$30,890 | \$29,858 |
| ELRC Region 18: Philadelphia County   | \$32,965 | \$32,377 | \$31,294 |
| ELRC Region B: York, Lancaster, Cumberland, Dauphin, Lebanon, Perry, and Adams Counties | \$30,675 | \$30,128 | \$29,120 |

\*Predicted earnings assume lead teachers hold an associate's degree and work in STAR 3 or STAR 4 centers.

## Appendix 3

### Survey Sample and Weights

The teacher survey was fielded statewide in September 2022. A network of child care advocates and stakeholders helped publicize the survey across the state and identify and encourage teachers to complete the questionnaire. After cleaning the data and removing incomplete and duplicate or inaccurate responses, 3,429 unique responses remained.

Responses included teachers from every county in the Commonwealth. Just over half of respondents came from urban counties (54%) while just under half (45%) came from rural counties. Although the high number of responses from ECE teachers in rural counties is helpful for ensuring a wide representation of respondents, wage and employment data from the Pennsylvania Department of Labor and Industry suggest that just nearly 80% of the state's ECE employment is in urban counties. To ensure the averages presented in this document align with the actual distribution of workers across Pennsylvania, we developed a set of statistical weights to adjust for these differences. Weights were constructed to align our results with the employment figures reported by the Pennsylvania Department of Labor and Industry for 2021 in each of the state's Early Learning Resource Centers.

### Data Cleaning and Exclusions

In total we received 7,907 responses to the survey. A high number of these responses (roughly 56%) were discarded due to incompleteness or errors that made the results difficult to analyze. After filtering these records, we were left with a sample of 3,429 unique responses. The table below summarizes the characteristics of the 4,478 responses that were dropped from the initial sample.

|   | Total        | Share of Total |
|---|--------------|----------------|
| <b>Responses Analyzed</b>                   | <b>3,429</b> | <b>43%</b>     |
| <b>Total Discarded Responses</b>            | <b>4,478</b> | <b>56%</b>     |
| Respondent Answered Less than 75% of Survey | 120          | 2%             |
| Did Not Work in ECE                         | 459          | 6%             |
| Missing Geographic Information              | 360          | 5%             |
| Duplicate Responses                         | 1,124        | 14%            |
| Suspicious Responses                        | 2,396        | 30%            |
| <b>Total Survey Responses</b>               | <b>7,907</b> | <b>100%</b>    |

Among discarded responses, roughly 6% were discarded because the respondent indicated that they did not work as a teacher or did not work with children under the age of six. An additional 5% were dropped because the respondent did not provide information about the county where their place of work was located or because they indicated that they worked out of state. Because results were weighted by place of work, these responses could not be analyzed.

The largest number of discarded responses were discarded because they were identified as duplicates (14%) or because the answers provided did not appear accurate (30%). Duplicate responses were identified by the Qualtrics platform, which tracks users' browser information to flag respondents who fill out multiple surveys. A small number of additional duplicate responses were identified using email addresses provided by respondents who entered the survey's optional raffle.

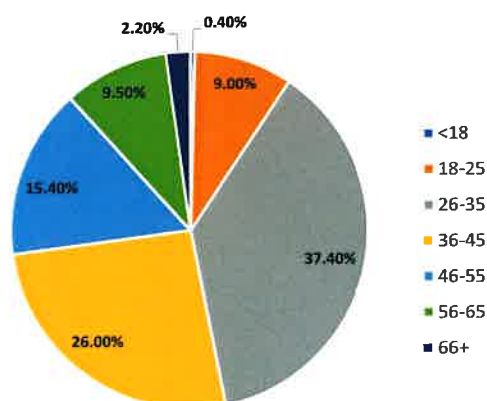
We also analyzed records to identify surveys with suspicious or inconsistent responses. This analysis identified respondents who entered gibberish or duplicated information into the survey's open-ended responses. A large number of responses identified in this way appeared to select the first option on every survey question or enter information that was highly suspicious. The table below summarizes the demographic, and program information for duplicate or suspicious responses identified on the survey.

