



***FIX CHILD CARE – Understanding PA’s Child Care Crisis
Help families find care / solve the historic teacher shortage.***

- It is not an overstatement to say that Pennsylvania’s child care sector has been in crisis for some time.
- It is important to understand that there are two sides to the child care crisis – a demand side (working families affording care) and a supply side (working families finding care).
- On the demand side, there has been progress in helping working families who are struggling to afford child care.
- The average cost of infant/toddler care across Pennsylvania (more than \$12,000 per year) is almost equal to that of public college tuition.
- Providers hear this all the time from families, but they are powerless to help them because their costs are constantly rising, and they know that parents cannot afford for them to pass along these price increases in the form of tuition hikes.
- Governor Shapiro and the General Assembly acted in a bi-partisan manner to make child care more affordable for families through the enhanced Pennsylvania Child and Dependent Care Enhancement Tax Credit Program. This will certainly help in solving the demand side or affordability crisis. Unfortunately, tax credits do not address our historic teacher shortage that is the supply side of the child care crisis.
- Updated data from the September 2023 Children’s Hospital of Philadelphia’s Policy Lab survey of 677 child care providers showed more than 3,300 open positions. If those positions were filled, these 677 providers could be serving almost 16,500 more children.
- It’s important to keep in mind when thinking about these numbers that 677 providers ONLY represents about 10 percent of the licensed child care providers in Pennsylvania. Imagine how big the actual numbers are!
- The staffing shortage within the child-care sector is driven by low wages. According to a new (March 2024) report from the Independent Fiscal Office (IFO), the average child-care teacher in Pennsylvania earns \$15.15 per hour. This data was collected during 2023.
- Regarding the IFO report, it is important to underscore that the wage reported includes the impact of the approximately \$1.6 billion in one-time federal child care stimulus funds that Pennsylvania received. The report goes on to say, “it is unclear how the depletion of all [one-time, federal] stimulus funds will impact the sector, and whether firms can maintain the above-average wage increases paid to employees.
- With working families already struggling to afford the costs of child care, providers will continue to struggle to compete in a labor market with many sectors offering \$20+ per hour for largely unskilled positions. This is especially true with federal funds drying up.

- The child care sector needs HELP!
- Governor Shapiro's 24/25 budget proposes utilizing federal funding to increase the child care subsidy reimbursement rate to the 75th percentile of the current market price of child care services. While this increase will alleviate some of the rising facility, food, utility, and supply costs, it won't be enough to solve this teacher shortage.
- Other states are providing a road map on dealing with this supply crisis. Many [states are directly investing in recruitment, retention and wage impacting strategies](#) to solve the child care teacher shortage and ensure that child care supply can meet the demand from working families. Eighteen states including Arizona, Georgia, Iowa, North Carolina, Oklahoma, and Tennessee have been investing in these types of initiatives to cut down turnover rates. Maine, Kentucky, and Nebraska all pay at or above the 75th percentile and have made additional investments in recruitment and retention programs to address staffing shortages and stabilize their child care systems.
- The general assembly must follow the lead of these other states and tackle the child care teacher shortage head-on by establishing and funding a program that will help providers better recruit and retain their staff.
- Chambers of Commerce across the state have been speaking out on the fact that Pennsylvania's economy depends on working families and working families depend on child care. In fact, they led the charge in calling for the expanded child and dependent care tax credit.
- There is good reason for this. Our child care crisis is costing working families, employers, and taxpayers [\\$6.65 billion annually in lost wages, productivity and revenue](#).
- Fortunately, child care is an issue that crosses over the political divide with 70 percent of both Pennsylvania Democrat AND Republican voters in favor of allocating state funding to help child care providers recruit and retain their teachers.
- As part of an enacted 2024-25 budget, the Start Strong PA campaign asks the General Assembly to:
 - Support the Administration's proposal to increase subsidy rates to the 75th percentile of the current price families pay for child care services. This increase will help alleviate some of the rising facility, food, utility and supply costs for providers participating in Child Care Works.
 - Invest \$284 million in new and recurring state funding to implement a child care teacher recruitment and retention initiative. This will help alleviate the historic staffing crisis that is causing classrooms and entire programs to close and leave working families without access to child care. The funding would provide monthly payments to providers maintaining a subsidy agreement with the commonwealth and would be restricted for initiatives which would help retain and recruit staff such as monthly wage increases, hiring bonuses, benefit packages, or retention bonuses for staff staying for a certain length of time or for staff achieving certain credentials or degrees. It is key that such a program provides flexibility for providers to choose how to use these funds so that they can have the maximum impact in local communities.