



Untapped Potential: How Childcare Impacts Pennsylvania's State Economy

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“Pennsylvania is building the strongest workforce in the nation and recognizes that childcare is a barrier to achieving that goal.”

Welcome Letter

At the U.S. Chamber of Commerce Foundation, we see childcare as a two-generation workforce issue, crucial for our workforce of today and workforce of tomorrow. Access to affordable, quality childcare is essential for working parents to enter, re-enter, or stay in the workforce, yet it is hard to come by. The first five years of life are critical for children to build a strong foundation upon which future learning is built, yet current supply cannot meet demand. The challenges we face are persistent and complex but solvable. And the business community must be part of that solution.

As a result of these challenges, we needed to better understand how childcare breakdowns impact working parents, their employers, and the state economy. We partnered with the Pennsylvania Chamber of Business and Industry on this report to better understand the unique needs of Pennsylvania working parents and examine the current childcare landscape.

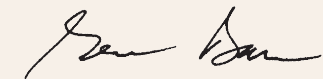
Pennsylvania is building the strongest workforce in the nation and recognizes that childcare is a barrier to achieving that goal. Pennsylvania has historically invested in and coordinated a functioning system of care. However, even in a strong system there are persistent and often unexpected challenges.

Our report estimates that Pennsylvania loses \$3.47 billion annually as a result of childcare breakdowns. Pennsylvania's untapped potential leaves the state billions to gain.

Progress is being made in Pennsylvania and both the PA Chamber and the Chamber Foundation are committed to supporting these positive steps forward. To do so, partnerships between early education advocates and the business community are vital to ensure that Pennsylvania's children, families, businesses, and economy are strong. The persistent childcare challenges will not be fixed overnight, and they won't be fixed by just one sector, so we hope this report provides you with data to better understand the challenges and identify more partners to find the solutions.



Cheryl Oldham
Senior Vice President,
U.S. Chamber of Commerce Foundation



Gene Barr
President and CEO, Pennsylvania
Chamber of Business and Industry

Executive Summary

There have been numerous studies highlighting the benefits of early childhood education for both children and their parents. Children gain a strong educational foundation and their parents can pursue careers or enhance their education or vocational skills. Despite the evidence in support of early childhood education, we know that families are struggling to find and afford high-quality childcare. Several states—Louisiana, Maryland, Georgia, Washington, and Indiana—conducted reports and found that they each lose over \$1 billion annually in economic activity due to breakdowns in childcare.

Building on the work of these states, the U.S. Chamber of Commerce Foundation partnered with the Pennsylvania Chamber of Business and Industry and the Pennsylvania Early Learning Investment Commission to understand just how much breakdowns in childcare cost Pennsylvania.

In this study we looked at the causes of childcare challenges as well as motivations behind why parents select various childcare providers. Knowing many employers want to facilitate more access to childcare but do not know where to begin, we sought to learn what types of childcare benefits working parents desire most from employers.

The results confirm what stakeholders have begun to realize—childcare issues prevent many Pennsylvania parents from working or pursuing postsecondary education.

As policymakers and business leaders consider ways to position Pennsylvania for success, investing in childcare could enable Pennsylvania to fully capitalize on its resources.

Note: Although there is a lot of energy around paid leave policies across the country, with any solutions proposed, access to affordable, high quality childcare is still a problem for many families. Respondents to our survey conflated, and understandably so, childcare and paid leave benefits. We included all their responses while also recognizing that they are distinct topics and our report only examines childcare.

TOPLINE FINDINGS

-\$3.47B

THE UNTAPPED POTENTIAL:
Childcare issues result in an estimated \$3.47 billion loss annually for Pennsylvania's economy

-\$591M

Pennsylvania loses an estimated \$591 million annually in tax revenue due to childcare issues

-\$2.88B

Absences and employee turnover cost Pennsylvania employers an estimated \$2.88 billion per year

78%

of surveyed parents rely on family members for at least some childcare

~9%

About 9% of parents voluntarily left a job due to childcare issues

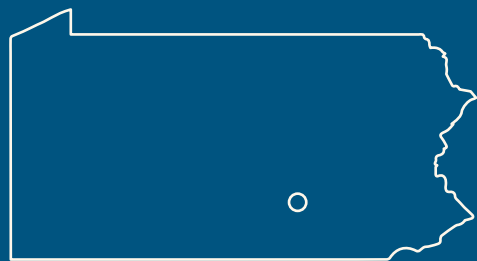
55%

of parents reported missing work due to childcare issues in the past 3 months

38%

postponed school or a training program due to childcare issues

Pennsylvania has a diverse economy and needs a strong, skilled workforce to fill its jobs.



Population: 12.8 million

Average Household Income: \$59,195

Minimum Wage: \$7.25 per hour

Capital: Harrisburg

Surveyed: 330 working parents of children 5 years and younger

PENNSYLVANIA PROFILE

Governor Wolf, along with legislative leaders Senator Pat Browne and Representative Mark Longiotti of the Early Learning Education Caucus and advocates across the state, want Pennsylvania to build the strongest workforce in the nation.¹ With a civilian labor force that exceeds 6,500,000,² which includes over one million working parents with children under six years old,³ Pennsylvania can certainly achieve this goal. To equip these working parents for success in the workplace, Pennsylvania must ensure there are adequate and affordable childcare providers for their children. According to Child Care Aware, there are approximately 565,000 children under six who potentially need childcare in Pennsylvania.⁴

Unfortunately, 57 percent of Pennsylvanians live in what the Center for American Progress defines as a childcare desert. Childcare deserts impact families across the state, regardless of socioeconomic status.⁵ Although low-income families have more difficulty affording the high cost of childcare, access to childcare is an issue for every working parent.

The encouraging news is that Pennsylvania leaders are taking strides to solve this crisis. In October 2019, Governor Wolf announced a \$10 million investment to support early childhood educators in their career development.⁶ Another major initiative is the Pennsylvania Early Learning Investment Commission, a partnership of business leaders dedicated to making the success of every child in Pennsylvania a top priority. Governor Wolf, honorary co-chair of the commission, has praised the group for helping increase the number of children able to attend pre-K by 48 percent and helping serve more than 3,300 additional children and their families.⁷

The impacts on Pennsylvania's working parents is clear and has led to much positive action. To further understand this challenge, we need to look at the economic impact of childcare breakdowns on the state. When employees leave the workforce, how much income are they sacrificing? When employees leave or miss work due to childcare issues, how does this effect the employer? In addition, our study highlights the motivations behind the decisions working parents make and potential solutions for employers to recruit and retain skilled talent.

