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The Child Care Workforce

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Abstract. The possibility of achieving an ample supply of good quality child care at affordable prices is in part linked to conditions in the labor market for child caregivers, which is the focus of this report. After defining the characteristics of those who comprise the child care workforce, the report analyzes the actual and projected employment pattern of paid child caregivers. The earnings of the child care workforce are next examined. The report closes with a review of existing initiatives intended to improve the wages and benefits of the child care workforce.

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Summary

The labor force participation of married mothers with young children rose markedly in recent decades and contributed to the increased demand for paid child care assistance. The cost of child care consequently is now an integral component of more families' budgets than in years past. Since the enactment of welfare reform in 1996, the affordability of child care has become particularly important to growing numbers of low-income mothers as they leave the welfare rolls for jobs. Congress passed legislation — principally the Dependent Care Tax Credit and the Child Care and Development Block Grant (CCDBG) — that expressly subsidizes work-related child care expenses. The credit offsets a portion of employment-related costs incurred for the care of certain dependents, including children under age 13. The CCDBG is intended not only to enhance the affordability of child care services, but also to improve the availability and quality of paid care provided to youngsters under age 13 in low-income families with a working or in-school parent.

The high labor intensity of the child care industry means that caregivers' wages largely drive the fees charged parents. Through the early 1990s, child care providers appear to have been able to meet parents' increased demand for services by drawing from the plentiful pool of low-wage workers and at the same time, to hold down their single largest cost. The ability of the industry to continue to do both may be in jeopardy because it seemingly has had to bid up wages to attract staff while competing with other employers for the dwindling supply of available workers during the longest economic expansion in the nation's history.

Nonetheless, workers in the child care industry earned just 63 cents for every dollar earned by all workers on average in 2000. Among preschool teachers, the portion of the child care workforce that typically has a bachelor's degree, median earnings in 1999 were $8.41 an hour — considerably less than other workers with a college diploma. The $6.91 an hour earned by other child care workers also was below the pay of many jobs with similar short-term on-the-job training requirements. These very low wages as well as the small chance of getting a better-paying position in the field by undertaking further education/training and the stressful nature of the work likely contribute to the high rate of turnover among child care staff.

Although a low-paid workforce makes child care more affordable for parents, frequent job turnover inhibits the development of a stable youngster-caregiver relationship, which is one input for good quality care. The wages of the child care workforce also appear to be positively related to the quality of care provided. Initiatives consequently have been undertaken to increase the compensation of child care personnel. These efforts most often focus on raising the quality of child care by improving the credentials of caregivers — and secondarily their pay — through such means as training, professional development, scholarships and loan forgiveness. The strategy of directly increasing the compensation of the child care workforce, through retention grants or wage supplements, for example, is less often used. Governments, advocacy groups, labor unions and the business community, among others, have sometimes worked together and at other times worked separately to improve, either directly or indirectly, the compensation of child caregivers.

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Perhaps one of the most dramatic changes in the composition of the labor force during the last century was brought about by women increasingly engaging in paid employment. Over the past few decades, married mothers with children — particularly young children — have fueled much of the increase in female labor force participation. Recently (1990-2000), the share of women in married-couple families who had children under age 5 and who were members of the labor force grew from 58% to 62%. Similarly, 76% of mothers with 5-14 year olds in married-couple families were members of the labor force in 2000, up from 72% in 1990.[1]

The now commonplace presence in the labor force of married mothers with young children in part underlay congressional passage of welfare reform in 1996. That is to say, policymakers questioned why poor single mothers of young children shouldn't be induced to work if so many non-poor married mothers currently are employed. The Personal Responsibility and Work Opportunity Reconciliation Act of 1996, in turn, reinforced the trend toward greater maternal employment through its implementation of work requirements for adult beneficiaries — primarily single mothers — of the Temporary Assistance for Needy Families (TANF) program.

The heightened involvement of women in the labor force likely has decreased the availability of informal caregivers (e.g., neighbors, friends and relatives) and sparked a more widespread need for child care services that can be purchased in the marketplace. In 1995, according to the latest published data from the U.S. Census Bureau, 41% of employed women with children under age 15 paid someone to look after their children. In 1986, the comparable figure was 31%.[2] The cost of child care consequently has become an integral component of more families' budgets over the years.

Since the mid-1990s, the affordability of child care has become particularly important to growing numbers of low-income mothers as they leave the TANF rolls for jobs.[3] In 1997, the child care expenses of working families with youngsters under

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[1]U.S. Bureau of Labor Statistics. Unpublished data from the March 1990 and March 2000 Current Population Survey.

[2]U.S. Bureau of the Census. *Who's Minding the Kids? Child Care Arrangements*. P70-70, Fall 1995. (Hereafter cited as U.S. Bureau of the Census, *Who's Minding the Kids*.)

