

Dear Members of the General Assembly:

As local chambers of commerce across Pennsylvania, we urge you to take further action (detailed below) to address Pennsylvania's continuing child care crisis that is plaguing working families and employers.

Employers across the commonwealth representing virtually all economic sectors acknowledge that working parents' struggles in affording and finding quality child care is impeding their ability to fill open positions and hurting their bottom line. Pennsylvania's child care crisis is harming our state's economy, costing working families, employers, and taxpayers \$6.65 billion annually in lost wages, productivity and revenue.

It is important to underscore that there are two sides to this crisis – parents affording quality care, and parents finding quality care.

We are grateful that the General Assembly acted in a bi-partisan manner in making child care more affordable for working families through the enhanced Pennsylvania Child and Dependent Care Enhancement Tax Credit Program. This will certainly help in solving part of our child care crisis.

Unfortunately, tax credits do not address the historic teacher shortage that is closing child care classrooms and entire programs, driving up waitlists, thus hampering parent's ability to find care. Low wages are driving this teacher shortage.

According to a new Independent Fiscal Office (IFO) report, child care wages did grow between 2019 – 2023 to a statewide average of slightly more than \$15 per hour. The report cautions however that this data includes the observed impact of the \$1.6 billion in one-time federal pandemic relief funds that were allocated to stabilize the child care sector. The report further cautions that it is unclear how the depletion of the one-time funds will impact the child care sector, and whether early learning providers can sustain these recent wage increases. With working families already struggling to afford the costs of child care, providers just can't compete in a labor market with many sectors offering \$20+ per hour for largely unskilled positions.

This situation is not unique to Pennsylvania, it's happening across the nation and many states are taking action. At least eighteen states, both Republican and Democrat, have directly invested in recruitment, retention or wage impacting strategies to solve the child care teacher shortage and ensure that working families can find care.

Several states are providing a monthly per-employee stipend to child care providers for the direct purpose of helping to retain and recruit staff. Allowable uses include hiring bonuses, benefit packages, monthly wage increases, or retention bonuses for staff staying for a certain length of time or for staff achieving certain credentials or degrees. A key element of this model is the flexibility of use - understanding that local child care providers know their program, region, and employees best.

We urge you to continue to work across the aisle and enact solutions like those detailed above that will help solve the child care teacher shortage and help working families find child care. We look forward to working with you on this important issue and please don't hesitate to reach out if you have questions or concerns.

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