¹ <https://www.governor.pa.gov/newsroom/governor-wolf-creates-keystone-economic-development-and-workforce-command-center/>

² <https://www.workstats.dli.pa.gov/Documents/Monthly%20Press%20Releases/clf.pdf>

³ Author's calculations based on U.S. Census Bureau data

⁴ Child Care Aware of America - Pennsylvania Fact Sheet

⁵ <https://www.childcaredeserts.org/?state=PA>

⁶ <https://www.governor.pa.gov/newsroom/pennsylvania-to-invest-10-million-to-support-early-childhood-educators-in-career-development/>

⁷ <https://paeearlylearning.com/>

Survey Results

We surveyed parents to gauge how childcare issues impacted their lives across employment and education. Survey respondents are reflective of Pennsylvania’s racial demographics and a normal economic distribution. We also captured the decisions parents make regarding childcare providers—who they selected as providers and why they selected them. Stakeholders must know the motivations behind parents selecting childcare provider in order to align their efforts towards effective solutions.

FACES BEHIND THE NUMBERS:

Meet the Moody Family

Cara Moody, a server at a restaurant in Pittsburgh, faced the unthinkable when her husband Dennis passed away suddenly. Without childcare for her son Colton, she wasn’t sure how she’d keep her job. Then Cara found ABK Learning and Development Center, an overnight childcare facility created for parents who work night shifts like her. After a tough transition, Colton is thriving with his peers and caregivers there, including his best friend Fred “Pap-Pap” Crawford, who helps manage the center with his wife, Center Director Lesely Crawford.

HOMETOWN: Pittsburgh, Pennsylvania	
PARENT: Cara	CHILD: Colton (age 5)
OCCUPATION: Server at a local restaurant, working evenings	CHILDCARE: Weekdays & some weekends, 4pm–11pm
	MONTHLY CHILDCARE EXPENSE: \$564



THE EVENING ROUTINE

Cara drops Colton off at ABK Learning and Development Center while she goes to work. “When I tell people where Colton goes while I’m at work, no one has ever heard of an evening, weekend day care,” Cara explains.

Key Findings

Long-Term Impact on Employment and Education

Childcare issues impact a parent’s ability to work or pursue higher education, skills development, or training. 34 percent of parents reported childcare issues significantly impacted their employment over the past 12 months, though this varied by geographical classification, **(FIGURE 01)**. This includes parents voluntarily or involuntarily leaving their jobs, decreasing their hours from full-time to part-time, being unable to increase their hours, or being unable to accept a position.

Even parents who have yet to experience disruptions to their employment are impacted. Perhaps because they anticipate challenges in the future, 13 percent of working parents said they plan to voluntarily leave a job due to childcare issues.

Another essential piece of information is the age of the children when parents decide to voluntarily leave their jobs. Knowing this can inform targeted initiatives or policies for working parents. Seventy percent of parents who voluntarily leave their jobs do so when their child(ren) is two years old or younger. This indicates that childcare for infants and toddlers is the greatest need, which aligns with findings from the Pennsylvania ELIC and Ready Nation report.⁸ Additionally, due to smaller teacher-to-child ratios, which are critical to providing a safe learning environment for infants and toddlers, childcare for this group is more expensive than childcare for older children.⁹ The expense is one important factor in why and when parents may choose to leave the workforce. These data also help businesses understand when their employees are most vulnerable to leave the workforce so that their solutions support working parents when they most need it.

It is also important to understand how childcare issues impede the ability of parents to pursue higher education or training, which ultimately influences their earning potential. 25 percent of parents reported they are enrolled in postsecondary education or a training program. Of this enrolled group, 64 percent reported childcare issues significantly impacted their classes or training program over the past 12 months.

Parents reported either being dropped from a class roster or having to reduce the number of classes they take. When parents are unable to complete their education on time, they must wait longer to pursue promotions or better paying careers. There are additional implications our survey did not capture but are paramount to consider. Many students rely on student loans to cover both school and living expenses. If students drop below half-time status, they may be required to begin paying back their loans

while in school. This could add an additional burden to enrolled parents who likely have higher expenses than other students. Twenty percent of enrolled parents said they plan to postpone school or training programs due to childcare issues.

Finally, we asked parents how old their children were when they made the decision to leave work or stop attending classes. Ninety percent of parents who voluntarily postpone their education or training program have children who are two years old or younger, further indicating that parents of infants and toddlers need the most support.

Knowing how childcare issues impact employment and education is vital. To get a complete picture, parents responded to a series of questions on their childcare arrangements.

- **78% of parents rely on family members for at least some childcare.**
- Parents primarily pick their childcare provider based on affordability and personal preferences.
- When it comes to cost, **families pay an average of \$433/month for childcare**, although it varies by provider type and other factors (see following figures for a breakout of costs).
- **67% of families pay out of pocket for childcare, with only 10% receiving state childcare provider assistance.**

In developing solutions to this childcare challenge, policymakers and stakeholders should consider ways to support parents who are shouldering the burden of the high cost of care, keeping in mind their geographical location.

Childcare is a barrier regardless of region. However, parents in urban regions reported childcare issues significantly impacted their employment at higher rates than parents in rural regions. The following figures break down survey results by region. (See **METHODOLOGY** for how we determined the regions.)

⁸ *Growing Tomorrow's Economy Means Investing in Child Care Today*, <http://paearlylearning.com/wp-content/uploads/2019/05/2019-04-ELIC-RN-report-FINAL.pdf>
⁹ *Where Does Your Child Care Dollar Go?* <https://www.americanprogress.org/issues/early-childhood/reports/2018/02/14/446330/child-care-dollar-go/>

FIGURE 01.

Percentage of parents who reported childcare issues significantly impacted their employment over the past 12 months, by rural vs. urban

23%

Rural

37%

Urban

34%

State Average

FIGURE 02.

Percentage of working parents who plan to voluntarily leave their job because of childcare issues, rural vs. urban

11%

Rural

13%

Urban

13%

State Average

FIGURE 03.