[3]For one estimate of the impact of child care costs and subsidies on the incomes of mothers leaving the welfare rolls see: Meyers, Marcia K., with Wen-Jui Han and Irwin Garfinkel. Child Care in the Wake of Welfare Reform: The Impact of Government Subsidies on the Economic Well-Being of Single-Mother Families. *Social Service Review*, March 2001.

age 13 who used paid care averaged 9% of earnings.[4] Low-earning families devoted substantially more of their paychecks to this purpose: child care costs absorbed 16% of the wages of families that earned 200% or less of the applicable poverty threshold in 1997. The figure for comparable families with higher earnings was 6% on average.[5]

Congress passed legislation which recognizes that the affordability of child care can affect a mother's likelihood of working outside the home.[6] The two largest federal programs enacted to subsidize work-related child care expenses are the Dependent Care Tax Credit and the Child Care and Development Block Grant (CCDBG). The non-refundable credit, available to families with federal income tax liabilities, offsets a portion of market-based, employment-related costs incurred for the care of certain dependents, including children less than 13 years of age.[7] However, low-income families (e.g., those receiving TANF benefits) are less likely than other families to make use of the credit because they more often have no or low income tax liabilities and more often rely on informal child care arrangements.[8] The CCDBG is intended to enhance not only the affordability, but also the availability and quality of child care services provided to children under age 13 living in low-income families in which a parent is either working or attending school. Child care assistance is not an individual entitlement, and relatively few eligible children receive the subsidy (e.g., 12% of federally eligible children in 1999).[9] The CCDBG rules and funding are scheduled for reauthorization in 2002.[10] Other proposals have been introduced during the 107th Congress to increase the availability and quality of child care services. (For

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[4]Giannarelli, Linda, and James Barsimantov. *Child Care Expenses of America's Families*. Occasional Paper Number 40, Assessing the New Federalism. The Urban Institute, Washington, D.C., December 2000. Note: Working families are defined as those in which the adult most knowledgeable about the children under age 13 is employed and reports using child care while at work. Typically, the individual is the mother who either has no spouse/partner or has a spouse/partner who also is working.

[5]For additional information on the cost of child care see: Schulman, Karen. *The High Cost of Child Care Puts Quality Care Out of Reach for Many Families*. Children's Defense Fund, 2000.

[6]See for example: Lemke, Robert J., with Ann Dryden Witte, Magaly Queralt and Robert Witt. *Child Care and the Welfare to Work Transition*, Working Paper 7583. Mass., National Bureau of Economic Research, March 2000; Kimmel, Jean. Child Care Costs as a Barrier to Employment for Single and Married Mothers. *The Review of Economics and Statistics*, v. 80, no. 2, May 1998.

[7]P.L. 107-16, enacted in 2001, most recently amended the credit. For more information see: CRS Report RL30973, *Tax Cuts: A Side-by-Side Comparison of the President's Proposal and the House, Senate, and Conference Committee Bills*, by David L. Brumbaugh, Jane G. Gravelle, Steven Maguire, Louise Alan Talley, and Bob Lyke.

[8]U.S. Bureau of the Census. *Who's Minding the Kids*. In 1995, 33% of poor families as opposed to 41% of nonpoor families used paid child care.

[9]U.S. Department of Health and Human Services. Administration of Children and Families. New Statistics Show Only Small Percentage of Eligible Families Receive Child Care Help. *HHS News*, December 5, 2000.

[10]For more information see: CRS Report RL30785, *The Child Care and Development Block Grant: Background and Funding*, by Alice Butler and Melinda Gish.

information on these proposals, see CRS Report RL30944, *Child Care Issues in the 107th Congress*.)

The possibility of achieving an ample supply of good quality child care at affordable prices is in part linked to conditions in the labor market for child caregivers, which is the focus of this report. After defining the characteristics of those who comprise the child care workforce, the report analyzes the actual and projected employment pattern of paid child caregivers. The earnings of the child care workforce are next examined. The report closes with a review of existing initiatives intended to improve the wages and benefits of the child care workforce.

Some Basic Facts About the Child Care Workforce

The responsibilities of child caregivers are to nurture and teach preschool-age children as well as to look after older children while their parents pursue other activities (e.g., jobs or school). Child care arrangements vary in the degree to which workers attend to the basic physical needs of their charges or engage in activities meant to develop youngsters' intellectual, emotional and social skills. These differences in the duties of child care personnel are in part related to the age of the youngster and to the qualifications of the worker.[11] (See **Figure 1** for the definition of the paid child care workforce.)

The education/training qualifications of workers who care for young children vary greatly. Child care employees of centers and preschools, for example, typically are able to acquire the requisite skills for average job performance through up to one month of on-the-job experience or instruction (i.e., short-term on-the-job training). In contrast, a prerequisite for preschool teachers typically is a college education. This wide variation in qualifications accords with state licensing requirements that range from high school graduation, to taking community college courses, to graduation from college with a major in child development or early childhood education.[12] Private employers, local governments and publicly funded programs may require that child care staff possess credentials greater than those imposed by a given state.

The jobs are considered to be physically and emotionally taxing. Workers often must engage in strenuous activities (e.g., bending, stooping or lifting) while caring for their charges. The jobs are stressful as workers need to be constantly alert in order to anticipate trouble and to effectively deal with disruptive children.

[11]Unless otherwise noted, this section is drawn from the U.S. Bureau of Labor Statistics (BLS), *Occupational Outlook Handbook*, and related material developed by the BLS's Office of Employment Projections, available at [http://stats.bls.gov/emphome.htm].

[12]State regulations related to the child care industry also may cover such things as health/safety rules (e.g., physical space and immunization requirements), maximum number of children being cared for and minimum staff-to-child ratios. The specifics of the regulations usually differ by mode of care, and some organizations (e.g., small family day care homes) may be exempt from them.

Figure 1. Definition of the Paid Child Care Workforce

In this report, the terms "child care workforce" and "child caregivers" encompass workers such as nannies, au pairs and sitters who look after youngsters in their parents' homes (i.e., private household child care workers), workers who look after youngsters in the caregivers' homes (i.e., family child care providers), preschool teachers and early childhood teachers' assistants. The latter two occupations typically are found in centers, public or private schools and religious institutions.

