

Testimony on 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

Good afternoon, Senator Rotundo and Representative Gattine, Senator Ingwersen and Representative Meyer, and members of the Joint Standing Committees on Appropriations and Financial Affairs and 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 testify in opposition to proposed cuts to child care services.

Our child care system is often described as a market failure. Providers struggle to raise the resources needed to stay open; parents of young children lack the income to cover the high costs of child care; and workers are paid too little to stay in or enter the occupation. But our state made significant strides in recent years to address this failure. Two years ago, you and your colleagues made critical investments that would begin to address these issues, by expanding subsidies to working families, helping early childhood educators afford care for their own children, and lifting educators' wages. There is more work to be done to ensure every young family can access child care if they need it, but the cuts in this proposal take us in exactly the wrong direction and, if implemented, could have dire impacts on our economy.

The administration's budget proposal would cut \$15 million from early childhood educators' wages, remove a benefit for childcare workers who have young children of their own, and cut the state's contribution to Head Start programs. All these cuts will harm our economy and place the burden on those who can least afford to carry it.

Early childhood educators have long been among the lowest-paid workers in our economy. The median wage for child care workers in May 2023 was \$16.35, less than 60% of the average income for elementary school teachers.¹ The proposal to cut \$15 million from wage supplements would mean these workers' wages would on average be cut by \$4,000 over the biennium. Furthermore, the nearly 500 child care workers who are currently enrolled in the Child Care Employment Award which helps cover the cost of child care for their own kids would see that program dismantled. Doing so would reverse the progress you have helped realize in recent years and lead educators to leave the field for good.

Caring for a family member is one of the primary reasons people who wish to enter the labor force are not working or looking for work. We estimate there are approximately 18,000 who are out of the labor force due to a lack of child care.² Cutting wages and benefits from child care workers will only make this worse, forcing more people to leave or stay out of the workforce. We look forward to supporting an alternative proposal from Senate President Daughtry to shore up wages and help more working families afford the care they need.

Rather than making deep cuts to child care services, you as lawmakers and appropriators can chart a different path. During this legislative session, you will be deliberating over bills that aim to fund our unmet needs by asking the wealthy and powerful to pay their fair share. Currently, the richest 1% of Maine residents pay a smaller share of their income to state and local taxes than do middle class workers. Meanwhile, more than 4,200 corporations pay \$0 or less in Maine income taxes. Legislation submitted by your colleagues would bring more fairness to our tax code and free up revenue to stop these cuts by raising taxes on incomes over a million dollars and asking the most profitable corporations to pay their fair share.ⁱⁱⁱ You have alternatives to what the administration has presented, which would allow you to build on the progress you have made in recent years. We know we can do better for our state by asking more from those who benefit most in our economy.

We urge you to reject these cuts to child care services and instead seek sustainable, fair ways to fund the child care system we all need.

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

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ⁱ May 2023 State Occupational Employment and Wage Estimates, https://www.bls.gov/oes/current/oes_me.htm

ⁱⁱ MECEP analysis of US Census Bureau, Household Pulse data, 12-period average covering the period August 23, 2023 through September 16, 2024.

ⁱⁱⁱ Learn more about tax fairness legislation at <https://mainersfortaxfairness.org/tax-fairness-priorities/>