Age of child(ren) when working parents voluntarily left or plan to voluntarily leave their job, by rural vs. urban
 *Percentages may total more than 100% because some parents have multiple children

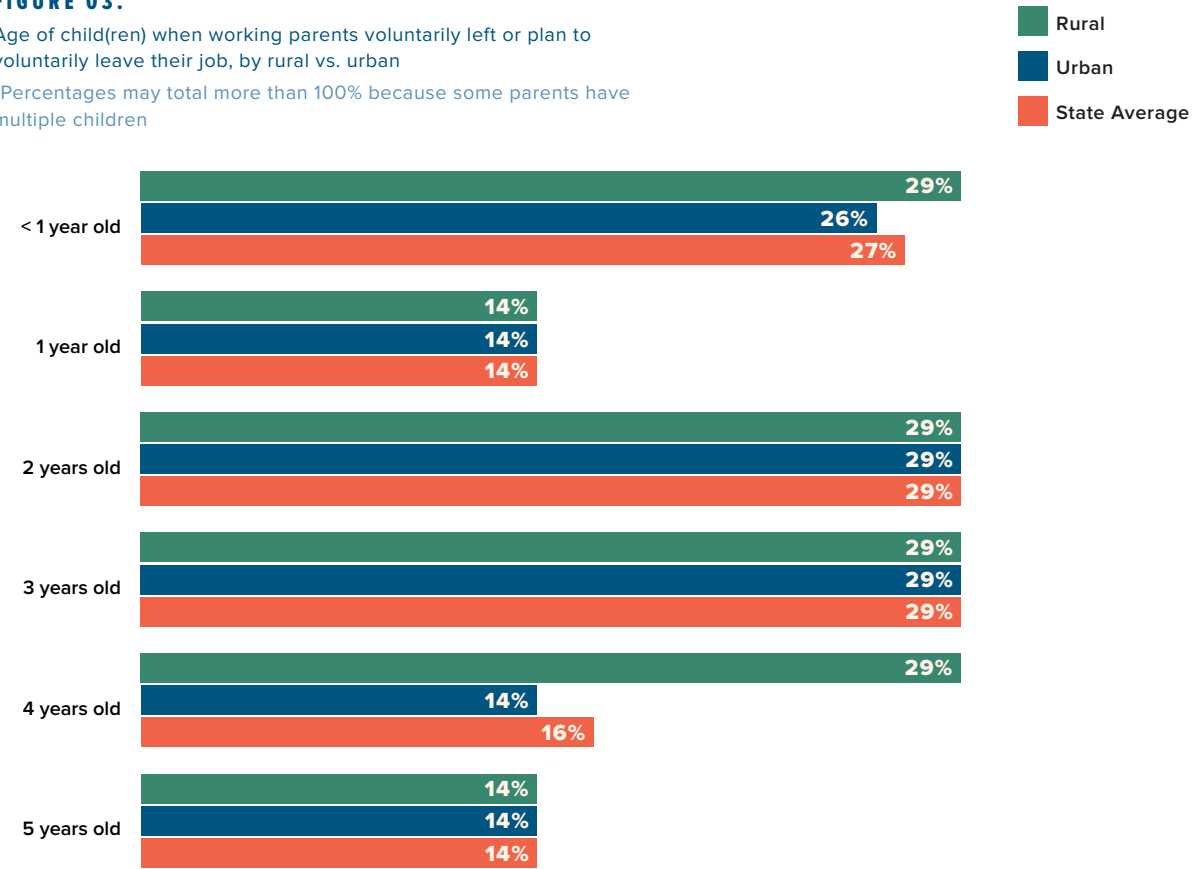


FIGURE 04.

Percent of parents enrolled in postsecondary education or training program, by rural vs. urban

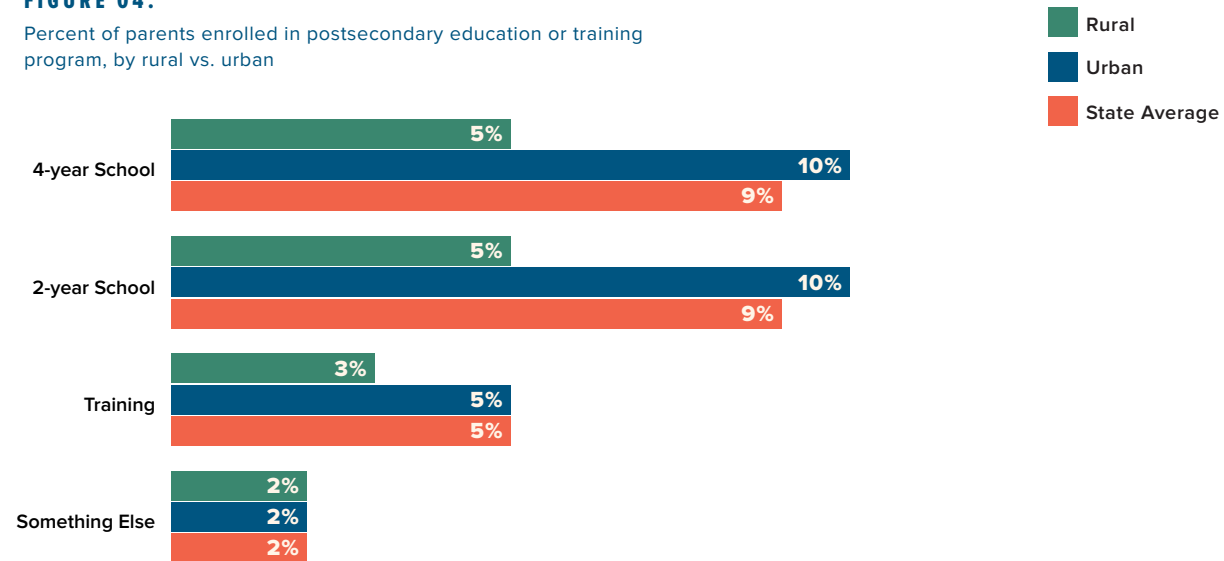


FIGURE 05.

Percent of enrolled parents who experienced significant disruptions to class, by rural vs. urban

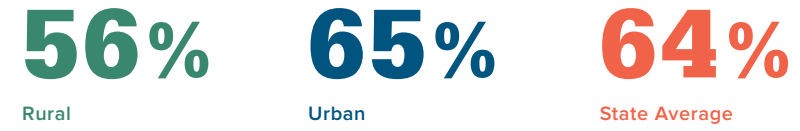


FIGURE 06.

Percent of enrolled parents who plan to postpone postsecondary education or training program, by rural vs. urban



FIGURE 07.

Age of child(ren) when enrolled parents postponed or plan to postpone postsecondary education or training program
 *All three parents located in rural PA postponed or plan to postpone their education when their child was/is three

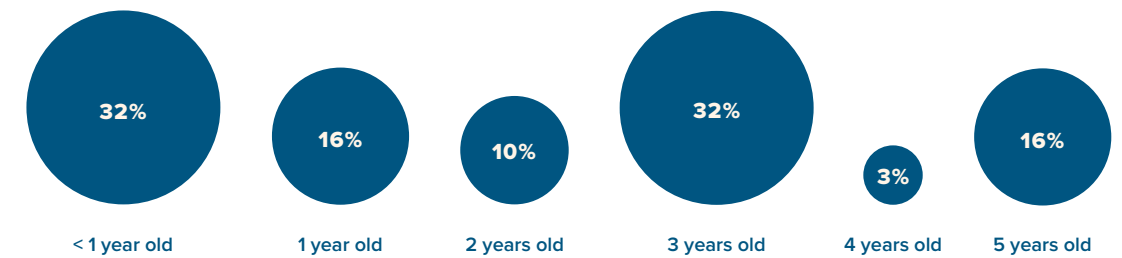


FIGURE 08.

