



Testimony

Submitted on behalf of the
Pennsylvania Chamber of Business and Industry

Before the:
House Republican Policy Committee

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Chairman Rowe and Honorable Members of the House Republican Policy Committee, thank you for the opportunity to testify before you today. My name is Aaron Rigglesman, and I serve as the Manager of Government Affairs for the Pennsylvania Chamber of Business and Industry. The PA Chamber represents roughly 10,000 employers across every region and industry throughout the Commonwealth, with a mission to make Pennsylvania the most competitive state in the nation to do business.

Pennsylvania's Workforce Participation

As this committee is well aware, Pennsylvania is facing an unprecedented workforce shortage that limits our ability to achieve maximum competitiveness. Across all industries, our members consistently identify finding and retaining a qualified workforce as their top challenge. The data confirms this reality: according to February 2024 figures from the U.S. Chamber of Commerce, there are currently more than 340,000 job openings in Pennsylvania, but only 66 available workers for every 100 open jobs. Additionally, Pennsylvania's labor force participation rate sits at 61.9 percent, which is below the national average and trails many competitor states. These workforce challenges make it all the more urgent to remove barriers for individuals who are willing and able to join or remain in the workforce but face obstacles preventing their full participation.

The Role of Childcare in Workforce Participation

Addressing our workforce challenges requires a multifaceted approach, yet one critical factor stands out: the affordability and availability of reliable childcare, which has broad economic implications across every region of the Commonwealth. Tackling this

issue is essential to prevent ongoing strain on Pennsylvania's industries and to strengthen our workforce pipeline.

To better understand the impact of childcare affordability on Pennsylvania's workforce, the U.S. Chamber Foundation partnered with the PA Chamber on a comprehensive report. This analysis estimates that Pennsylvania loses \$3.47 billion annually due to childcare breakdowns¹. This total encompasses both direct costs borne by employers and lost tax revenue to the state. Specifically, Pennsylvania employers lose approximately \$2.88 billion per year in productivity due to employee absences and turnover related to childcare challenges, while the Commonwealth foregoes \$591 million in annual tax revenue as a result.

The report clearly illustrates how childcare availability directly shapes employees' decisions and their ability to fully participate in the workforce. More than 78 percent of parents rely on family members for at least some childcare, often out of necessity rather than choice. Furthermore, 55 percent of parents reported missing work due to childcare issues, highlighting the frequent disruptions employers face. Nearly 10 percent of parents have voluntarily left a job because they could not secure reliable care, and 38 percent postponed enrolling in school or training programs, delaying opportunities for career advancement. These statistics underscore the critical role that accessible and affordable childcare plays in sustaining Pennsylvania's overall economic health, as families are often

¹ <https://www.uschamberfoundation.org/education/untapped-potential-pennsylvania>

left to choose between maintaining their employability and providing necessary care for their children.

Comprehensive Approach

Much of the public policy discussion around support for the childcare sector has focused on various funding proposals — for example, increasing state support to supplement wages, offering tax credits to parents, offering tax credits to employers who help their employees with childcare costs, creating public-private partnerships, or pursuing alternative funding models. These are concepts worthy of consideration; however, we urge a broader conversation around supporting the childcare sector as part of Pennsylvania's workforce agenda.

When considering approaches to address childcare challenges, it is paramount for policymakers to recognize that childcare providers are small businesses themselves. Like other industries, they grapple with many of the same regulatory, labor, and employment challenges. In addition to navigating the complex, industry-specific regulations that govern childcare operations, these providers also contend with broader issues such as workforce shortages and escalating operational costs, such as liability insurance.

The PA Chamber has worked with and solicited input from employers, local chambers of commerce, and childcare advocates and providers throughout the Commonwealth to further explore these challenges and develop policy recommendations to help address the growing pressures on childcare providers, focused on three main categories: staffing, administrative and regulatory challenges, and insurance costs.

