



**TESTIMONY BY KIM RUSSELL
STATE DIRECTOR, READYNATION**

**TO THE JOINT STANDING COMMITTEE ON APPROPRIATIONS AND FINANCIAL
AFFAIRS AND THE JOINT STANDING COMMITTEE ON HEALTH AND HUMAN
SERVICES**

**IN OPPOSITION TO CUTS IN CHILD CARE AND HEAD START IN LD 210, THE FY 26/27
BIENNIAL BUDGET PROPOSAL BY GOVERNOR MILLS
THURSDAY, February 13, 2025, 10 A.M.**

Chairs Rotundo, Ingwersen, Gattine and Meyer, and distinguished members of both the Appropriations and Financial Affairs Committee and the Health and Human Services Committee, I am Kim Russell, State Director of ReadyNation. ReadyNation is a business leader organization dedicated to building a skilled workforce and strong economy by promoting evidence-based policy solutions that prepare children to succeed in education, work, and life. I am also one of the co-leaders of Maine's early care and education coalition, Right from the Start.

I am testifying today in opposition to the portion of the Governor's proposed biennial budget that seeks to reduce General Fund spending for child care and Head Start. I am opposing the reduction of child care educators' wage stipends by \$15 million annually; the elimination of the \$2.5 million program that helps low-paid child care educators cover the costs of child care for their own children (both on page A-302) and the \$3.6 million reduction in General Fund support to Maine's 11 regional Head Start programs (on page A-321).

We also support securing the Head Start funding allocation through the Fund for a Healthy Maine, and believe that the long-term structural deficit in the Fund is best addressed by keeping the Fund intact and moving a portion of current tobacco excise tax revenue into the Fund.

The Administration's proposed cuts to child care and Head Start move in the opposite direction of the hard work these Committees and your legislative colleagues, led by Speaker Fecteau and former Senate President Jackson, have made over the last two sessions, to begin to address Maine's child care crisis.

One of the many lessons learned from the pandemic is just how vital child care is to Maine's economy.

We know that if parents do not have child care, they cannot go to work. If they lose their child care, they cannot go to work. And, if they miss too many days because of child care gaps, far too many lose or leave their jobs altogether. Why? Because employers need a reliable workforce and that reliable workforce depends on reliable child care.

Child care is the workforce behind every other Maine workforce.

In 2019 ReadyNation conducted a national study that found the lack of affordable child care in America was costing the economy \$57 billion annually. Four years later and post-COVID, in 2023, our study found that number has more than doubled to \$122 billion in lost earnings, productivity, and revenue every year.

In Maine, the lack of childcare for children just up to age 3, **costs our state economy \$403 million a year** – also more than double the 2019 estimate of \$180 million a year. (*see report: <https://files.aptuitivcdn.com/8oyQKqMEPL-1031/docs/Educate-Maine-2024-Report-child-care-crisis-costs-Maine-403-million-annually-ONLINE-2.pdf>*)

The 2023 national analysis featured a survey in which many parents reported that the infant-toddler child care crisis had caused them to be fired or to have pay or hours reduced nearly **three times more often** than in 2019. The crisis caused parents to be demoted or transferred to a less desirable job, or change from full-time to part-time work, more than twice as often. Rates of parents reporting quitting a job due to child care problems doubled.

Part of the structural problem, we know, is staff shortages experienced by child care providers, driven by low compensation.

According to Maine Department of Labor, the average pay to a child care educator **with** the current stipend is \$16.40 an hour. This wage translates to an annual mean wage for child care educators of a little more than \$34,000. The Governor is proposing to cut the current wage stipends by 50% -- thus reverting those wages to \$15.15/hr. (\$31,512 annually). That's a seven percent pay cut to some of Maine's most poorly paid professionals. At that rate, child care educators could make more money in just about any other job. How will our child care sector hire and retain teachers and staff when they can earn more money by working almost anywhere else?

You will receive testimony from many additional Maine's business organization – the Portland Regional Chamber of Commerce, the Maine State Chamber of Commerce, Maine Manufacturers Association, HospitalityMaine, , and many others sharing the negative impact Maine's child care crisis is having on their industries.

We cannot cost shift this problem onto the backs of working parents. In 2023 the cost of infant care in a center in Maine averaged \$11,960 per year, eight percent more than the cost for in-state public college tuition. In a quality center in Cumberland County the cost was much higher—closer to \$19,000 a year. This makes child care basically unaffordable for many families. And the subsidies we offer to lower-income working parents barely makes a dent in the problem: fewer than 200 infants and 1,000 toddlers receive these subsidies. (<https://www.maine.gov/dhhs/ocfs/data-reports-initiatives/early-childhood-education>).

Our ReadyNation report also states that in 2023 there was a 9,442 slots gap between licensed child care capacity and current enrollment due to lack of staff, and the report estimated that Maine needs an additional 1,090 child care teachers to fill this gap.

Further, the report also estimated that there were 5,000 Maine infants who do not have access to child care.

While we do not have updated data since 2023, it is a safe bet that during the last two years – none of these numbers have improved. The wage investments made by the 130th and 131st Legislatures have helped stabilize child care, but the industry is still fragile and lacks the capacity we need for it to expand and thus serve the current needs of working parents.

The Governor's proposed budget cut moves Maine in the wrong direction to help stabilize our critical child care industry. I urge you all to reject the proposed cuts in child care wage stipends, child care support for the children of child care workers and Head Start.