How much parents pay for childcare, per month, by rural vs. urban
 *The total includes parents who input their zip code incorrectly, therefore they are not included in the rural vs. urban breakdown



FIGURE 09.

How much parents pay for childcare, per month, by provider type

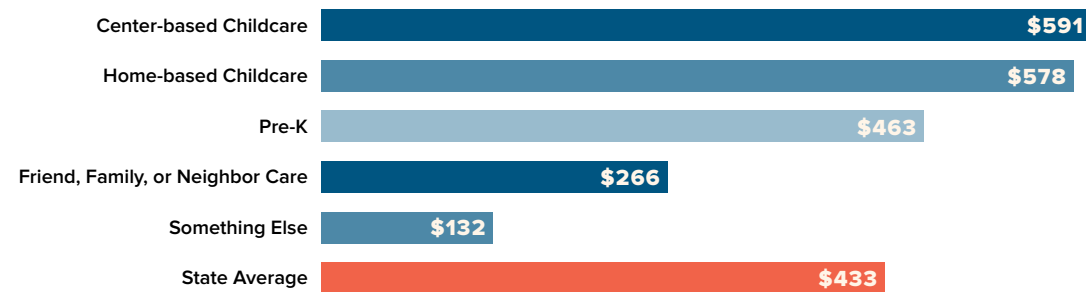
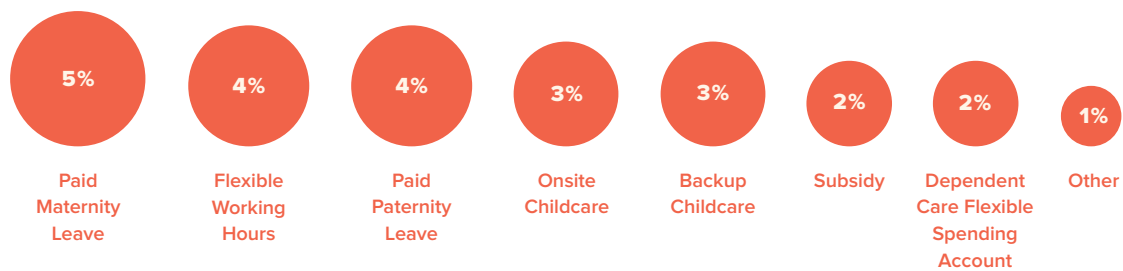


FIGURE 10.

Percentage of employers that offer the following benefits, based on parents who responded their employer offers childcare benefits, perks, or accommodations



Childcare Benefits and Accommodations

To deepen our insights on why parents are facing challenges, we asked several questions regarding what types of childcare benefits and accommodations their employers provide. Eleven percent of parents said their employers offer childcare benefits. Of these parents:

- 46% said their employer offers paid maternity leave
- 38% said their employer offers flexible working hours
- 32% said their employer offers paid paternity leave
- One parent who works for a medium sized utilities company said she can bring her child to work

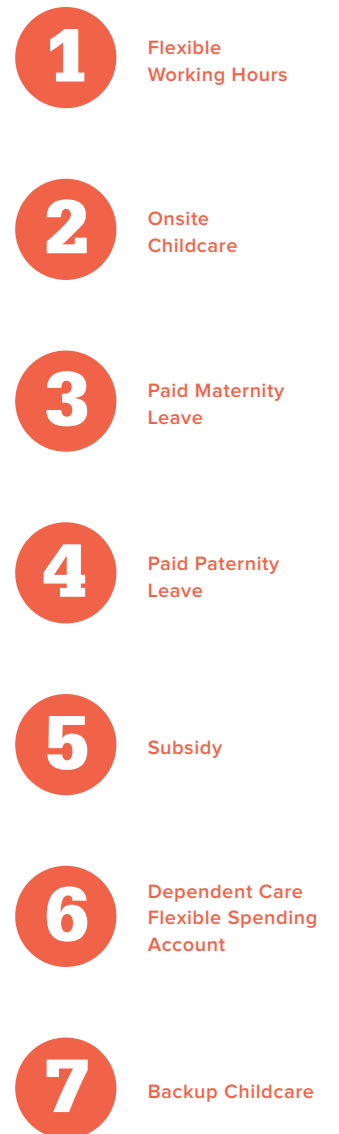
To glean if companies are providing childcare benefits that match parent expectations, we asked all parents, regardless of whether their employer currently offers childcare benefits, to rank their top three most desired childcare benefits.

The results indicate that the Pennsylvania companies that do offer childcare benefits are listening to the larger workforce.

Parents ranked flexible working hours, onsite childcare, and paid maternity leave as the most important benefits they consider for employment; this aligns with what Pennsylvania employers provide. Although there is room for improvement in the total number of companies that offer any type of childcare benefit or accommodations, this is a great indication that Pennsylvania employers are taking steps in a positive direction.

FIGURE 11.

Benefits desired by parents, in order of highest ranked
 *Parents ranked their top three choices



**CHALLENGES
OUTSIDE 9-5**

In Pittsburgh's vibrant restaurant scene, servers like Cara need to work nights and weekends to make ends meet — which is why finding overnight care was such a relief. "I know I'm not the only one who's out there struggling, and doing this and making it work. I'm just very happy I found something that could work with my schedule."

Economic Impact

We estimate there is an untapped potential of \$3.47 billion annually in Pennsylvania due to childcare issues.

When assessing if childcare is adequate, Pennsylvania examines provider accessibility, affordability, and quality. While our report did not explore how the quality of childcare impacts parents' ability to work or pursue higher education, we did estimate how the other two variables impact parents. The estimated economic impact includes direct employer costs and lost state tax revenues. When parents struggle to find childcare or have disruptions in their childcare arrangements, the impacts ripple throughout the community. Parents either miss work completely, arrive late, or leave early. Even if this does not occur, parents may still be distracted at work merely thinking about or receiving calls from their childcare provider. There are additional costs to employers for lost wages to the worker(s) who did not show up (or who arrives late or must leave early), paying overtime to other workers who must cover a shift, or even hiring and paying temporary workers. Given this, we estimate the direct employer cost due to absenteeism to be \$1.42 billion.

When parents are repeatedly unable to find an appropriate childcare provider, this can cause them to voluntarily leave the workforce or the employer to terminate them, which was true of parents we surveyed. When this happens, the employer must replace the worker. Research indicates turnover costs an employer approximately one-fifth the worker's annual earnings.¹⁰ Based on our data, the turnover cost to employers alone is an estimated \$1.46 billion.

Long-term childcare issues impact more than working families and employers. There is also a cost to Pennsylvania in the form of lost tax revenues. When parents temporarily leave the workforce due to childcare issues, Pennsylvania does not collect income taxes from those individuals. In addition, these parents may reduce their spending which leads to a decrease in sales tax revenue. We estimate Pennsylvania loses a total of \$591 million annually due to both turnover and absenteeism.

