



225 State Street, Suite B
Harrisburg, PA 17107
717-232-8582
NFIB.com/PA

June 02, 2026

The Honorable David Rowe and Committee Members
via electronic submission

RE: House Republican Policy Committee Meeting: Childcare Facilities and Regulatory Burdens

These comments are submitted on behalf of the National Federation of Independent Business in Pennsylvania (NFIB PA). NFIB is the nation's leading small business advocacy organization, representing over 13,200 members in Pennsylvania and about 300,000 members throughout the United States. Founded in 1943 as a nonprofit, nonpartisan organization, NFIB's mission is to promote and protect the right of its members to own, operate, and grow their businesses.

NFIB's average member has 10 or fewer employees and annual revenue of approximately \$500,000.

Childcare facilities in Pennsylvania are overburdened, working with shoe-string budgets, and are continually asked to do more with less. The Commonwealth of Pennsylvania has issued over 166,000 individual regulations on the business community. This is higher than most other states and puts us at a competitive disadvantage.

NFIB does not support eliminating regulations that would jeopardize the health and safety of our children or put increased liability on the facilities but rather take a practical look at how state mandates and requirements play out on a day-to-day basis for childcare administrators. What works on paper may not be prudent in the real world.

The challenges in this sector are enormous, and that can be highlighted by the recent discovery of cocaine in a toddler's personal items at a daycare in York County last week.

In preparing for this testimony I met with several childcare providers to discuss their operations and pain-points, some of which are regulatory in nature, while others are typical across the entire business community. What follows reflect those conversations.

"IF THE STATES PRIORITY IS PUTTING CHILDREN FIRST, THEY GET AN F."

-Childcare Administrator

Paperwork

If there was one complaint I heard repeatedly, it was the paperwork nightmare that has been thrust onto childcare administrators. While all businesses have some aspect of administrative headaches, it seems to be more abundant in this sector. One administrator felt that the state was more concerned with the paperwork requirements than the ability of the kids to learn and play in their facility.

Regarding vaccinations, every administrator I spoke with complained about the paperwork parade they endure. All were frustrated with the tracking and felt overwhelmed by this. Some kids have insurance and see a doctor regularly, but others do not. When 40% of your children are on subsidy due to being low-income, administrators are left with a decision to hound the family about vaccination records or remove them from the program. No administrator wants to remove ANY child from a program based off the lack of healthcare coverage, but this is a reality.

"Streamline the process. Duplicative paperwork. Overemphasis on paper, not the human."

Inflation

As you can imagine, childcare facilities have not been immune to the increased costs of everyday items. From food and snacks to heating/cooling and electricity, everything has increased. Childcare facilities are having a tough time setting affordable rates for their families due to the ever-changing nature of the economy after the pandemic. If you set prices too high, you leave out vulnerable populations who cannot afford your services, but if you set the price too low, you lose money. Again, these companies are working on extremely tight budgets with little room for disruptions.

Subsidies

"75% reimbursement rate is simply too low". This comment was made by a local childcare provider in reference to serving lower income populations. This creates a cash-flow problem and forces the facility to charge higher rates for those not on subsidies to make up the difference.

For example, if the facility costs \$325/week for a one child family, the daycare may get \$200/week from the subsidy program. The facility then writes off the remainder of the balance. For this one child that is a difference of \$6,500 over the course of the year. That is just one child, while some programs have upwards of 40% on subsidies.

NFIB is not advocating for the elimination of the subsidy, as it is a critical tool for low-income families to take advantage of while remaining employed. Rather, this is an effort to show how

much money facilities are losing in revenue, yet they still must comply with all state mandates, make capital improvements, pay staff and provide raises, etc.

Inspections

Some facilities have had the same inspector for years and they have a great working relationship. Others, though, feel as though their inspector's goal is to seek out trivial discrepancies and penalize. Several administrators indicated that they would like to see more consistency and transparency in this area.

Let's think about this for a moment. No childcare worker went into the field to become rich. They do it for the love of the children and the joy they get watching them become successful and grow. I believe our members would appreciate more of a 'team' relationship with the inspectors, rather than the feeling, 'I just got pulled over and you're going to give me a ticket, aren't you?'"

Training and Retention Awards

Star 3 & Star 4 facilities used to be able to obtain sizeable retention awards for their employees. Due to changes, these retention awards are much less now. These facilities used to be able to get grants, but now those seem very hard to come by for some entities.

Additionally, there used to be local trainers who would come into the facility and train workers, but many of these programs no longer exist or have changed locations, creating a void. While the options exist for them to still be trained virtually, in-person training is much more efficient and cost-effective for an entire staff.

Did you know, if a licensed doctor (M.D.) walked off the street and wanted to become a childcare provider they would still need to take a first-aid course, at a cost of \$85 to the facility.

If a licensed teacher walked off the street and wanted to become a childcare provider, they would still need another child abuse background pulled at a cost to the facility.

Minimum Wage

NFIB often comments about the consequences of raising the minimum wage. While many entities have raised their starting wages, not all businesses are the same nor can they accommodate such a jump in labor costs.

One facility administrator stated that if the minimum wage were increased, they would be unable to increase the pay of their employees under their current business model. They are tapped out on labor costs and cannot accommodate a higher rate. They start new employees at \$15/hour, but these employees would not see a compensatory increase in their wages regardless of what the state mandates.

But how will this facility keep their workers at that point? One administrator stated, "We wouldn't. They would leave because we couldn't increase their pay. We would begin to winddown our program as the employees left, ultimately shutting our doors forever."

Obamacare

One facility stated that Obamacare has had a negative impact on industry because the facility will not hire more than 50 staff members. While they have room to house more children and could hire more staff, they will not, due to the health insurance restrictions within Obamacare for entities with over 50 employees.

If she hired more than 50, the employees would not be able to obtain their own plans off Pennie, the statewide exchange. They would lose that ability, and the facility cannot afford to have a policy of their own. Thus, she keeps her employee count in the 40's so the employees don't lose out on benefits, while not operating at full capacity.

Conclusion

The childcare industry is on thin ice. Honestly, after these discussions with administrators, I'm unsure what lies ahead for many of them. They got into this industry for the right reasons, but may have to close their doors soon, for all the wrong reasons.

The health and safety of the children is paramount and cannot be understated. But are ALL the requirements and paperwork necessary? NFIB tends to think there is a better way to streamline duplicative processes, forms, and procedures, and to track necessary information. At the end of the day these folks want to provide world-class care for their young ones. And they can do that.

They just need the Commonwealth to listen to their frustrations and act before it's too late.

Thank you again for the opportunity to comment on behalf of Pennsylvania's small and independent businesses.

Sincerely,

A handwritten signature in black ink, appearing to read 'Gregory B. Moreland', with a stylized 'G' and 'M'.

Gregory B. Moreland
NFIB PA State Director