Compared with the responses analyzed in this document, a very high proportion of dropped responses indicated they were male, American Indian, Asian or Pacific Islander, or taught in home-based programs. Information for the Pennsylvania Department of Labor and Industry and census records suggest that receiving this number of responses from male, American Indian, and Asian/Pacific Islanders that work ECE would be highly unlikely.

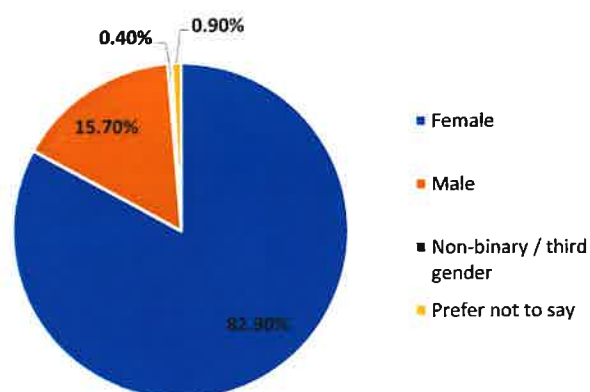
|                              | Duplicate Responses | Suspicious Response | Analyzed Responses |
|------------------------------|---------------------|---------------------|--------------------|
| N                            | 1,124               | 2,396               | 3,429              |
| Share Male                   | 19%                 | 33%                 | 20%                |
| Share American Indian        | 17%                 | 13%                 | 6%                 |
| Share Asian Pacific Islander | 10%                 | 9%                  | 5%                 |
| Share in Home-base Programs  | 31%                 | 37%                 | 20%                |

## Survey Sample Characteristics

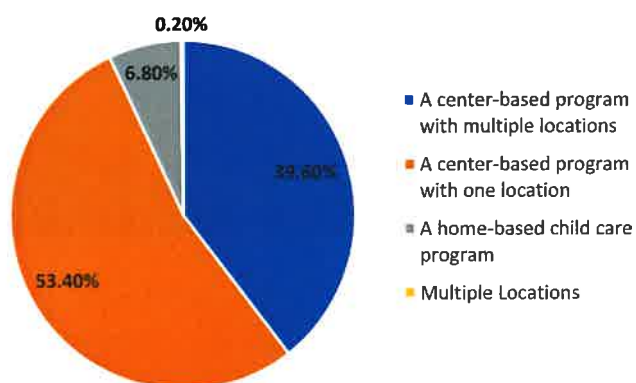
Graph B. Survey Respondents Age



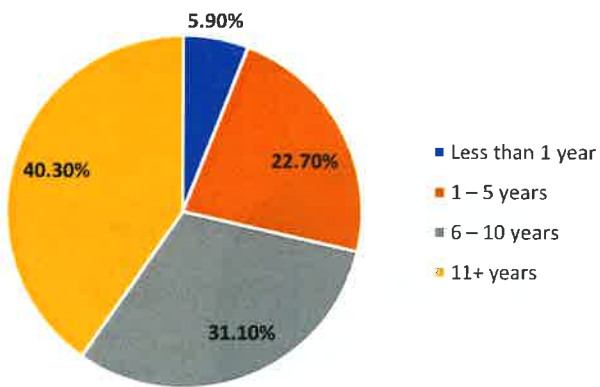
Graph C. Survey Respondents' Gender



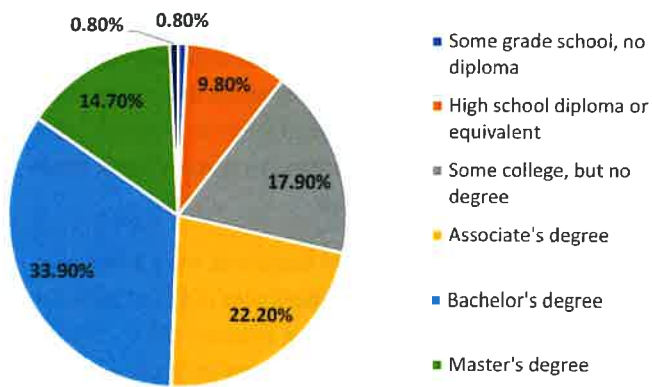
Graph D. Survey Respondents' Type of Early Childhood Program