¹⁰ *There Are Significant Business Costs to Replacing Employees.* Heather Boushey and Sarah Jane Glynn. Center for American Progress.

THE UNTAPPED POTENTIAL:

\$3.47B

Childcare issues result in an estimated \$3.47 billion loss annually for Pennsylvania's economy

FIGURE 12.

Direct employer costs

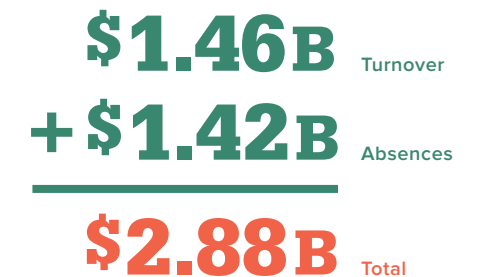
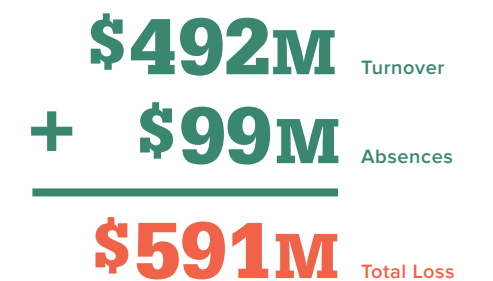


FIGURE 13.

Direct tax revenue impact



Disruptions to Parental Employment

When parents experience childcare issues, there are both long-term and short-term consequences. The long-term consequences include separation from employment (voluntarily or involuntarily) or significant changes to employment. Beyond employment, parents enrolled in school or training programs may also experience the same long-term consequences. To compare to national data, we asked a question that the National Survey of Children’s Health (NSCH) included in its 2016 administration of the survey:

The National Survey of Children’s Health (NSCH) asked¹¹

“During the past 12 months, did you or anyone in the family have to quit a job, not take a job, or greatly change your job because of problems with childcare for this child, age 0-5 years?”

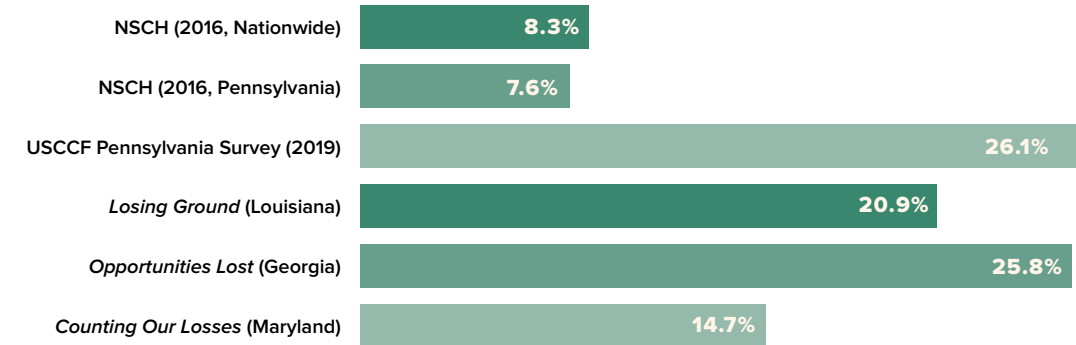
According to the NSCH, nationally, 8.3 percent of parents reported childcare issues are causing significant disruptions to their employment, whereas slightly fewer Pennsylvania parents (7.6 percent) are experiencing disruptions. The parents in our survey reported much higher rates (26.1 percent) of childcare issues impacting their employment. This higher rate is likely due to our survey focusing specifically on childcare issues with respect to employment and education, whereas the NSCH survey was a broader survey on overall child health. In Georgia,¹² Louisiana,¹³ and Maryland,¹⁴ 25.8 percent, 20.9 percent, and 14.7 percent parents, respectively, answered, “yes” to the NSCH question.

Additionally, various groups experience different levels of disruptions due to childcare issues. Women reported their jobs were greatly impacted at similar rates to men—25.9 percent of women and 27.1 percent of men responded “yes” to the NSCH benchmark question. Pew Research Center has insightful findings on how women and men perceive careers and childcare differently.

- Women spend more time both on paid work and on childcare relative to past decades
- Women face more pressure to be involved parents than men
- While men face less pressure to be involved parents, men face more pressure to support their family financially¹⁵

FIGURE 14.

Percentage of respondents reporting childcare issues significantly impacted employment, compared nationally



Although we view childcare as a workforce issue, we recognize that caregiving responsibilities impact subpopulations in different ways.

This data does not fully consider the different presentations of families in this country and how childcare impacts them in different ways. While this NSCH benchmark question did not break down responses based on household composition (such as single or same sex parents), it is important to note these dynamics may not look the same for all households.

On the following pages, we break down how parents responded based on their marital status, gender, employment type, and income.

¹¹ <https://www.childhealthdata.org/browse/survey/results?q=4798&r=14&r2=1>

¹² Georgia Early Education Alliance for Ready Students (2017).

Opportunities Lost: How Child Care Challenges Affect Georgia’s Workforce and Economy

¹³ Louisiana Policy Institute for Children (2017). *Losing Ground: How Child Care Impacts Louisiana’s*

Workforce Productivity and the State Economy

¹⁴ Maryland Family Network (2018). *Counting Our Losses: The Hidden Cost to Marylanders of an*

Inadequate Child Care System

¹⁵ Pew Research (May 8, 2019). *6 facts about U.S. moms*

THE NATIONAL SURVEY OF CHILDREN'S HEALTH (NSCH) ASKED

“During the past 12 months, did you or anyone in the family have to quit a job, not take a job, or greatly change your job because of problems with childcare for this child, age 0-5 years?”

FIGURE 15.

Percentage of parents who answered “yes” to the NSCH question, by marital status

MARITAL STATUS	PERCENT
Overall	26.1%
Married	23.3%
Single	34.2%
Divorced	36.8%

FIGURE 16.

Percentage of parents who answered “yes” to the NSCH question, by gender

GENDER	PERCENT
Overall	26.1%
Female	25.9%
Male	27.1%

FIGURE 17.

Percentage of parents who answered “yes” to the NSCH question, by employment type

EMPLOYMENT TYPE	PERCENT
Overall	26.1%
Full-time	22.8%
Part-time	44.7%
Unemployed, Looking	50.0%
Stay-at-home Parent	23.9%

FIGURE 18.

