

TESTIMONY OF

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ON

THE IMPACT OF THE CHILD CARE CRISIS

ON PENNSYLVANIA'S WORKFORCE

BEFORE THE

HOUSE CHILDREN & YOUTH COMMITTEE

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Introduction

Good morning, committee chairs and members of the House Child and Youth Committee. I am Angela Ferritto and I am the President of the Pennsylvania AFL-CIO. I offer this testimony on behalf of our affiliated labor organizations and the 700,000 working members, along with their families, that we are privileged to represent at their workplaces and in their communities.

Thank you for the opportunity to present testimony to you today regarding the impact that limited access to affordable child care has on working families across our Commonwealth. Pennsylvania workers are the backbone of our state – access to affordable child care is among the most pressing issues facing PA's working families today. Access to quality child care must be a fundamental right for working parents across our state. This issue requires your immediate legislative attention and action.

Impact on the Pennsylvania's General Workforce

Child care issues affect everybody, directly or indirectly. The child care field is critical to maintaining a functioning society. Without reliable child care options available, working parents are forced to make sacrifices in, and often of, their jobs and careers or forfeit an outsized and burdensome percentage of their monthly gross pay for care – often driving (predominantly women) out of the workforce in general.

We need to be realistic when we discuss the issues facing our child care system, with an understanding that our general workforce is actively changing. Child care options and availability are already limited for those working “traditional” hours – but that level of accessibility drastically dwindles for working parents who have infants or toddlers. Those working evening and overnight shifts, as well as those located in rural parts of our state face additional accessibility restrictions.

The reality is this: too many of our working families – particularly those with young children – struggle to access or afford child care that meets their families' needs. Many of PA's parents who struggle to shoulder the cost of child care out of pocket also do not qualify for any form of financial assistance or financial incentive from the state. For those who do, it is not uncommon to find their children added to waitlists to get into a safe child care program they can afford. There simply are not enough child care enrollment slots available in Pennsylvania to meet the growing number of children waiting for openings across the state.

These issues don't just impact workers living paycheck to paycheck – Pennsylvania's working families who can afford child care are *still* struggling to keep up with the outlandish cost of the programs in which their children are enrolled. Meanwhile,

nearly half of PA parents simply cannot afford to pay for child care at all and rely on finding alternative child care solutions or having to reduce their work hours in part or entirely. In a period of labor market shortages, that impacts upon employers as well.

Lack of access to affordable child care perpetuates an ongoing cycle that systematically drives parents – *predominantly women* – out of the workforce. This, in turn, creates both short and long-term economic sacrifice and duress and puts additional stress on both families and employers.

Baseline Cost

The baseline cost of child care in Pennsylvania is substantial. According to a report released earlier this month by ReadyNation and the Pennsylvania Early Learning Investment Commission, the annual cost of Pennsylvania's child care crisis has skyrocketed to an estimated \$6.65 billion dollars annually. That's billion with a "B" – with the economic impact on our families and employers more than doubling since 2018.

Additionally, a study from Penn State University found that the average annual cost of child care in PA is over \$15,000 per child. Meanwhile, the average Pennsylvanian *household* income was just under \$85,000. This means that the average family spends around 17.8% of their annual household income to finance child care. For reference, the US Department of Health and Human Services has calculated that child care should not account for more than 7% of a family's total income. To provide some perspective, a PA worker earning our state's minimum wage of \$7.25 per hour for a full time job would earn a total of pre tax income of \$15,080 in a year – a net amount that is far less than the average cost of child care in our state!

While the cost of care challenges families and the workforce across every county, the child care costs fluctuate based upon several factors. The monthly costs for basic infant care averages around \$880, with high-quality childcare programs averaging over \$1,100 a month. The monthly cost of care for a preschool aged child ranges around from \$770 to over \$900 a month. This means that enrolling a child in a basic facility, rated as minimum-quality by the state, would still account for nearly 11% of a family's budget to care for a single preschool-aged child. When even the bare-bones level of child care is economically out of reach for families in the workforce, there is an urgent problem.

Pennsylvania families also face geographical child care costs in addition to other cost of living disparities across the state. Philadelphia, for example, has the highest annual cost of child care that averages to just over \$17,200 – that ranges up to \$1,000 more in the suburbs. In Harrisburg, Levittown, and Lancaster cities, the cost of child care averages between \$11,300 to \$11,600 a year. Tied to the cost of living and average household

income in these respective areas, the economic sacrifices working parents face simply to be able to go to work are monumental.

Additional Costs

While the baseline costs of childcare can seem overwhelming to most of us, the actual cost of childcare in Pennsylvania is often higher. Some of the variables that can financially impede access to quality care include food, travel, and extracurricular expenses that can strain a family's ability to financially participate. For example, some providers offer food, while others require packing either meals or snacks to share on a rotating basis.