The available data sources differ in how they present information on these occupations (e.g., one source combines preschool teachers with kindergarten teachers and another source has an occupation called "child care workers" that essentially is a combination of family child care providers and early childhood teachers' assistants). For reasons of data availability, the child care services industry — which includes all occupations found in the industry (e.g., managers, cooks and janitors), not just caregiving occupations — sometimes serves as a proxy for the child care workforce. The industry excludes some child caregivers, however (e.g., private household child care workers and certain family child care providers).

The hours of child caregivers vary, depending in part on their place of employment. Child care centers that are not under the auspices of schools typically are open year round. Center-based employees put in long daily hours to enable parents to leave their children before their own workdays start and to retrieve them after their workdays end. The centers, which may be independent enterprises, church-affiliated or employer-sponsored, often use both full-time and part-time employees who work staggered shifts in order to be staffed the entire day. Public and private preschool programs (e.g., Head Start) also employ a combination of full-time and part-time workers, but they usually are open only during the 9- or 10-month school year. Preschool teachers in center- and school-based programs typically spend uncompensated time beyond their scheduled hours to do such things as meet with parents and plan curriculum. Individuals who offer care in their own homes (i.e., family child care providers) are largely self-employed[13] and thus can have flexible hours and daily routines, but they usually work very long hours or odd hours to accommodate the schedules of parents who work nights or weekends, for example.

The child care workforce is employed part-time much more often than other labor force participants. In a ranking of occupations by the prevalence of persons working less than 35 hours a week, the BLS places child caregivers in the top quartile (i.e., occupations in which more than 27% are employed part-time). According to a CRS tabulation of data from the Current Population Survey (CPS), about 40% of

[13]In 2000, 95% of family child care providers were self-employed (433,000 out of 457,000) according to unpublished data from the Current Population Survey (CPS).

child caregivers in 2000 worked part-time compared to about 24% of workers across all occupations.[14]

Child caregivers are self-employed to a greater extent than other workers as well. About one-fourth of the child care workforce in 2000 was self-employed, in sharp contrast with under one-tenth of all workers in the civilian economy. Self-employment is highly concentrated in one occupation, namely, family child care providers.[15] The numerous family child care homes and independently run centers reflects the ease of setting up a child care business vis-a-vis other kinds of enterprises (e.g., the relatively low capital investment and the comparatively limited education/training needed to enter the field).

The child care workforce also tends to be fairly young. Its median age in 1998 was 36 compared to 39 for all workers. More child caregivers are less than 20 years old (8% as against 5%), which in part reflects the occupations' relatively limited education/training requirements.

In addition, the child care workforce is predominantly female. Women constituted almost all family child care providers (98%), private household child care workers (98%), early childhood teachers' assistants (95%) and preschool/ kindergarten teachers (99%).[16] In marked contrast, women accounted for 47% of all employed persons in 2000.[17]

Job Growth and Turnover Among Child Caregivers

Demand for paid child care services, as measured by changes in caregiver employment, increased relatively rapidly in recent years. Based on the statistics in **Table 1**, the number of child caregivers grew more than the number of workers across all occupations (18% and 14%, respectively) between 1992 and 2000. The average employment gain for all child care occupations was pulled down by the 24% decrease among private household child care workers (e.g., nannies). The relatively largest employment increase occurred among family child care providers, who experienced a 42% gain between 1992 and 2000.[18] Employment of preschool/kindergarten teachers expanded by 29% and employment of early childhood teachers' assistants, by 23%.

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[14]The prevalence of part-time employment varies among the groups that comprise the child care workforce. Relatively more persons who look after youngsters in parents' homes or who provide care at centers work fewer than 35 hours a week (about 50%) compared to family child care providers and preschool/kindergarten teachers (about 30%).

[15]According to unpublished CPS data, 98% of all self-employed child caregivers in 2000 were family child care providers (or 433,000 out of 443,000).

[16]Data are not collected separately in the CPS for preschool versus kindergarten teachers.

[17]BLS. *Employment and Earnings*, January 2001.

[18]Data first became available in 1992 for this subset of the child care workforce.

Table 1. Employment in Child Care Occupations, 1992-2000
(numbers in thousands)

Year	All occupa-tions	Child care occupations				
		Total	**Teachers, preschool and kindergarten**[a]	**Early childhood teachers' assistants**[b]	**Private household child care workers**	**Family child care providers**
1992	118,492	1,558	484	390	362	322
1993	120,259	1,587	504	424	355	304
1994	123,060	1,626	496	416	286	428
1995	124,900	1,692	498	396	312	486
1996	126,708	1,685	543	387	276	479
1997	129,558	1,779	574	432	260	513
1998	131,463	1,803	586	453	278	486
1999	133,488	1,873	600	509	295	469
2000	135,208	1,838	626	480	275	457

Source: U.S. Bureau of Labor Statistics. Current Population Survey.

Note: Data for all these child care occupations were not available before 1992.

[a] In 2000, according to data from the Occupational Employment Survey, preschool teachers accounted for 65% of the combined teacher group.
[b] Early childhood teachers' assistants, like preschool teachers, principally are employed by day care centers, schools and religious institutions.