Percentage of parents who answered “yes” to the NSCH question, by annual income

INCOME	PERCENT
Overall	26.1%
< \$50,000 per year	29.3%
> \$50,000 per year	23.5%

Long-Term Impact

While including the NSCH question allows us to compare to national surveys, we wanted to dive deeper into how exactly childcare issues impacted parents' ability to work or pursue higher education. We asked parents how their jobs had been impacted over the past 12 months. Overall, 34 percent of parents experienced significant disruptions to their employment, with 13 percent leaving their jobs, either voluntarily or involuntarily. These data indicate that working parents of young children are making career decisions based on their childcare rather than the best career decisions for their financial stability.

Beyond employment, parents enrolled in school or training programs may also experience the same long-term consequences. An educated populace provides benefits to the entire economy, and on an individual level, higher education is tied to higher income. Higher education is also correlated with better health, lower rates of unemployment, and higher wages for workers without formal degrees.¹⁶ When parents pause their education or professional development, the time it takes for them to acquire the skills to pursue higher paying jobs increases. Although this disruption to education does not directly impact the economy, other studies have estimated the opportunity cost of forgoing postsecondary education or training.¹⁷

The following figures illustrate the various ways parents said childcare issues impacted their ability to develop professionally.

FIGURE 19.

How parents said childcare issues impacted their employment

*Parents could select more than one option

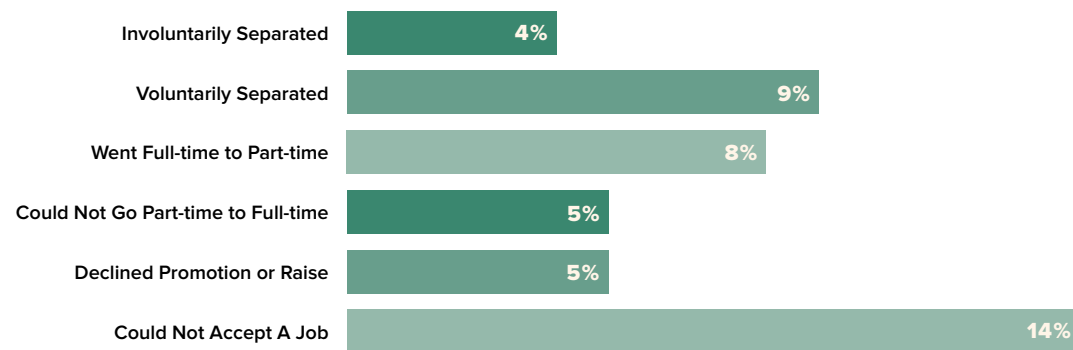


FIGURE 20.

How parents said childcare issues impacted their employment, by gender

*Parents could select more than one option

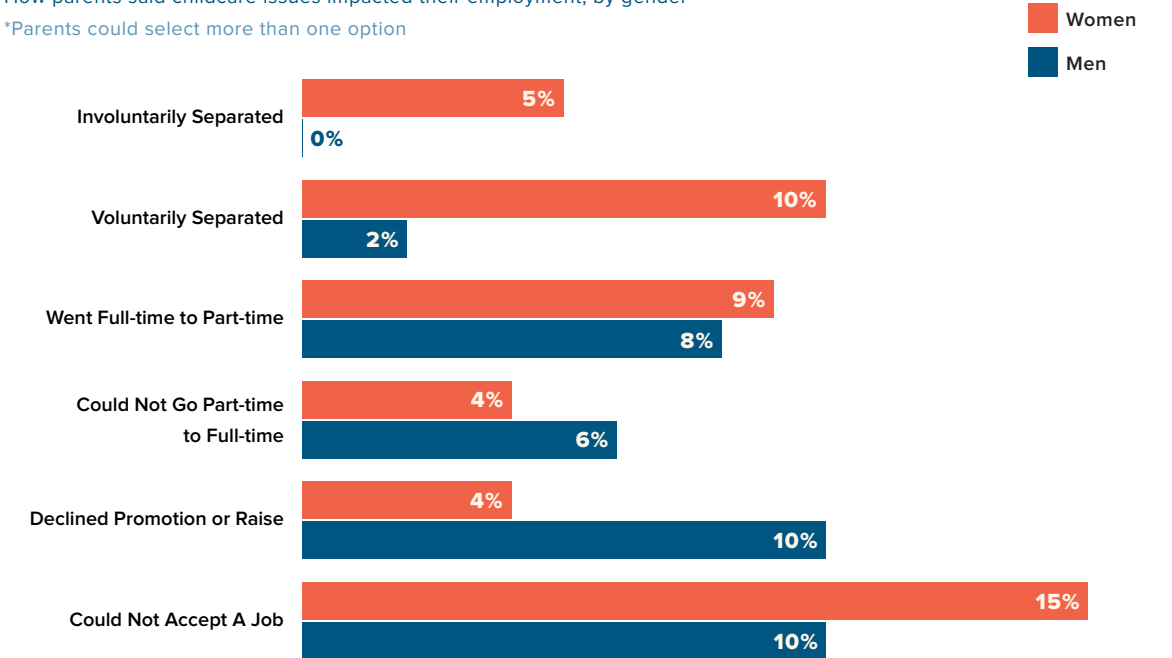
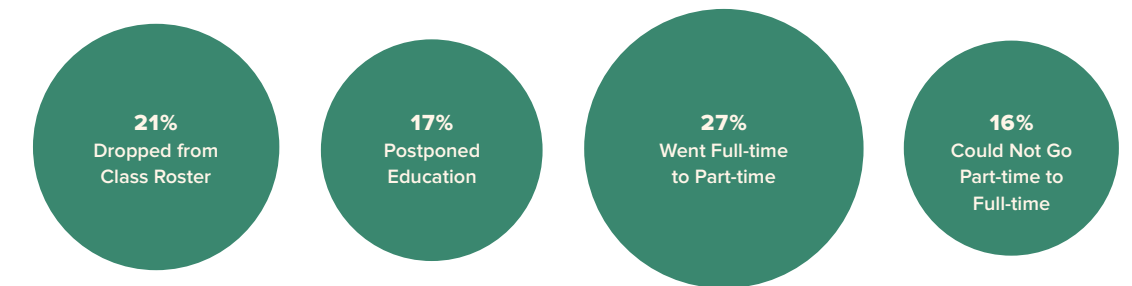


FIGURE 21.

How parents said childcare issues impacted their postsecondary education or training program



¹⁶ Brookings Institution (April 26, 2017). *Eight economic facts on higher education*

¹⁷ Maryland Family Network (2018). *Counting Our Losses: The Hidden Cost to Marylanders of an Inadequate Child Care System*

FIGURE 22.

