

Testimony on LD 258, "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, 2023, June 30, 2024 and June 30, 2025."

February 21, 2023

Arthur Phillips, Economic Policy Analyst, Maine Center for Economic Policy

Good afternoon, Senator Rotundo, Representative Sachs, and members of the Joint Standing Committee on Appropriations and Financial Affairs; Senator Baldacci, Representative Meyer and members of the Joint Standing Committee on Health and Human Services. My name is Arthur Phillips, and I am an analyst at the Maine Center for Economic Policy.

I am here to voice support for the Governor's budget proposal regarding child care services, and to urge you to build on recent progress to make far deeper investments in a critical sector that supports families and workers throughout our state.

The Governor's budget proposes to annualize funding for salary supplements that the Legislature unanimously supported last year. This was a historic recognition of the role child care workers play in the healthy development of our young children and the ability of people, particularly women, to continue their careers and contribute to our state's shared prosperity.

Caring for a family member is a primary cause for Maine residents being out of the labor force. Last year, approximately 22,000 Mainers who weren't working or looking for work cited child care as the primary reason.ⁱ While there are many reasons people have trouble accessing child care, the two fundamental factors are supply and affordability.

Low wages have made it increasingly difficult for child care centers to recruit and retain staff. A 2021 survey by the National Association for the Education of Young Children found 85 percent of child care centers in Maine were experiencing staffing shortages, with low wages overwhelmingly identified as the biggest barrier to recruitment. A survey last year found the top challenges for Maine's child care centers were growing waitlists and staff shortages.ⁱⁱ And according to one analysis, by the end of 2022 Maine had 280 fewer child care centers than two years earlier.

Data from the Bureau of Labor Statistics shows the median hourly wage for child care workers in Maine is lower than that of retail salespeople and food prep workers. Maine's

child care workers on average earn less than 60 percent of what kindergarten teachers do, and just over half (53.5 percent) of what elementary school teachers do.ⁱⁱⁱ If we want to attract and retain more people into a career that gives workers in every corner of the state the chance to stay in their jobs, we must do better by them.

Despite these low wages, the cost of care is unaffordable for many parents. Before the COVID-19 pandemic, the average annual cost of infant care in Maine was \$9,449 – just shy of the cost of in-state public university tuition – and prices have only increased.^{iv} Based on the U.S. Department of Health and Human Services definition of child care affordability, infant care is affordable to only 11.9 percent of Maine families. The average annual cost of child care for two children is more than \$17,000, or more than quarter of a median-income family's earnings.

This combination of high costs and low wages is a market failure and demonstrates why our state must make deeper investments in child care. We therefore urge you to take two steps this legislative session toward building a more resilient child care system: first, to deepen child care wage supplements, with recognition for the time served and credentials of our experienced early childhood educators, which is a critical component to worker retention; and second, to expand eligibility to more working families who do not currently qualify for the Child Care Subsidy Program. These bold steps will help working families make the choices that are best for them and contribute most to our state's prosperity.

Thank you for the opportunity to testify, and I welcome any questions you may have.

ⁱ James Myall, MECEP, *State of Working Maine 2022*, available at <https://www.mecep.org/jobs-and-income/stateofworkingmaine2022/>

ⁱⁱ *Right from the Start, Child Care in Maine, 2022: The Second Year in a Pandemic*, available at <https://static1.squarespace.com/static/5ab256f9fcf7fdd9320fc65c/t/6384214d2d73311e47cb4081/1669603662738/2022+State+of+Maine+Child+Care.pdf>

ⁱⁱⁱ *May 2021 State Occupational Employment and Wage Estimates*, available at https://www.bls.gov/oes/current/oes_me.htm

^{iv} *Economic Policy Institute, Child care costs in the United States*, available at <https://www.epi.org/child-care-costs-in-the-united-states/#/ME>