An even greater increase in demand for child care services can be inferred from industry data. (See **Table 2**.) Over the same period (1992-2000), jobs in the child care services industry grew almost 3 times faster than jobs across all nonfarm industries (58% and 21%, respectively).[19] Over a longer time frame (1972-2000), employment in the child care services industry increased 5 times faster than the all-industries' average (388% and 79%, respectively).

[19]Employment in the child care services industry covers not only the occupations of child care worker, preschool teacher and early childhood teachers' assistant but also such others as manager, cook, janitor and bus driver. See the note in **Table 2** for those child care arrangements that are included in/excluded from the child care services industry.

Table 2. Employment in the Child Care Services Industry, 1972-2000

(numbers in thousands)

Year	Child care services	All nonfarm industries
1972	146	73,675
1973	151	76,790
1974	172	78,265
1975	199	76,945
1976	215	79,382
1977	245	82,471
1978	285	86,697
1979	303	89,823
1980	299	90,406
1981	290	91,152
1982	282	89,544
1983	284	90,152
1984	292	94,408
1985	310	97,387
1986	322	99,344
1987	333	101,958
1988	356	105,209
1989	378	107,884
1990	391	109,403
1991	417	108,249
1992	451	108,601
1993	473	110,713
1994	515	114,163
1995	563	117,191
1996	565	119,608
1997	576	122,690
1998	621	125,865

Year	Child care services	All nonfarm industries
1999	680	128,916
2000	712	131,759

Source: U.S. Bureau of Labor Statistics. Establishment Survey.

Note: The child care services industry includes establishments primarily engaged in the care of infants or children, or in providing prekindergarten education (e.g., child care and preschool centers and nursery schools; family child care homes are included only if the provider has employees). Establishments in the industry generally care for preschoolers, but may care for older children when they are not in school. The child care services industry does not cover Head Start centers operating in conjunction with elementary schools, establishments providing baby-sitting services or private households employing in-home child care.

Although child care employment is projected to continue growing at an above-average rate for the next several years, demand could moderate compared to the trend over the last 2 decades because the pace of demographic changes that spurred past increases in child care enrollments is likely to slow. For example, the BLS expects women of childbearing age to comprise a smaller share of the labor force and their rate of labor force participation to rise less rapidly in the near-term than during earlier periods. The number of preschool children also may not increase very much in the next several years, further dampening demand for child care services. Nonetheless, employment of child caregivers is projected to continue growing comparatively quickly under the presumption that an increasing share of youngsters will attend early childhood education and care programs — particularly if parents think these programs benefit their offspring and if government continues to directly fund or otherwise subsidize them.[20]

The number of child care workers (excluding private household workers) across all industries in which they are employed is projected to expand by 26% between 1998 and 2008. (See **Table 3**.) In contrast, the BLS expects employment growth across all occupations and industries to average 15%. The shift among parents in favor of center-based arrangements is reflected in the faster pace of job gains anticipated among child care workers and preschool teachers employed in the day care services industry (39% and 33%, respectively). By comparison, the rate of increase among child care workers who are self-employed (i.e., largely operators of family child care homes) could be considerably less (21%).

[20]Studies have shown an inverse relationship between the price and use of paid child care arrangements. By lowering the price that parents pay, such government programs as the Dependent Care Tax Credit and the CCDBG promote the utilization of paid child care assistance.

Table 3. Child Care Employment by Occupation and Industry, 1998 (actual) and 2008 (projected)

Occupation by largest industries	1998 Employment[a] Number	1998 Employment[a] Percent distri-bution	2008 Employment Number	2008 Employment Percent distri-bution	Change Number	Change Per-cent
Total	1,556,494	100.0	1,786,968	100.0	230,474	14.8
Child care workers[b]	904,542	58.1	1,140,588	63.8	236,047	26.1
Self employed	493,723	31.7	598,957	33.5	105,234	21.3
Day care services	173,863	11.2	240,878	13.5	67,015	38.5
Education (public & private)	53,820	3.5	60,287	3.4	6,467	12.0
Religious institu-tions	51,002	3.3	57,882	3.2	6,880	13.5
Child care workers, private household	306,377	19.7	209,157	11.7	-97,220	-31.7
Preschool teachers	345,575	22.2	437,223	24.5	91,648	26.5
Day care services	192,827	12.4	256,936	14.4	64,109	33.2
Education (public & private)	63,655	4.1	70,944	3.9	7,289	11.5
Religious institu-tions	51,907	3.3	58,611	3.3	6,704	12.9

Source: U.S. Bureau of Labor Statistics, Office of Employment Projections (which relied on data from the Occupational Employment Survey (OES), supplemented by data from the CPS).

[a] The disparity in child care employment for 1998 found in **Tables 1 and 3** relate to the CPS querying individuals and the OES querying employers and to differences in the occupational classification systems of the CPS and the OES (e.g., in contrast with the OES, the CPS does not categorize preschool teachers separately from kindergarten teachers).
[b] This occupation is a combination of self-employed (family) child care providers and child care staff comparable to early childhood teachers' assistants from the CPS.

The need for child caregivers is likely to remain strong not only because of growing demand for their services but also because numerous workers regularly leave the occupation. In each year of the 1998-2008 projection period, an average of 329,000 positions for child care workers (excluding private household workers) could become available due to a combination of employment growth and the need to replace persons who change occupations, retire or otherwise leave the labor force (e.g., return to school or start a family). Similarly, an average of 42,000 positions for preschool teachers could develop each year for both these reasons.[21] As shown in **Table 3**, employment of private household child care workers is projected to decrease by 97,220 jobs between 1998 and 2008; however, 115,000 positions could open up annually, on average, because of the frequent departure of employees from the occupation.