How parents said childcare issues impacted their postsecondary education or training program, by gender

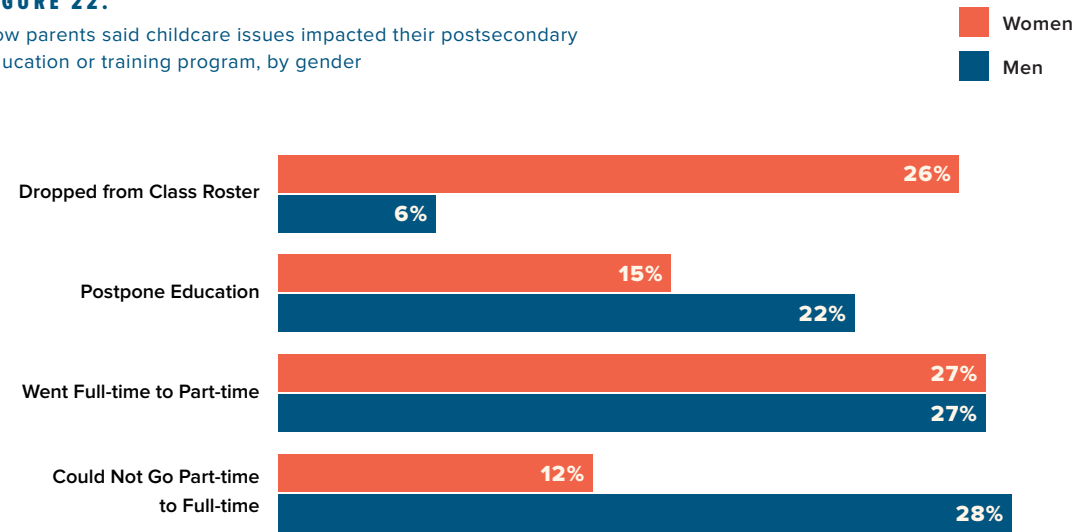
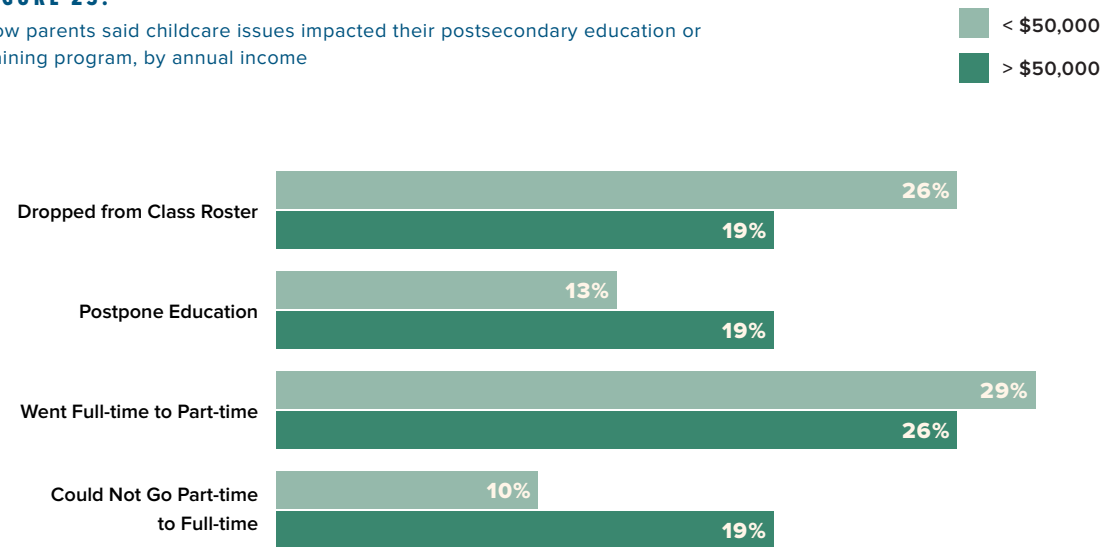


FIGURE 23.

How parents said childcare issues impacted their postsecondary education or training program, by annual income



“Working parents of young children are making career decisions based on their childcare rather than the best interest of their long-term financial stability.”

Short-Term Impact

Even when parents can balance their childcare provider issues with work or class schedules in the long-term, they may struggle with smaller yet serious short-term disturbances. We defined short-term consequences as occurrences, over the past three months, of parents missing work or class, arriving late, or leaving early. We also asked parents how many times they were distracted at work or received phone calls from their childcare provider while at work or in class. While parents may experience short-term disruptions for many reasons, almost half of all parents said that they experienced disruptions specifically due to childcare provider issues.

The following figures show what percentage of parents reported short-term disruptions to their work or school. Alongside each chart is the average number of days they were absent, tardy, or had to leave early.

FIGURE 24.

Percentage of parents who missed work or class

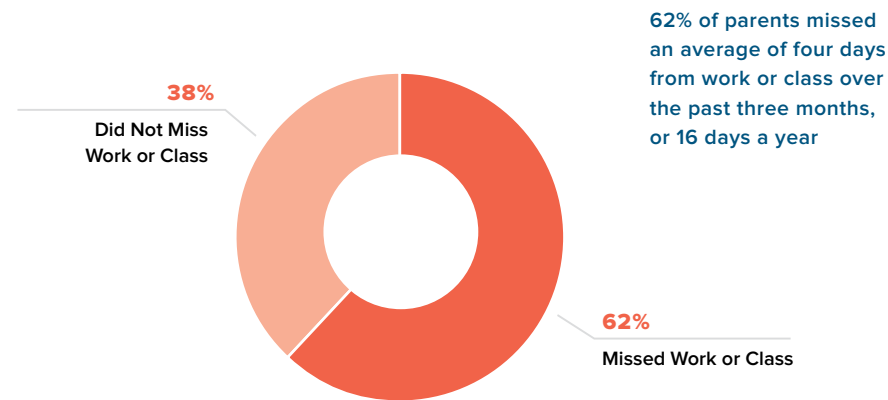


FIGURE 25.

