



GIVE. ADVOCATE. VOLUNTEER.

**United Way
of Pennsylvania**

March 28, 2023

**House Children & Youth Committee Testimony
The Impact of Child Care Challenges on ALICE Households**

Good afternoon, Chairwoman Bullock, Chairman Jozwiak, and members of the committee. My name is Kristen Rotz, and I am the President of the United Way of Pennsylvania (UWP). The United Way of Pennsylvania is a 501(c)(3) membership organization whose mission is to champion United Way as a leader and partner in building more financially resilient families and thriving communities throughout Pennsylvania. United Way has the expertise and relationships to develop meaningful and lasting solutions to community challenges through root cause analysis. United Ways leverage donors' resources to facilitate cross-sector solutions to the problems their communities face. Through the generosity of donors, United Ways possess the ability to reduce burdens on public sector programs.

Local United Ways are also part of a national and international network which can scale solutions to achieve positive impacts across the country and around the world. In Pennsylvania, 51 local United Ways work to address community needs related to the basic building blocks for quality of life - health, income, and education. We envision an inclusive, impactful, and collaborative network of United Ways working with business, community, faith, and government leaders through the Commonwealth to advance equitable access to health, education, and financial stability for all Pennsylvanians.

As part of our work to advance financial stability, United Way of Pennsylvania is committed to lifting up ALICE through community programs and advocacy. ALICE stands for **A**sset **L**imited, **I**ncome **C**onstrained, **E**mployed. ALICE represents the 27% of Pennsylvanians that work but struggle to survive. ALICE households earn above the Federal Poverty Level but earn much less than what is needed to afford basic necessities. The Household Survival Budget estimates the actual bare-minimum costs of basic necessities (housing, child care, food, transportation, health care, and a basic smartphone plan) in Pennsylvania, adjusted for different counties and household types. When combined with those living at or below the Federal Poverty Level, 39%, or 2-out-of-5, Pennsylvania households are living below the ALICE Threshold, the average income that a household needs to afford the basic necessities defined by the Household Survival Budget for each county in Pennsylvania.

Despite the financial challenges ALICE faces, they often earn too much to qualify for public assistance. In addition, there is no room in ALICE's budget for an unexpected financial emergency. Three years ago, that emergency came in the form of COVID-19. Now, ALICE households are being confronted by unpredictable

LIVE UNITED

inflation and issues in the childcare sector. Both represent barriers to ALICE's success, which is defined by their ability to achieve financial stability. To do so, all households with young children living below the ALICE Threshold need access to dependable, affordable, high-quality child care programs, so parents can work.

According to the most recent [ALICE Report](#)®, of the more than 5 million households in Pennsylvania, about 1.3 million, or 25%, had children living in them, and approximately one-third of those households were living at or below the ALICE Threshold. Of those households with children living at or below the ALICE Threshold, approximately 120,000, or 9.5%, were married couples, nearly 225,000, or 18% were single female-headed households, and about 59,000, or 5%, were single male-headed households. For a single-parent household with non-school age children, access to child care is more than a basic necessity, it is insurance that allows parents to work, and/or access career or educational advancement opportunities to get on a path to financial stability.

Unfortunately, Pennsylvania's child care sector has been hampered by low wages, which has caused an exodus from the field forcing the closure of classrooms. According to Start Strong PA's February 2023 survey, the average child care teacher earns less than \$12.50/hr. with approximately 21 percent of those child care teachers relying on SNAP benefits and 21 percent insured by Medicaid. The ALICE Report ©, defines occupations by two categories, innovators, which can be defined as higher-wage, decision-making jobs, and maintainers, which are middle to low-wage jobs that build and maintain the physical economy or care for and educate the workforce. By definition, many child care workers are ALICE, as they are in a maintainer occupation earning low-wages.

Access to affordable, high-quality child care is a must for Pennsylvania's working households. However, ALICE Households depending on low-wage child care workers who are also struggling to make ends meet is a recipe for disaster. ALICE also works in child care, and departure from the field (frequently in search of higher wages) has caused nearly 1,600 classrooms to close in child care facilities according to the February Start Strong PA survey. As a result, over 38,000 children are currently on waiting lists, which means parents are likely not working or working inconsistently. For ALICE, this represents both a barrier and a financial catastrophe as households struggling with inflation cannot withstand lost wages.

Access to child care, and higher wages for the child care workforce, are foundational to solving the workforce crisis that many businesses are currently experiencing. Child care teachers are the workforce that enables the rest of the workforce with children to go to work. Currently, lack of available, affordable and high-quality care is keeping parents on the sidelines who need to work to support their household, as well as parents with children who prefer to work but can't due to closed classrooms limiting the availability of care options.

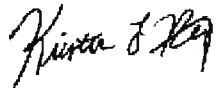
On March 21, 2023, United Way of Pennsylvania released our 2023-2024 Commonwealth Budget Priorities, which focus on addressing the needs of ALICE households. As part of our request, we continue to advocate for more public investment in high-quality child care, preschool options like Pre-K Counts and Head Start, and evidence-based home visiting services because they give children a strong foundation for future academic

LIVE UNITED

success, while providing families with the tools to support positive outcomes. Likewise, access to affordable, high-quality child care is beneficial to families, the community and businesses who rely on parents to be able to engage in the workforce. For more information on United Way of PA's 2023-2023 Commonwealth Budget priorities, please visit <https://www.uwp.org/advocacy/>.

Thank you for the opportunity to provide testimony on these important issues and share the perspective of the United Way of Pennsylvania, and our network of local United Ways.

Sincerely,

A handwritten signature in black ink, appearing to read "Kristen Rotz".

Kristen Rotz
President
United Way of Pennsylvania

LIVE UNITED