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State Budget Fails to Address Crisis in Early Childhood Sector to the Detriment of Working Families and Employers

HARRISBURG, PA (July 11, 2024) – Today, the principal partners of the Pre-K for PA and Start Strong PA Campaigns issued the following statements regarding Senate Bill 1001 that awaits the expected signature of Governor Shapiro to become the enacted 2024-25 Pennsylvania state budget.

No Child Care Recruitment and Retention Support Deepens PA's Child Care Crisis and Lags Other States

“With a child care sector that is collapsing with classrooms and programs closing across the commonwealth due to the historic child care teacher shortage, the Start Strong PA Campaign is deeply disappointed by the lack of direct investment to help child care providers recruit and retain their workforce as part of the state budget bill.

“The staffing shortage within the child-care sector is driven by low wages. According to the Independent Fiscal Office (IFO), the average child-care

teacher in Pennsylvania only earns \$15.15 per hour. This average wage includes the impact of one-time federal child care stimulus funds. With the lack of direct state investment, it is unclear if even these wages can be sustained.

“More than 50 local chambers of commerce across Pennsylvania called for a state investment that directly helps child care providers attract and keep their teachers. These chamber leaders understand that alleviating the child care workforce shortage means classrooms can remain open or reopen, increasing the availability of child care for the tens of thousands of families that need it to remain in the workforce and contribute to Pennsylvania’s overall economy. Recent estimates show that gaps in our child care sector cost the commonwealth’s economy \$6.65 Billion annually in lost wages, lost productivity and lost tax receipts.

“At least 18 states are directly investing in recruitment and retention strategies to solve the child care teacher shortage and ensure that child care supply can meet the demand from working families.

“The budget deal includes a tax credit for businesses that help employees pay for child care. This tax credit is a demand-side solution, helping families afford care. Pennsylvania must also invest in the supply side - stopping the exodus of child care teachers - for these tax credits to be effective.

“Child care teachers are the workforce behind the workforce. When families can’t get child care, their children suffer, their income drops and the state’s economy is shortchanged. In a time of severe labor shortages and billions in state budget surplus, the commonwealth’s failure to help child care providers recruit and retain these teachers is a tragic outcome.

Some Growth for Pre-K Counts and State Funding for Head Start but Workforce Challenges Will Remain

“The Pre-K for PA Campaign is relieved to see modest growth in the state’s publicly funded pre-k programs – PA Pre-K Counts and the Head Start Supplemental Assistance Program.

“The \$15 Million increase for PA Pre-K Counts and \$2.7 Million increase for Head Start Supplemental Assistance Program will make rate increases possible to pre-kindergarten providers to combat inflationary pressures and unrelenting staffing shortages. We are disappointed that the increase to PA Pre-K Counts is half of what Governor Shapiro proposed, and state support for Head Start continues to grow at a slower rate than Pre-K Counts.

“Inadequate wages across the early care and education sector are causing pre-k classrooms to close throughout the commonwealth. Pre-k teachers who have the same credentials earn roughly half of their (K-5) counterparts in public schools and face the tough choice of staying in their chosen profession as wages increase across other sectors. Future state investment is vital to continue to close this gap and ensure adequate staffing levels to operate state-funded pre-k programs at current-funded capacity.

“Currently, just over 78,000 three-and four-year-olds in Pennsylvania are eligible but do not have access to publicly-funded pre-k programs. Additional investment will be needed in future years to further mitigate the historic levels of teacher shortages in this competitive economy and ensure greater access to this once-in-a-lifetime opportunity for our preschool learners.

“Access to pre-k continues to be front of mind for Pennsylvania voters with 95% of voters believing that early childhood education is an important issue and nearly 70% of voters specifically supporting increased state funding for pre-k access.”

Start Strong PA and Pre-K for PA are initiatives of the broader Early Learning PA coalition that advocates for access to voluntary, high-quality early care and education and healthy development opportunities for all Pennsylvania children. Below is a summary of pertinent appropriations line items in SB 1001:

- \$26.2 million in additional funding to maintain the status quo of payments in the subsidized child care system and the number of children served.

- Additional federal child care funding to meet the federally recommended child care subsidy reimbursement rate. This increase will help buffer inflationary pressures on child care providers that heavily participate in the subsidy system, however its impact on stabilizing the child care workforce will be limited.
- \$15 million in additional funding for the state's Pre-K Counts program to increase rates from \$10,000 per child for a full-day slot to \$10,500.
- \$2.7 million in additional funding for the Head Start Supplemental Assistance Program.
- \$9.1 million increase for the Early Intervention Part C (infant and toddler) program through DHS. While this reflects the administration's updated budget request, it does not address broader issues within the program, including worker shortages and a long-needed rate adjustment for providers.
- \$32.9 million increase for the Part B Early Intervention program (age three to five) through PDE.

About Pre-K for PA

Pre-K for PA launched in 2014 with the vision that every 3- and 4-year-old in Pennsylvania will have access to high-quality pre-k. Learn more at www.prekforpa.org.

About Start Strong PA

Start Strong PA launched in 2019 to support healthy child development, working families, and the economy by increasing access to and affordability of high-quality child care programs for young children. Learn more at www.startstrongpa.org.