Percentage of parents who left work or class early

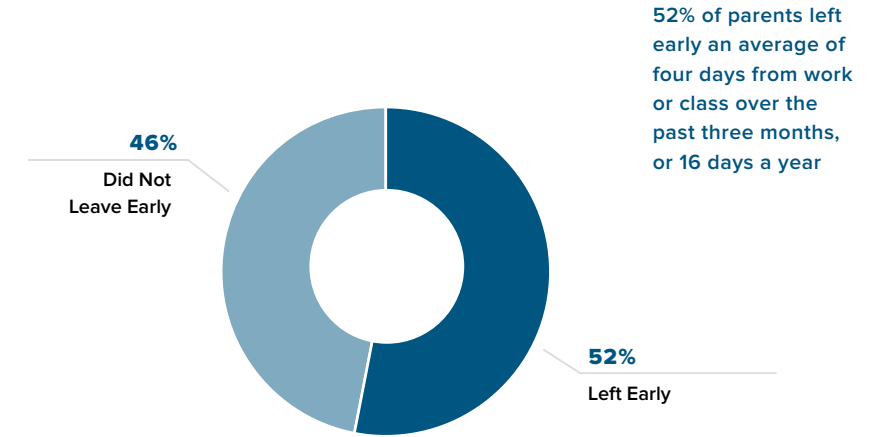
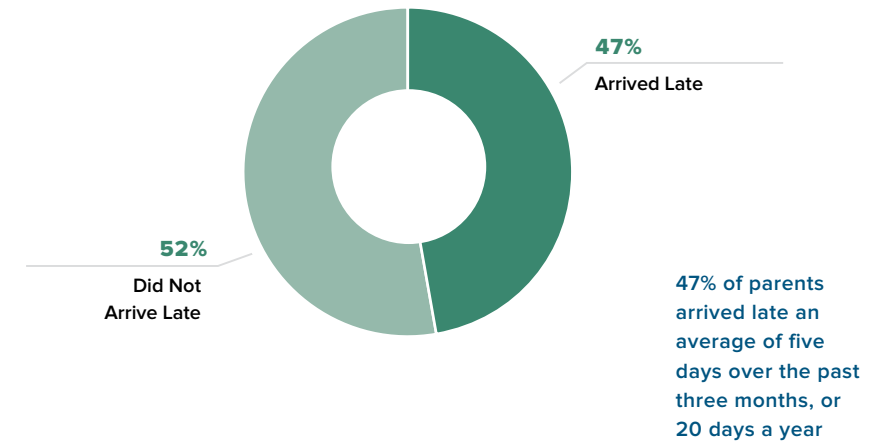


FIGURE 26.

Percentage of parents who arrived late to work or class



Conclusions and Implications

As mentioned, Governor Wolf wants Pennsylvania to build the strongest workforce in the nation. With one of the largest populations in the nation coupled with the nation's most diverse economy, Pennsylvania can certainly attain this goal. However, it will require the legislature, businesses, childcare providers, and community organizations across the state to effectively collaborate.

The fact that the second highest childcare benefit companies provide, flexible working hours, is the highest ranked benefit parents desire is promising because it demonstrates when Pennsylvania employers do offer childcare benefits, they are in tune with what their workforce needs. This reinforces the need for solutions to be a combination of public and private efforts. It also signals that every employer should survey their employees with children to understand how they can tailor solutions to meet employee needs.

One pertinent result of public and private organizations working together with individuals is the ABK Learning & Development Center. While every parent faces childcare issues, parents working nontraditional hours face greater challenges because typical provider hours do not match their shifts. Lesley Crawford, who runs a childcare center in Pittsburgh, recognized parents working nights and weekends lacked high quality childcare, so she partnered with Duquesne University and the Pittsburgh Housing Authority to open ABK Learning and Development Center. ABK's hours make it possible for Cara Moody, a widowed mother, to maintain her evening and weekend hours as a server at Park Bruges restaurant. Employers who have hourly wage employees or multiple shifts need to understand how nontraditional hours exacerbate the already existing challenge of finding and affording childcare.

Solving the inadequate childcare crisis is no easy task and with such a diverse economy, neither employers nor the government can tackle this issue alone. Fortunately, there is a path forward that synergizes with the goals of Pennsylvania lawmakers, businesses, community organizations, and working parents alike. Leveraging this report's data, along with the tremendous work the Pennsylvania Chamber of Commerce and ELIC are doing, Pennsylvania can invest and support targeted childcare solutions that enable parents to maintain or find employment. The Commonwealth can return the \$3.47 billion in untapped potential to the state and working parents can be supported in being both great employees and parents.

POWER KID

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 "To see him now you wouldn't know how he was when he first came...gradually you could see these little glimmers of him being this power kid and amazing," recalls Lesley Crawford, ABK Learning and Development Center director.

METHODOLOGY

As with other childcare studies in states such as Louisiana, Georgia, Maryland, Indiana, and Washington, this study was conducted in two phases. First, the U.S. Chamber of Commerce Foundation and the Pennsylvania Chamber of Business and Industry partnered with Cicero Group to conduct a statewide survey of households with children age 5 and under who are not in Kindergarten, asking these parents a series of questions investigating the intersection of between workforce participation, education, and childcare issues. This survey was conducted via telephone and online. Second, Cicero Group estimated the economic impact of childcare issues based the results of the survey from the first phase and secondary data sources, such as U.S. Census Bureau data.

APPENDIX A: SURVEY METHODOLOGY AND RESPONDENT DEMOGRAPHICS

Data for this report are based on a sample of adult (18 years or older) residents in Pennsylvania who have at least one child five years old or younger not enrolled in Kindergarten (i.e. not enrolled in a mandated, government funded primary education curriculum). Cicero Group conducted the online and phone surveys between November 11, 2019 and November 25, 2019. The total sample includes 330 Pennsylvania parents (including stepparents or legal guardians) who met the above conditions.

RACE	White	Black	Asian	American Indian / Alaskan Native	Native Hawaiian / Pacific Islander	Other
N=330	278	29	12	1	0	10

SEX	Female	Male
N=330	282	48

MARITAL STATUS	Married	Single	Other
N=330	223	79	28

REGION	Rural	Urban
N=330	66	262

Two respondents provided zip codes that could not be classified as urban or rural.

We divided responses into rural or urban populations using the Census Bureau's definition of urbanized areas and urban clusters and defined rural as a population under 2,500.

APPENDIX B: ECONOMIC IMPACT METHODOLOGY

The economic impact consists of two areas—first there is a turnover cost to employers. Second, state lose tax revenue when employees lose wages. We pulled data from The American Community Survey to calculate the total number of parents in the labor force with children under six. In Pennsylvania, there are 1,082,070 parents in the labor force with children under six. We applied the responses of parents who voluntarily or involuntarily left the workforce to this population (13 percent) to estimate the total number of working parents of children under six, who left the workforce. Applying Boushey and Glynn’s cost of turnover (21 percent) to the annual mean salary for these workers we arrived at the total cost to employers due to employee turnover.¹⁸ For absences, we applied the mean hourly wage to the number of parents who missed work. We then assumed they missed an eight-hour shift. Even for non-salaried workers who forgo earnings when they miss work, we assume employers still pay a cost in either lost productivity to those absent workers, overtime pay to other workers who must cover a shift, or even hiring and paying temporary workers.

There are two ways in which the state loses tax revenues—income tax and sales tax. When an employee loses his or her job, or foregoes wages, the state directly loses income taxes. Furthermore, we assume a displaced worker reduces spending; thus, the state loses sales tax revenues. We used the tax estimates from The Institute on Taxation & Economic Policy to determine appropriate tax rates.¹⁹

¹⁸ *There Are Significant Business Costs to Replacing Employees*. Heather Boushey and Sarah Jane Glynn

¹⁹ ITEP (2018). *Who Pays? A Distributional Analysis of the Tax System in All 50 States*