PORTLAND
Regional Chamber of Commerce

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Testimony in Opposition to LD 210-An Act Making Unified Appropriations and Allocations from the General Fund and Other Funds for the Expenditures of State Government and Changing Certain Provisions of the Law Necessary to the Proper Operations of State Government for the Fiscal Years Ending June 30, 2025, June 30, 2026 and June 30, 2027
Childcare Initiatives

Joint Standing Committee on Appropriations and Financial Affairs
Joint Standing Committee on Health and Human Services
February 13, 2024

Senators Rotundo and Ingwersen, Representatives Gattine and Meyer, and members of the Committees on Appropriations and Financial Affairs and Health and Human Services,

Thank you for this opportunity to submit testimony on the childcare provisions of the Governor's proposed biennial budget. I am Eamonn Dundon, the Director of Advocacy of the Portland Regional Chamber of Commerce. We represent 1,300 businesses in our region who employ over 75,000 Mainers. We are submitting this testimony today to express our organization's strong opposition to the proposed initiatives reducing funding for childcare programs in LD 210.

The Governor's proposed biennial budget includes cuts to three key initiatives that are critical to Maine's childcare providers and, by extension, our state's economy. If enacted, **these cuts would severely undermine recent progress in addressing the childcare crisis—jeopardizing workforce stability and economic growth**. While we are a free-market-oriented organization, we share in the growing consensus that childcare is a fundamentally broken market: providers cannot offer competitive wages to attract and retain talented educators while keeping care affordable for working families.

As outlined in a recent op-ed co-authored by our President and CEO Quincy Hentzel and United Way of Southern Maine CEO Liz Cotter Schlax (attached), these proposed reductions would exacerbate the most pressing challenge in our childcare system—a shortage of qualified professionals in the childcare workforce that makes expansion of childcare capacity nearly impossible. Unfortunately, these cuts strike at the heart of recent investments that have bolstered this workforce that supports our entire workforce including the childcare educator stipends, state-funded Head Start expansion, and the childcare employment award.

Beyond housing, the lack of affordable childcare is the most significant barrier our members face in recruiting and retaining employees. Over the last several years, through our partnership with Starting Strong, we have surveyed our members on their childcare needs:

- In 2020, **57%** of our members indicated a lack of affordable childcare hindered their ability to recruit and retain employees; by 2023, that number rose to **65%**.
- In 2020 **70%** indicated that employees struggled to find affordable childcare; by 2023 that figure increased to **82%**.
- The business cost of these challenges is clear—**88%** of employers reported unplanned employee absences due to childcare issues in 2023.

We are currently conducting an updated survey for 2025 and look forward to sharing fresh data with your committees in advance of the work session.

Sustaining these investments will allow us to continue making progress on the dearth of affordable childcare through increasingly innovative partnerships that blend public and private resources. The Portland Regional Chamber and the United Way of Southern Maine have partnered to launch United for Childcare, a new 501(c)3 organization dedicated to expanding childcare capacity. Through this initiative, business leaders have come together to fund the startup costs for three new childcare centers in Biddeford, South Portland, and Freeport—adding up to 400 new slots over the next five years, with the potential to open Maine's first 24-hour childcare facility.

Despite our work to secure business contributions, federal funds, and private philanthropy to cover infrastructure costs, the success of these projects depends on a growing childcare workforce. **The proposed $15 million annual cut to educator stipends and the total elimination of the childcare employment award directly threaten this initiative, undercutting the private sector's ability to step up in a meaningful way.**

We recognize the challenging fiscal environment the state faces in the upcoming biennium. That is why this is our sole request for increased investment in the proposed biennial budget. Without these funds, the state risks greater economic strain as childcare providers scale back classroom capacity, educators exit the field, and more parents are forced to leave the workforce—reducing income tax revenues and worsening Maine's fiscal and economic outlook.