Graph E. Survey Respondents' Career Tenure



Graph F. Survey Respondents' Education Attainment



# Sources



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- 6 See Appendix III for Methodology of Survey Analysis.
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- 8 The Pew Charitable Trust. (July 2012). Payday lending in America: Who borrows, where they borrow, and why. The Pew Charitable Trust. [https://www.pewtrusts.org/~media/legacy/uploadedfiles/pes\\_assets/2012/pewpaydaylendingreportpdf.pdf](https://www.pewtrusts.org/~media/legacy/uploadedfiles/pes_assets/2012/pewpaydaylendingreportpdf.pdf).
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## ACCESS

|                                     | Under 5 years |                | Infants and toddlers |               |
|-------------------------------------|---------------|----------------|----------------------|---------------|
|                                     | County        | PA             | County               | PA            |
| Child population                    | 101,053       | 681,354        | 62,059               | 399,126       |
| Eligible for Child Care Works (CCW) | 40,970        | 180,480        | 25,160               | 105,720       |
| Eligible children enrolled          | 12,775        | 44,579         | 6,638                | 22,294        |
| <b>Unserved, eligible children</b>  | <b>28,195</b> | <b>135,901</b> | <b>18,522</b>        | <b>83,426</b> |
| <b>Percent unserved</b>             | <b>69%</b>    | <b>75%</b>     | <b>74%</b>           | <b>79%</b>    |

Pennsylvania's child care system has a staffing shortage resulting in more than 35,500 children sitting on wait lists making it difficult for parents to work. This child care crisis costs working families, employers, and taxpayers \$6.65 billion annually in lost wages, productivity and revenue. The key to increasing working families' access to child care is addressing the child care staffing crisis.

## QUALITY

|                                   | Under 5 years in<br>Child Care Works |     | Infants and toddlers<br>in Child Care Works |     |
|-----------------------------------|--------------------------------------|-----|---|-----|
|                                   | County                               | PA  | County                                      | PA  |
| Children enrolled in high-quality | 42%                                  | 45% | 38%   | 42% |
| Capacity meeting high-quality     | 47%                                  | 46% |   |     |

The General Assembly should invest \$70 million to increase funding for programs serving subsidized children that have reached a STAR 2, 3 or 4 rating, thereby incentivizing programs to achieve higher levels of quality, and sustaining those that have met the high-quality standards.

## WORKFORCE

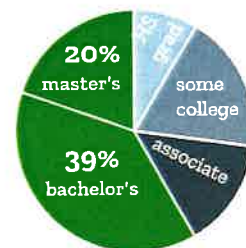
Weekly Wage (2022)

**Child Care \$556**

**All-Private \$1,244**

Workers in the child care industry (all occupations) earn **45%** of the average weekly wage of private sector employees.

**59%** of teachers  
planning to leave  
child care sector  
are highly educated



The General Assembly should implement a child care teacher wage scale that will compete in today's labor market and recognizes the qualifications of the professionals doing the work. Start Strong PA proposes a \$430 million plan to raise wages to \$15/hr. for HS diploma or GED, \$19/hr. for Associate Degree, and \$21/hr. for Bachelor's Degree or higher.



Start Strong PA believes that because every child deserves an equal opportunity to a quality educational foundation that will prepare them to grow, learn, and succeed, we are calling on Pennsylvania to focus on the most important years of a child's development; the first three years of life.