Looking at actual as opposed to projected experience, 30% of child care workers (excluding private household workers) left the occupation between 1995 and 1996. The separation rate (i.e., occupational turnover rate) for child care employees in private households was an even higher 45%. Across all occupations, in contrast, occupational turnover averaged a substantially lower 17%.[22]

The share of preschool teachers who left their occupation between 1995 and 1996 was much lower (8%) than commonly reported figures of turnover. A possible explanation for the difference is that while preschool teachers frequently go from one employer to another (i.e., job turnover), they may not as often change occupations (i.e., occupational turnover).[23] According to a longitudinal survey of day care centers in three California communities, the job turnover rate among preschool teachers between 1996 and 2000 was 75%, but 42% of the teachers who left their employers moved from one center to another (i.e., they did not leave the occupation).[24]

A compendium of data on job turnover among child care staff in numerous geographic areas shows that between 20% and 39% of center-based teachers left their positions in 1999 or 2000 in six California counties. Turnover in 2000 among center-based teachers was 32% in Idaho, 29% in Iowa and 20% in Maine. The job turnover rate among this group of preschool teachers was between 34% and 42% in six counties in North Carolina in 1999 or 2000. The rate among teachers' assistants at

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[21]U.S. Bureau of Labor Statistics. *Occupational Projections and Training Data*. Bulletin 2521. May 2000.

[22]*Ibid*.

[23]BLS estimates occupational separation rates but not job turnover rates.

[24]Center for the Child Care Workforce and Institute of Industrial Relations, University of California-Berkeley. *Then and Now: Changes in Child Care Staffing, 1994-2000*. Washington, D.C. 2001. (Hereafter cited as Center for the Child, *Then and Now*.) Note: In total, 51% of the teaching staff that left their positions between 1996 and 2000 continued working with young children: 42% of job leavers were teachers and 1% were directors who switched centers; 1% of job leavers became nannies; 2.5% went to work for child care agencies (e.g., resource and referral services); 4% opened up family child care businesses and 7% became elementary school teachers. The remaining 49% of job leavers either went into non-child related employment (21%) or they were looking after their own children full-time (15%), attending school full-time (4%) or retired (2.5%).

child care centers typically was higher than that of teachers in those instances for which data were available for the two occupations in the same areas.[25] Even at good quality centers, turnover among teaching staff could well be high (e.g., an average of 30% in 1999-2000 at accredited or highly rated day care centers in three California communities).[26]

Some regard the frequent job turnover of child care personnel as a matter of concern for the following reasons:

- There is a link between child outcomes and the quality of care as measured by continuity of the youngster-caregiver relationship, among other factors. "It is not a coincidence that the high-quality intervention programs that have generated positive developmental effects have employed highly qualified staff and experienced virtually no teacher turnover."[27]
- In addition, parents must repeatedly take time to make new child care arrangements if their in-home caregivers leave, if their family day care providers go out of business or if centers close or cutback on the number of youngsters they can handle due to vacancies arising from staff departures.[28] Unstable child care arrangements can jeopardize parents' ability to keep their jobs and interfere with their productivity as well.
- Moreover, as child care operators must spend time and money repeatedly recruiting new employees, failure to retain staff may not only lower the quality of care for children but it also may raise the prices charged parents.

The high turnover rates of child care staff could be associated with the short career ladder that affords them little upward mobility through additional education/training and thereby little opportunity to improve their wages while staying in the field. The physical and stressful nature of the work, including the isolation reportedly felt by family child care providers, also could prompt caregivers to look elsewhere for employment. Some people may become family child care providers to earn money while staying home to look after their own young children. They thus regard the job as a temporary one and intend to move into other occupations once their own children reach a certain age.[29] Perhaps most importantly, the higher pay of many other fields likely drains the ranks of the child care workforce.

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[25]Center for the Child Care Workforce. *Current Data on Child Care Salaries and Benefits in the United States*. Washington, D.C. 2001. (Hereafter cited as Center for the Child Care Workforce, *Current Data on Child Care Salaries and Benefits*.)

[26]Center for the Child, *Then and Now*.

[27]National Research Council and Institute of Medicine. *From Neurons to Neighborhoods: the Science of Early Child Development*. Washington, D.C., National Academy Press, 2000. p. 315.

[28]According to Center for the Child, *Then and Now*, one-third of the center-based teachers who left their jobs and took positions at other centers had worked at centers that closed between 1996 and 2000.

[29]Mueller, Charles W., and Lisa Orimoto. Factors Related to the Recruitment, Training, and Retention of Family Child Care Providers. *Child Welfare*, v. 74, November/December 1995.

Child Caregiver Wages and Wage Growth

Workers who care for young children are very low paid. In 1999, the median earnings of child care workers were $6.91 an hour.[30] Compared to the approximately 114 occupations that BLS found to have the same education/training requirements (i.e., short-term on-the-job training), child care workers bring home small paychecks. For example, service station attendants had median earnings in 1999 of $7.11 an hour; food preparation workers, $7.23; retail salespersons, $7.66; crossing guards, $7.70; nursing aides, orderlies and attendants, $8.29; tellers, $8.60; receptionists and information clerks, $9.26; reservation and transportation ticket agents and travel clerks, $10.74; and payroll and timekeeping clerks, $12.37. If child care workers are instead compared to the other occupations that comprise the "personal care and service" occupational group, they retain their low-paid designation: of the 29 out of 31 occupations in the personal care and service classification for which median hourly wage data are available, just six earned less than child care workers.[31]

Preschool teachers — whose median wage in 1999 was $8.41 an hour — are paid less than some of the above-mentioned occupations that have much more limited education/training requirements. They also do not earn much more than other members of the child care workforce, which suggests that preschool teachers are not greatly rewarded for their investment in additional education.