To offset the costs of adding these programs back into the budget, **we propose redirecting funds from the state's contributions to state employees' Paid Family and Medical Leave (PFML) payroll deductions**. According to Commissioner Figeroa's February 3rd testimony before this committee, the state intends to cover the full 1% contribution for state employees—double the amount required for employers. While a total cost of this expense has not yet been established given its incorporation into the personnel lines of each department and agency, eliminating this discretionary expenditure would more than offset the cost of maintaining critical childcare funding. It is only fair that state employees contribute to the PFML fund like the rest of Maine's workforce, especially when those dollars could be reinvested in a solution that benefits all working families, including state employees with young children.

We urge you to preserve these essential childcare investments and protect Maine's economic future. We appreciate your leadership and commitment to supporting Maine families and businesses, and we respectfully request your restoration of these funds in the final budget. Thank you for your time and consideration.

Portland Press Herald EST. 1862 Maine Sunday Telegram

Opinion: Past time for Maine to fix its child care crisis

Our policymakers must reject efforts to cut wages for child care educators.

Posted 4:00 AM SUNDAY, FEBRUARY 3, 2025

Quincy Hentzel and Liz Cotter Schlax Special to the Telegram

Maine's critical child care industry is in crisis. Parents need and want to go to work, but can't do so without safe and reliable child care for their children. Currently, there is not enough child care to support our working parents.

The problem with our child care shortage is twofold: we need more programs, and we need more staff in these programs. Compounding this problem is that no one organization or sector can solve the child care crisis alone. It takes businesses, nonprofits, government and philanthropy partnering in innovative ways to make sure we can solve this crisis.

ABOUT THE AUTHORS
Quincy Hentzel is president and CEO of the Portland Regional Chamber of Commerce. **Liz Cotter Schlax** is president and CEO of United Way of Southern Maine.

That is why the Portland Regional Chamber of Commerce and United Way of Southern Maine have partnered with several area employers to build new child care programs. We are starting by planning to retrofit buildings in Freeport, South Portland and Biddeford to create new child care centers. That takes care of one side of the equation: appropriate space. The other side of the equation is staff, and staffing challenges are more daunting given the low wages paid to child care educators in Maine.

The second problem can only be addressed with support from the state. This is why the proposed biennial budget is so concerning. The proposed budget includes a $15 million annual cut to child care educators' wages. This is a cut to some of Maine's hardest working, most essential employees who remain in the bottom 3% of wage earners.

Currently, child care educators earn an average of $16.40 per hour, or approximately $34,000 annually. Cutting the monthly stipend program by half, as the budget proposes, would reduce wages to $15.15 per hour ($31,500 annually). This proposal will make hiring and retaining our critical child care workforce next to impossible.

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United Way's ALICE data shows that educators with such a low household income struggle — paycheck to paycheck — to make ends meet. If educators cannot meet their own basic household budget, they cannot stay in this critical workforce.

As leaders of two organizations looking to have Maine be a place where people can truly afford to live, work and retire here, we worry that any proposed cut to child care educators' wages will cause this vital industry to implode. Based on surveys of some of the employers we are partnering with, the lack of high-quality, affordable child care has been one of the top two barriers to workforce development since the pandemic, alongside housing.
Maine's child care workforce truly is the workforce behind the workforce, and this workforce needs and deserves continued critical state support, not cuts.

Data supporting a state investment was made painfully clear in a recent ReadyNation report on the economic impact of Maine's child care crisis. The data is sobering.

Pre-pandemic, ReadyNation found that the lack of affordable infant and toddler child care in America was costing the national economy $57 billion annually. In just four years, post-COVID, the economic impact of the child care crisis has more than doubled, to $122 billion in lost earnings, productivity and revenue every year. In Maine, the lack of child care — for just infants and toddlers — costs Maine's economy an estimated $403 million per year, more than double the 2019 estimate of $180 million per year.

These losses are calculated based on parent surveys reporting 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 lack of child care 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 also doubled.

We know that if parents do not have child care, they cannot go to work. Employers need a reliable workforce and that depends on reliable child care.

It's a cycle in a broken system that will not be resolved on its own without continued and strengthened, not reduced, state support. It's why so many of us are partnering together to play our role; we need the state to as well.