Data is provided by KIDS COUNT®: Pennsylvania Partnerships for Children

## BENEFITS OF HIGH-QUALITY CHILD CARE



increased  
employment and  
tax revenue



increased job  
retention and  
productivity for  
employers



higher earning  
potential for  
parents



improved math  
and language  
ability



healthy  
development



reduced grade  
repetition

"Our program has 14 open positions which has not only caused the closure of 7 classrooms but the inability to hire quality staff directly impacts the quality of care and education. It also directly impacts families' ability to go to work as we have 632 children on our waitlist."

- Jen Segelken, VP Youth Development,  
Greater Philadelphia YMCA

"Since the onset of the COVID-19 pandemic and related mitigation efforts, many firms have struggled to retain employees and fill job vacancies. That outcome could be partly due to a lack of affordable child care options for working families, as the child care industry has yet to revert to pre-pandemic employment levels."

- Independent Fiscal Office,  
Post-Pandemic Child Care Cliff (February 2023)

The General Assembly should invest \$500 million in new and recurring state funding to:

- Implement a child care teacher wage scale that will compete in today's labor market and recognizes the qualifications of the professionals doing the work. Start Strong PA proposes a plan to raise wages to \$15/hr. for HS diploma or GED, \$19/hr. for Associate Degree, and \$21/hr. for Bachelor's Degree or higher. The total investment for this progressive wage scale is \$430 million.
- Invest \$70 million to increase funding for programs serving subsidized children that have reached a STAR 2, 3 or 4 rating, thereby incentivizing programs to achieve higher levels of quality, and sustaining those that have met the high-quality standards. Such an investment will help compensate child care providers closer to the actual cost of providing these services.



Campaign led by Children First | Fight Crime; Invest in Kids | First Up | Mission: Readiness | Pennsylvania Association for the Education of Young Children | Pennsylvania Child Care Association | Pennsylvania Head Start Association | Pennsylvania Partnerships for Children | The United Way of Pennsylvania | Trying Together

Data is provided by KIDS COUNT®: Pennsylvania Partnerships for Children

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3/2023





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THE ADVOCATE FOR KIDS

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# PA Voters Overwhelmingly Support Additional Investments in Early Care and Education

**98%** of PA voters believe early childhood education is important.

PA Voters favor allocating additional state funding for ECE programs

PRE-K



CHILD CARE



HOME VISITING



**81%** of PA voters favor allocating state funding to increase wages of childcare workers.



\*Source – Susquehanna Polling - survey of likely PA voters conducted February 2023

# HIGH-QUALITY, PUBLICLY FUNDED PRE-K IN PENNSYLVANIA

**57%** of eligible children  
DO NOT have access

**153,210**

of the 282,228 children age 3-4  
living in Pennsylvania  
are eligible

**87,288**

eligible children  
DO NOT have access

**In Pennsylvania:** 3,067 pre-k locations are eligible\* to participate. Of those, 2,298 (75%) receive public funds to support high-quality pre-k. 468 (or 46%) of the 1,019 Pre-K Counts locations are child care.

**4,364** additional pre-k classrooms  
needed for eligible children

Plus, **6,451** more high-quality pre-k classrooms are needed to serve all remaining children age 3-4 in Pennsylvania.

The General Assembly should:

- Support investments of \$30 million in Pre-K Counts and \$3 million in the Head Start Supplemental Assistance Programs to increase the per child rates to address staffing shortages and inflation.
- Ensure the Pennsylvania Department of Education implements the Pre-K Counts rebidding process without service delivery cuts to current service areas, since all Pennsylvania counties have unmet need for publicly-funded pre-k.



Campaign led by Children First, Fight Crime: Invest in Kids, First Up, Mission Readiness, Pennsylvania Association for the Education of Young Children, Pennsylvania Head Start Association, Pennsylvania Partnerships for Children, Trying Together and United Way of Pennsylvania.

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Data is provided by KIDS COUNT®: Pennsylvania Partnerships for Children