Staffing

One of the most pressing concerns echoed by childcare providers is the difficulty finding and retaining qualified staff. When contemplating potential solutions to help mitigate staffing challenges, childcare providers predictably cited various funding solutions as options to consider. They also, however, described meaningful, non-fiscal policy changes that could help alleviate workforce pressures without compromising the safety and quality of care. For example, providers have expressed that existing eligibility and qualification requirements can sometimes create unnecessary barriers to filling open positions. A thoughtful review of these standards, particularly around educational credentials, and how relevant personal or professional experience is valued could help expand the pool of qualified candidates.

Additionally, there are opportunities to better engage experienced professionals, such as future educators and retired teachers, who are well-equipped to contribute to the childcare workforce. Supporting programs that help individuals earn the necessary credentials and qualifications will also strengthen the long-term talent pipeline in this sector. Taken together, these policy considerations can help ease staffing challenges and support a more sustainable, responsive childcare system in Pennsylvania.

Regulatory Challenges

Childcare providers likewise report that the regulatory process for opening and operating a facility is often untenable and unnecessarily bureaucratic. New providers face zoning restrictions and permitting delays that prevent them from doing what we need them

to do: provide care for children. Existing providers are not immune from this challenge either; they often face duplicative and complex paperwork requirements that strain their already limited resources.

While maintaining high standards for child safety must always remain the top priority, it's equally important that the regulatory framework be practical, efficient, and supportive of providers. There's an opportunity to improve and expedite permitting and licensing processes while also reviewing existing regulations to identify areas where requirements could be streamlined without sacrificing quality. Providers would also benefit from a stronger emphasis on collaboration and technical assistance, with agencies like the Office of Child Development and Early Learning (OCDEL) focusing on offering clear guidance and workable solutions to help ensure compliance. Additionally, involving providers early and consistently in the development and revision of regulations will lead to more practical, effective rules that account for on-the-ground realities. Any proposed mandates should be carefully evaluated for their operational and financial impact to avoid compounding the administrative demands already challenging this sector.

Rising Cost of Liability Insurance

An increasingly urgent issue facing Pennsylvania's childcare providers is the rising cost and limited availability of liability insurance. In some parts of the Commonwealth, providers report that insurers are declining to even offer coverage, making it nearly impossible for them to open new facilities or keep existing centers in operation. If providers

can't open their doors, none of the other workforce and regulatory solutions under discussion will matter.

While rising insurance costs have created challenges across the nation, they represent a particularly strong pain point for childcare providers in Pennsylvania. Admittedly a multi-faceted challenge, the skyrocketing of insurance premiums is no doubt tied to Pennsylvania's long-standing reputation as the "judicial hellhole of America." The Commonwealth — and Philadelphia in particular — routinely ranks among the most litigious jurisdictions in the country, fostering an environment where excessive, opportunistic, and sometimes frivolous lawsuits are all too common.

This climate inflates insurance costs for businesses of every size and sector, but it's especially harmful for industries like childcare, where providers operate on thin margins and are often one large claim away from closing their doors. Meaningful legal reform is essential to addressing this issue and ensuring the long-term viability of childcare services in Pennsylvania. Specifically, lawmakers should prioritize statutory caps on damages in cases involving childcare providers, restore Fair Share Act protections to ensure defendants are liable only for their proportional share of damages, and require claims to be filed in the county where an alleged incident occurred to prevent opportunistic venue shopping. These reforms would help stabilize insurance markets, lower costs, and create a fairer legal climate.

Conclusion

In closing, Pennsylvania's workforce challenges are complex and interconnected, and while no single policy solution will resolve them, improving access to affordable, reliable childcare must be a core part of any serious workforce strategy. The issues confronting childcare providers, from staffing shortages and regulatory hurdles to skyrocketing insurance costs, mirror many of the broader challenges faced by small businesses across the Commonwealth.

We urge this committee and the General Assembly to continue engaging providers, employers, and community leaders in this conversation and to pursue practical, meaningful reforms that will strengthen the childcare sector and, in turn, our state's workforce. Thank you again for the opportunity to testify, and I would be happy to answer any questions you may have.