



Testimony on House Bill 1259
House Finance Committee
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Thank you for inviting me to offer testimony in front of the committee today on this important issue. There are two major barriers for Pennsylvania's working parents to having access to high-quality child care for their children. This is both a supply and demand issue that has resulted in an economic nightmare that has dragged Pennsylvania's economy in the mud for far too long.

First, let's address the demand issue. It is estimated that there are over 400,000 kids in child care programs in Pennsylvania. The only way to maintain their parents' participation in Pennsylvania's workforce is to ensure the cost of child care doesn't outweigh the potential earnings of each working parent. Let's be clear. The rising cost of child care is absolutely causing new parents to leave the workforce completely or shift to part-time.

According to a recent report from the Pennsylvania Early Learning Investment Commission and Ready Nation PA, infant child care costs represent 40 percent of the median annual income of a single parent in Pennsylvania. Infant care in a center in Pennsylvania averages over \$12,000 per year. Those numbers go through the roof for working parents who have more than one child in child care. 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. Let me repeat that. Child care is unaffordable.

According to the same report, the lack of access to affordable, high-quality child care is costing Pennsylvania's economy \$6.65 billion each year. As housing prices and other critical expenses have sky-rocketed, the rising costs of child care, which can be higher than a household's mortgage payment, have prevented young families from buying homes, automobiles and spending hard-earned dollars at Pennsylvania's local businesses, all of which are major driving factors at pushing our Commonwealth's economy forward.

At a time when countless sectors in Pennsylvania's economy face worker shortages, we must address the root causes of this problem to solve it. The lack of affordable child care is at the top of that list. HB1259 gets to the root of the affordability problem.

Adding a state tax credit for child care last year was a great step forward. However, the benefit was only between \$180 and \$630 per household depending on income level and number of dependents. The expansion of the tax credit proposed in HB1259 would make a drastic difference in the benefits working parents would earn. As we have seen with similar tax credits at the federal and state levels, the increase in benefits would then directly benefit the state and local economies in PA due to families having a larger cushion to spend.



According to the United Way of Pennsylvania's recent ALICE report, 12% of households in Pennsylvania (636,093) were living under the federal poverty level in 2021. Despite a shortage in access, many of the folks living under the poverty level qualify for other public assistance programs. However, the report's data shows that another 27% (1.4 million households) live above the designated poverty line but still live below an income level that is necessary for financial survival. Of the 5.2 million households in Pennsylvania, over 2 million (39%) had income below the ALICE Threshold of Financial Survival in 2021 when combining both groups.

As federal programs created during COVID to assist working families to stay above water have ended, we are at the edge of a financial cliff for those who live above the financial thresholds for federal and state assistance but who still earn below the financial survival income level. What's being proposed in HB1259 can play a huge role in mitigating those challenges for young families needing affordable, high-quality child care so they can remain in the workforce full-time.

Addressing the demand/affordability side is critical, however without simultaneously addressing the supply side, the staffing crisis in child care centers, this good-willed effort to provide critical well-earned support for working families, could potentially fall short. Early learning centers continue to close classrooms due to the flight of early learning educators leaving the field caused mainly by low wages, lack of benefits, etc.

In fact, according to a recent survey conducted by Strong Strong PA, staffing shortages have resulted in over 38,000 children in Pennsylvania currently being on waiting lists caused by the closure of roughly 1,600 classrooms. That's just in the over 1,100 centers who responded to the survey, so you could assume that number is drastically higher with there being over 6,000 programs across Pennsylvania.

We urge this committee and the General Assembly to work toward finding solutions, like HB1259, that will begin to address both the supply and demand side of this issue. The challenges facing both working parents and the child care sector are stalling our economic growth in Pennsylvania and prevent hard-working families from being able to create more opportunities for their children.

Thank you again for allowing me to provide testimony on this critical matter for Pennsylvania.