Preschool teachers' average earnings of $19,610 in 1999 do not compare favorably with the approximately 74 occupations having the same educational qualifications (i.e., a bachelor's degree) such as recreational therapists ($29,280); child, family and school social workers ($31,720); interior designers ($38,360); public relations specialists ($40,780); training and development specialists ($41,510); and insurance sales agents ($47,690).[32] If, instead, preschool teachers are compared to the other occupations that comprise the "education, training and library" occupational group, their low-paid status is maintained: of the 55 occupations in the category, just one had earnings below those of preschool teachers — teacher assistants at $17,400. In contrast, kindergarten teachers (who often are public employees and may be

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[30]BLS. *Occupational Employment and Wages in 1999 Based on the New Standard Industrial Classification System*. USDOL 00-368, December 20, 2000. (Hereafter cited as BLS, *Occupational Employment and Wages in 1999*.) Note: When the OES changed to the Standard Occupational Classification system in 1999, private household child care workers became part of the "child care workers" occupation.

[31]The lower paid occupations were gaming dealers ($6.20), ushers/lobby attendants/ticket takers ($6.26), amusement and recreation workers ($6.55), manicurist/pedicurist ($6.70), shampooers ($6.29) and baggage porters/bellhops ($6.84).

[32]Because many occupations whose education/training requirement is a bachelor's degree are usually paid on an annual basis, only their average (mean) yearly salary is reported in the OES. However, for employees in occupations that are paid an hourly rate (e.g., preschool teachers), the BLS constructs annual earnings by multiplying the average hourly wage by 2,080 hours (40 hours per week x 52 weeks). If hourly paid employees work less than full-time year-round, their estimated annual earnings from the OES will overstate their actual earnings. As this is the case for preschool teachers, their actual earnings probably compare even less favorably than shown above.

covered by collective bargaining agreements) had annual earnings of $36,770 or nearly twice that of preschool teachers.[33]

Very limited information on the earnings of family child care providers is available.[34] The average annual income of family child care providers ranged from $7,374 to $10,000 in two California counties in 2000. The average gross annual enrollment revenue for family child care providers in the District of Columbia was $18,011. The average annual salary of these largely self-employed workers in Maryland was $18,503. In five North Carolina counties, the median wage of family child care providers ranged from $4.08 to $6.30 per hour.[35]

The heightened demand for market-based child care services — as demonstrated by the increased share of families with employed mothers who pay for child care assistance and the above-average pace of job growth among child caregivers — also is visible in their relative wage trend. The earnings of employees in the child care services industry rose from an average of $2.13 an hour in 1972 to $8.66 an hour in 2000, or by 306%.[36] Average hourly earnings across all private nonfarm industries went from $3.70 in 1972 to $13.75 in 2000, for a comparatively smaller increase of 272%. Despite their above-average wage gain, workers in the child care industry earned 63 cents for every dollar earned by all workers on average in 2000.

The real (inflation-adjusted) wages of workers — particularly those at the bottom of the earnings distribution such as child caregivers — declined from the 1970s through the early 1990s. Consequently, child care centers and family day care homes were able to hold down their single largest cost.[37] Some have argued that

> the low wages of [child care staff] constitute supply subsidies — in effect, they comprise a labor donation [to the cost of providing child care services], as

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[33]BLS, *Occupational Employment and Wages in 1999*.

[34]Neither the OES nor the CPS yields information on the earnings of most family child care providers. The two surveys provide wage data for wage-and-salary workers, but recall that 95% of family child care providers are self-employed.

[35]Center for the Child Care Workforce, *Current Data on Child Care Salaries and Benefits*.

[36]BLS. Current Employment Survey (CES). Note: A drawback of CES earnings data is that all persons employed in an industry regardless of occupation are included. However, the OES does not provide a long time-series on earnings by occupation. In addition, the monthly CPS does not provide an accurate reflection of wages for child care workers as it covers only full-time wage-and-salary workers; as previously noted, a well above-average share of child care staff are employed part-time.

[37]Labor costs (i.e., wages and benefits) averaged 70% of total monthly costs per child at centers and 64% at family child care homes, according to data from the Cost, Quality, and Child Outcomes in Child Care Centers study and from the Study of Children in Family Child Care and Relative Care reported by Suzanne W. Helburn and Carollee Howes in Child Care Cost and Quality. *The Future of Children*, v. 6, no. 2, summer/fall 1996. (Hereafter cited as Helburn and Howes, *Child Care Cost and Quality*.) See also: Morris, John R. Market Constraints on Child Care Quality. *The Annals of the American Academy of Political and Social Science*. May 1999.

