



My name is Gerry Pastor. My wife and I are the owners of Educational Playcare, the largest CT based provider of childcare and preschool programs. We employ approximately 800 teachers and staff and provide services to approximately 3,000 children and their families.

I am also Executive Director of the Connecticut Child Care Association of Connecticut. CCCA represents the interests of private child care providers across the state. Currently, there are more than 1,500 licensed child care centers in Connecticut of which approximately 1,100 subsist primarily on private funded tuitions. These programs represent a total capacity of approximately 70,000 children and approximately 20,000 employees.

The vast majority of programs in CT currently operate with single digit "profitability". Many of which struggle to break even. These profits are what allow for program improvements, expansion, new hires, tuition reimbursements and both planned and unanticipated capital expenditures

The majority of these programs will have only a minimum of staff working at minimum wage, mostly students and young people entering our profession with no experience or education. However, common pay ranges are from minimum wage to \$18/hr. A 50% increase in minimum wage would result in an almost equivalent increase to overall salaries. For the average program in CT, salaries and accompanying employer taxes comprise 60% of a program's revenues. The remainder goes toward benefits, rent, insurance, supplies and maintenance. A 50% increase in minimum wage will result in an increase of 30% in overall program costs. For programs operating with single digit profitability, the increase would be devastating. Even for the select few programs that operate with higher margins, the impact would be the same.

According to a 2016 study of national childcare costs by Child Care Aware, CT is already among the five highest states, along with New York, Massachusetts, Minnesota and Maryland. Average cost for an infant is \$14,079/yr. and \$10,280/yr. for a four-year-old. Passing along an increase of 30% is simply not possible except for the wealthiest.

Another unintended consequence of increasing the minimum wage is families that previously qualified for such public assistance programs as Care4Kids and others will lose some if not all of these benefits. Their wage increase will be offset entirely or by a greater amount as a result.

At the risk of sounding overly dramatic, the fact is an increase in the minimum wage to \$15/hr. will fundamentally eliminate the childcare industry in CT for all but the wealthiest families and eliminate the jobs of thousands that this measure is meant to benefit. I've been advised as to the inevitability of the coming increase but want to go on record so it will not be said, "I didn't know".

Thank you again for considering these ideas and we would welcome the opportunity to discuss them further.

Respectfully,

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