In some circumstances, less expensive childcare providers may exist a distance away from a family's location, either adding additional gas, vehicle, and travel expenses into the cost or making access nonexistent for practical purposes. This creates further additional financial burdens for families to shoulder, or simply makes those options inaccessible to families living from paycheck to paycheck.

Extracurricular activities – such as field trips, themed days, children's birthdays, and additional lesson offerings can create additional financial strain. In Pennsylvania, the cost of childcare services has increased by 62% while the state subsidy has increased just 28%. The average working family simply cannot financially keep up.

Impact on Productivity, Worker Advancement, & Long-Term Opportunity

In addition to the direct financial costs associated with childcare in PA, the ramifications for having to adjust to shifting last minute childcare needs causes additional interference with worker productivity and career advancements. These create detrimental impacts on both short- and long-term opportunities that working parents – particularly those with children five and under – must sacrifice to balance home care options and last-minute adjustments.

Unfortunately, our current childcare availability and affordability situation is underfunded and overstretched. Too many of our working families struggle to make ends meet, disproportionally forcing women out of the workforce because it makes the most fiscal sense for them to stay home with their children. Furthermore, childcare spots are extremely limited in PA – there literally are not enough open spots to enroll the over 38,000 children currently waitlisted by the state for affordable care to open near them.

The impacts – presented by the costs previously noted, in addition to the lack of geographical access and limited availability of care options – have had detrimental

consequences on working parents, employers, and taxpayers. This is a direct result of the problems facing our state's childcare "system," including but not limited to, lost earnings, productivity, and revenue.

According to the ReadyNation report, over 50% of Pennsylvania parents surveyed noted that among the top childcare related work issues they face include scheduling disruptions as last minute or lack of child care struggles arise. This ranges from missing full days of work, to having to leave work early or come in late. It also includes being distracted at work while having to coordinate emergency care or balancing work and childcare from home.

Among the repercussions working parents in Pennsylvania face due to childcare concessions are cuts to hours and pay, diminished career opportunities both short-term and long-term, and getting reprimanded, demoted, and even fired. How can we have a productive conversation on workforce labor issues when we are perpetuating a key systemic issue forcing so many to have to make impossible choices because they simply can't afford to work and care for their children?

Problems with childcare significantly reduce how much time parents can spend at work, having to change work schedules, reducing work hours, and even switching to part-time work with reduced hours and pay. According to the report, over one-third of working parents turned down a new job offer or further education or training. While the obvious immediate impact on working parents equates to reduced income and added financial stress – long-term, parents often struggle with career setbacks that directly impact career advancement and earning potential.

Challenges to parents' work lives due to child care issues are more widespread now than in prior years. Standard challenges facing our childcare and early education systems combined with the additional impacts from COVID-19 have significantly worsened Pennsylvania's child care crisis. A survey from Penn State University estimates an increase in operational cost of \$22 more per child per week since COVID-19 hit.

Additional General Workforce Figures

More than half of the parents surveyed for the ReadyNation report emphasized that childcare issues negatively impacted their quality of work, as well as their overall level of productivity. 25% of those surveyed in the same report indicated that they've been reprimanded before due to scheduling issues relating to childcare, with nearly 20% of those individuals ultimately losing their jobs for the persistent issue.

This is not a problem unique to Pennsylvania's working parents, though – this creates challenges for both workers and their employers. These systemic issues create a productivity problem that is costing Pennsylvania's employers an estimated \$1.52 billion in losses annually. Across the state, we have nearly 800,000 working parents of children under the age of six, with the majority of those in need of some form of early childhood care.

ReadyNation and Start Strong PA commissioned a survey of Pennsylvania's working parents with children five and under. This survey highlights the ways that parents' performance and opportunities are drastically negatively impacted by the issues within our state childcare system. As noted in this report, the individual economic burdens stemming from care for children under age five are: \$5,140 for PA parents – or \$4.1 billion total; \$1,910 on PA businesses – or \$1.52 billion total; and \$1,300 on PA taxpayers – or just over \$1 billion total.

Furthermore, according to the ReadyNation survey, the cost of care for an infant child averages to about 40% of the median income of a single parent in Pennsylvania. While it's important to emphasize how childcare is simply unaffordable for nearly all families, this is a systemic problem that creates additional barriers to our low-income families – particularly those without access to subsidized child care, as well as for families who do not qualify for such care.

Impact on Child Care Workers Across Pennsylvania

The childcare crisis in Pennsylvania is, additionally, related directly in part to the embarrassingly poor way that we treat childcare workers in Pennsylvania; we continue to perpetuate the systemic inequities in this field. Every worker in every job is entitled to dignity and respect. When we consistently treat workers in this industry as not being worthy of a living wage, family sustaining benefits, or simply respect for their important roles in our society, we plainly make an essential comment about them and about our most precious resource, our children, whom we entrust to their care.

The direct response to how we help build consistency and expand the workforce in our state's childcare and early education fields is to create and implement effective policy change focused on increasing the wages, benefits, and general support for child care workers. This first step could prevent turnover and create jobs that workers can afford to stay in. It is important for our state to be able to compete in the current labor market to expand and retain workers in those jobs.

