

Testimony of Linda Caprara

on behalf of the Maine State Chamber of Commerce

In opposition to Part A Page (302) in L.D. 210, L.D. 210, An Act to Make Unified Appropriations and Allocations from the General Fund and Other Funds for the Expenditures of State Government and to Change Certain Provisions of the Law Necessary to the Proper Operations of State Government for the Fiscal Year June 30, 2025, June 30, 2026 and June 30, 2027.

Before the Joint Standing Committee on Appropriations and Financial Affairs and the Joint Standing Committee on Health and Human Services

Good afternoon, Sen. Rotundo, Sen. Ingwersen, Rep. Gattine, Rep. Meyer and Members of both the Joint Standing Committee on Appropriations and Financial Affairs and the Joint Standing Committee on Health and Human Services. My name is Linda Caprara. I am the Vice President of Advocacy for the Maine State Chamber of Commerce. We are here to testify in opposition to Part A Page 302 which reduces stipends for child care workers in L.D. 210, An Act to Make Unified Appropriations and Allocations from the General Fund and Other Funds for the Expenditures of State Government and to Change Certain Provisions of the Law Necessary to the Proper Operations of State Government for the Fiscal Year June 30, 2025, June 30, 2026 and June 30, 2027.

Part A Page (302) reduces the funding of child-care stipends by \$15 million. According to the Maine Department of Labor, the average hourly wage for child-care workers with the current stipend is \$16.40 per hour. The proposal in L.D. 210 would cut the current child-care wage stipends by 50%, which would bring that average hourly wage back to approximately \$15.15 per hour. This stipend was just increased in the last biennial budget in 2023. We feel that this reduction would have a *significant* impact on the retention of child-care workers in this state and on this industry, which is already fragile at best.

The lack of available child-care providers and workers has had an untold impact on our workforce and an enormous economic toll on Maine businesses. In our last survey of membership, childcare was one of the top five issues concerning employers in our state. According to a report done by ReadyNation, the estimated annual economic impacts of infant and toddler childcare crisis is \$403 million. Parents that can't find child-care can't work, it's that simple. Lack of child-care results in productivity issues, absenteeism and tardiness.

Also, according to ReadyNation, since the COVID pandemic there has been a 19% decline in childcare workers. The report cites that childcare educators earn on average \$20K less than their kindergarten teacher counterparts. In addition, there is a significant wage disparity that is not reflective of differences in training or education. This wage disparity is cited as the number one reason for the industry's retention issue and has been seen through the common practice of early childhood educators

migrating to Pre-K-second grade for higher wages. The decline in the number of childcare workers has put significant stress on an already strained industry. We are already in need of 1100 new childcare workers in order to fill current program capacity.

To expand Maine's workforce participation rate, increase employee retention, and reduce workplace disruption, we must ensure we have an early childcare workforce.

Given the fiscal challenges the state is facing both with the Supplemental Budget and the Biennial Budget, we would urge this committee to look at how the state might fund paid family medical leave for state employees going forward and the implications of the program on the general fund. Currently, state employees are not required to contribute to the cost of paid family medical leave, the state picks up the cost. We feel that when the Paid Family Medical Leave program was adopted, these potential funding implications and the impact on the state's general fund was not thought through completely and the implications in a tight biennial budget were not apparent at the time. There are two potential ways to accomplish this: first, have state require state employees to contribute .5% starting on July 1, or insert language in the budget that allows the state to negotiate the benefits through collective bargaining and separate the funding mechanism from the state trust. Both options would relieve pressure on the general fund while not undermining the benefits to Maine's state employees.

Again, we urge you to reject the proposal to cut the stipends of childcare workers in LD 210.

Thank you for the opportunity to present this testimony and I would be happy to answer any questions.