> [caregivers] are forgoing the higher wages they could presumably earn in another occupation based on their education, gender, age, and other characteristics.[38]

The "forgone earnings subsidy" could perhaps have reduced the total cost per child at centers by some 20%. The wage penalty for being in the child care field rather than in other occupations was estimated to be about $5,200 a year for preschool teachers and about $3,600 a year for assistant teachers. However, these forgone earnings may be overstated for two reasons. First, the researchers did not have data on the prior labor market experience of the similarly educated women of the same age, race/ethnic origin and marital status with whom female child caregivers were compared in order to derive the wage estimates. If the other women had spent more time in the labor market than had child care personnel, the pay gap and hence the labor subsidy would have been smaller than estimated. Second, the analysis did not take into account benefits derived by caregivers that may not have been available to otherwise comparable workers. One example of such benefits is discounts on child care that centers commonly provide to their employees. The discounts could not only reduce the size of the penalty for being in the child care workforce but also help to explain why mothers are willing to accept jobs in this low-paying field. Child care staff also might get nonmonetary benefits (e.g., enjoyment from working with children) that offset the occupations' low wages and effectively narrow the wage differential.[39]

The ability of employers to continue to meet parents' increasing demand for child care services by drawing from the pool of low-wage workers may be in jeopardy, however. The 9% increase in the average real wage of employees in the child care industry between 1993 and 2000 suggests that employers had to bid up wages to attract staff as they competed with other employers for the diminishing supply of available workers during the longest economic expansion in the nation's history.[40] In contrast, the average real wage for all workers in the private nonfarm sector rose by a slightly lower 7%, according to BLS. "As the [child care] industry expands or improves quality, or if [as has been the case during much of the 1990s] the national labor market tightens, it may be naive to expect more and more women to continue to work for these lower wages" despite centers' provision of employee discounts for child care or any predilection among women toward the field.[41]

If child care employers try to pass on higher labor costs to parents by raising fees,[42] they risk bumping up against the constraint of family budgets. Parents could

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[38]Helburn and Howes, *Child Care Cost and Quality*, p. 71.

[39]Helburn, Suzanne W. (ed.) *Cost, Quality, and Child Outcomes in Child Care Centers, Technical Report*. Denver, University of Colorado, 1995.

[40]Calculated by CRS based on the nominal hourly earnings of workers in the child care services industry and the Consumer Price Index for Urban Wage and Salary Workers.

[41]Helburn, Suzanne W., with Carollee Howes, Debby Cryer and Sharon Lynn Kagan. *Cost, Quality, and Child Outcomes in Child Care Centers, Public Report*. Denver, University of Colorado, 1995. p. 43. (Hereafter cited as Helburn, *et al.*, *Cost, Quality, and Child Outcomes in Child Care Centers*.)

[42]Child care center and nursery school prices (excluding provider discounts or government

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well look elsewhere for less expensive child care (e.g., relatives, unlicenced providers or small family day care homes that are exempt from regulation) or some mothers could withdraw from the paid labor force. This falloff in demand would likely prompt higher wage organizations to cutback their services. Given the positive relationship between staff wage levels and the quality of care,[43] the child-care-cost/family-budget-constraint dilemma could mean a reduction in the availability of better quality centers and preschools. Alternatively, child care is a very competitive industry and employers may have difficulty passing along their rising labor costs to parents. Once again, higher wage organizations might have to curtail operations and thereby reduce the supply of better quality services. Thus, it could prove difficult to attain an adequate quantity of good quality child care at prices that families can afford.

Initiatives to Improve the Compensation of the Child Care Workforce

Arguments to increase the compensation of the child care workforce typically are framed in relation to raising the quality of services provided. As mentioned at the outset of this report, the federal government provides funds for quality improvement in the Child Care and Development Block Grant (CCDBG). In 1995, before the passage of welfare reform legislation, $66 million went toward this purpose and 80% was used for resource and referral, monitoring, and training and technical assistance. "Efforts to improve staff compensation, which many view as an important accompaniment of efforts to improve staff qualifications via training, received 1 percent of the quality funds."[44] Since then, the size of the block grant has increased greatly and states are required to devote at least 4% of their CCDBG expenditures each fiscal year to activities intended to raise the quality and supply of child care. Current information neither is readily available on the share of the grant that actually is going toward improving the quality of child care — including the wages and benefits of child caregivers — nor on the specific quality-related activities being funded.

An Urban Institute summary of state programs and proposals to raise child care workers' compensation groups initiatives according to whether they indirectly or directly take aim at conditions in the labor market. An indirect strategy is meant to

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[42](...continued)
subsidies) advanced by 38% between 1993 and 2000, according to the Consumer Price Index (CPI) for Urban Consumers. (This CPI component became available in the 1990s.)

[43]Helburn, *et al.*, *Cost, Quality, and Child Outcomes in Child Care Centers*; and Phillips, Deborah, with Debra Mekos, Sandra Scarr, Kathleen McCartney and Martha Abbott-Shim. Within and Beyond the Classroom Door: Assessing Quality in Child Care Centers. *Early Childhood Research Quarterly*, v. 15, issue 4, 2000. Note: Many factors have been shown to affect the quality of child care, some to a greater degree than others. For example, Phillips, *et al.* demonstrate that teacher wages and parent fees more strongly affect the quality of center-based care than do teacher-to-child ratios, teacher training and group size.