Child care facilities can't recruit and retain quality providers, leading to programs with empty rooms and long waiting lists, or programs that have to close. The gross lack of

investment from the state toward this labor-intensive field makes it difficult to secure, train, and retain a reliable workforce.

We must treat our childcare workers with the dignity and respect they deserve and have earned. Investments in our childcare and early education workers are a critical piece of addressing the workforce challenges that Pennsylvania workers and employers generally face. We owe it to the workers in these fields to fight for a thriving wage, with an appropriate pay scale and employee benefits that reflects the level of skilled work that they provide, the professionalism we demand, and the level of trust we expect.

Child Care Workforce Figures

Pennsylvania's childcare system is currently facing a 4,000-person workforce shortfall with more than 35,500 children on wait lists across the state. This making it difficult for parents to work, leading to the issues we previously noted. However, I want to make one thing clear: we are not facing a labor shortage. The fact is that wages actually paid in these fields have not kept up with the current labor market.

Picture this – you're a childcare worker working with infants and toddlers daily. Depending on the age in PA, you may have four to 10 children under the age of five under your direct care – perhaps, double or triple that number with only one or two additional staff to balance the needs of children who require direct attention around the clock. Your job duties for the day are a near consistent revolving list of changing diapers, cleaning babies and toddlers up, and preparing, feeding, and cleaning up after multiple meals and snacks. A significant part of your job is to simultaneously tend to the emotional and behavioral needs of a wide range of fussy infants, toddlers learning to regulate their emotions, and preschoolers consistently curious to learn and explore everything around them.

Your workday starts early to accommodate working parents schedules and lasts long enough into the evening for parents to finish work and pick up their kids. Throughout the day and after the long days wrap, additional cleaning, organizing, and preparation for the next early morning to start is necessary. This does not include the emotional and physical tolls that working with children in this age range (as well as their parents) has on workers day in and out.

Now imagine doing this work while struggling to make ends meet. The average child care professional earns less than \$12.50 an hour, with 21% of those workers relying on SNAP benefits and insured by Medicaid. In other words, Pennsylvania taxpayers are subsidizing their employers by funding these critical benefits. As many of these staff are college educated, it's no surprise that nearly 50 percent of educators surveyed say they

are unlikely to remain in their childcare jobs – particularly with the highly demanding workload, lack of opportunity, and difficulty to survive financially.

In a poll commissioned by the advocacy groups Start Strong PA and Pre-K for PA on staffing childcare facilities, 85% of those surveyed indicated that they're facing staffing shortages in Pennsylvania, with 50% percent having closed at least one classroom due to lack of staff. Providers currently have around 4,000 open staff roles to fill, with more than 35,500 children on wait lists across the state. This makes it difficult for parents to work, leading to the issues with the general workforce that we previously noted.

In 100% of the 67 Pennsylvania counties, child care workers' 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. Fifty-four percent of workers said they do not have an emergency fund to cover three months of expenses, and 60% noted they wouldn't be able to afford an additional \$400 emergency.

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.

Furthermore, according to a report from Start Strong PA, there is a wage disparity for all educational levels of infant and toddler workers compared to their colleagues who teach preschool-age children. Those with a bachelor's degree averaged \$4.00 less per hour; an associate degrees average just over \$1.25 less per hour, and those with no degree average \$1.05 less per hour than their preschool teaching counterparts. This creates a wage gap of around \$2,200 to \$8,400 annually.

Without a direct investment in the childcare sector's workforce, this crisis will continue. This also means that it's likely that more classrooms will close, leaving even more working parents struggling to find care for their children.

Conclusion

The childcare shortage and issues within Pennsylvania's "system" are one of the biggest systemic factors creating workforce challenges for working parents, employers, and taxpayers across the state. We must ensure that every Pennsylvania working parent has access to affordable, reasonably available, equitable childcare for their children without detrimentally impacting their abilities to thrive economically and in their jobs.

Access to early childhood education and childcare are two among the most pressing issues facing our working families in Pennsylvania today. We encourage you, as policy makers, to develop the policies and programs that can make quality child care both affordable and available.

We must support our working parents who want to maintain their jobs by making childcare and early childhood education attainable for all. We must make sure that we treat childcare and early childhood education workers with dignity and respect by uplifting our wage scales to reflect their work and retain workers across the state. And we must work together to ensure that the systemic inequities that face women, particularly women of color, are addressed and rectified in the process. This will not only strengthen Pennsylvania's workforce but will have a net positive impact on our economy now and for generations to come.

On behalf of the 700,000 working people represented by the affiliated unions of the Pennsylvania AFL-CIO and the hundreds of thousands more in their families who simply want to raise strong families without having to sacrifice their entire careers or face living in poverty – we encourage you to take immediate action in beginning to address the gender, racial, and economic disparities present in our current child care system so more of our Pennsylvania families can prosper in an environment that fosters real family values. Thank you.