[44]National Research Council and Institute of Medicine. *Child Care for Low-Income Families: Summary of Two Workshops*. Washington, D.C., 1995. p. 41.

improve the supply of good quality child care assistance. The hoped-for, secondary outcome is better pay and benefits for child care staff. A direct strategy looks to compensation first. It assumes that better pay and benefits will increase the industry's likelihood of recruiting and retaining higher skilled workers who will provide better quality care.[45]

The indirect strategy was determined to be present in 37 states and the District of Columbia at the end of 2000. Included in this approach are training and mentoring programs whose purpose is not only to bring new employees into the field, but also to retain experienced child care staff to serve as mentors.[46] Some of these programs provide stipends to staff that act as mentors. In eight states and the District of Columbia, the training programs serve an additional purpose: they are aimed at TANF recipients; and skills learned in the programs could help these individuals move off the welfare rolls into child care jobs.[47] Money for training and mentoring programs comes from government sources (e.g., federal funds from the TANF block grant and state funds through the maintenance of effort provision in the 1996 welfare reform law) and from private or corporate foundations, according to the Urban Institute report. While some of these programs operate statewide, others are pilot projects in select geographic areas. Another approach — professional development for experienced caregivers — is the most often used indirect strategy. While 15 states and the District of Columbia have training and mentoring programs, professional development efforts were present in 25 states at the end of 2000. The availability of scholarships, student loan assumption or forgiveness programs and financial incentives for continuing education is meant to assist those in the occupation improve their qualifications.[48] A third approach, utilized in 19 states, is to increase reimbursements

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[45]Twombly, Eric C., with Maria D. Montilla and Carol J. DeVita. *State Initiatives to Increase Compensation for Child Care Workers*. The Urban Institute, February 2001.

[46]According to a U.S. Department of Labor 1998 report (*Meeting the Needs of Today's Workforce: Child Care Best Practices*), the Bureau of Apprenticeship and Training (BAT) signed an agreement in October 1997 with the National Association of State and Territorial Apprenticeship Directors and the Center for Career Development in Early Care and Education to expand nationwide the BAT's West Virginia Child Care Development Specialist Registered Apprenticeship Program. At that time, the West Virginia program provided child care apprentices with 4,000 hours of supervised on-the-job training and 300 hours of classroom instruction. A "career ladder" component of the program raised the salaries of participating child care workers as their skill, ability and knowledge increased.

[47]The U.S. Department of Labor (DOL) awarded $203,000 to the YMCA of the Washington, D.C. Metropolitan Area in 2000 to train welfare recipients to become child care workers. The program, according to a press release from the DOL's Women's Bureau, would follow "a registered apprenticeship model" (see footnote 46).

[48]At the federal level, Congress first appropriated $1 million for FY2001 for the Child Care Provider Loan Forgiveness Program, which was authorized by the Higher Education Amendments of 1998 to encourage graduates with an associate or bachelor's degree in early childhood education to enter and remain in the early child care profession. Between 20% and 100% of the outstanding balance on eligible borrowers' loans under the Federal Family Education (Stafford) Loan program and the William D. Ford Federal Direct Loan program is forgiven based on the number of consecutive years of full-time employment (i.e.,

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to family child care homes and child care centers to promote enrollment of low-income children. Although more funding for targeted subsidies could increase the supply of services for these children, it does not automatically lead to higher pay for caregivers. Numerous states use more than one of these indirect approaches.

Policymakers in many fewer states are willing to play a direct role in improving the compensation of the child care workforce. At least one direct strategy was found in 12 states and the District of Columbia at the end of 2000. According to the Urban Institute, these initiatives rely heavily on public funds and often came into being after advocacy groups launched strenuous campaigns. The most often used direct approach is the retention grant, which is offered in five states to encourage child caregivers to remain in the field. Four states, often as part of universal prekindergarten programs, provide preschool teachers with wages comparable to those of elementary school teachers. Some states and localities also supplement the hourly wages of child care staff. The extra pay may be tied to a caregiver achieving a specified level of education, experience or responsibility (i.e., the career ladder model), or to a caregiver who will work in an underserved area or during unusual hours. Four states take different approaches to increase the access of child care personnel to health benefits. In two cases, the state's employee health insurance plan has been opened up to eligible members of the child care workforce.

The business community is involved in compensation-enhancing efforts as well, principally through indirect approaches. Firms are members of public-private and corporate partnerships that in part work toward improving the quality of child care services by, for example, funding training for center staff.[49] Individual companies infrequently offer employees access to child care resource and referral services as part of their benefit packages. The services provide information on the qualifications of caregivers in a locality, among other things, which can help parents make more informed decisions about child care arrangements.[50] In addition to working independently, with other firms or with state/local governments, employers also are involved in child care quality improvement through cooperative efforts with community groups, advocacy organizations and labor unions among others.[51]

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[48](...continued)
uninterrupted 12-month periods at 30 or more hours per week) at day care facilities that serve low-income communities. The pilot program is available on a first-come, first-served basis to borrowers who received loans after October 7, 1998. For more information see: *Federal Register*, July 27, 2001.

[49]U.S. Department of the Treasury. *Investing in Child Care: Challenges Facing Working Parents and the Private Sector Response*. 1998.

[50]In June 2000, almost 3% of private sector establishments had child care resource and referral services as an employee benefit. Thus, 13% of employees in private industry had access to these services, according to the BLS' *Pilot Survey on the Incidence of Child Care Resource and Referral Services in June 2000* (Report 946, November 2000). The share of state and local government establishments that provided these services (14%) and the share of employees with access to these services (17%) were higher than in the private nonfarm sector.

[51]See the following for information on the various ways in which private and public sector
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Unions are attempting to organize child care staff and to directly increase their compensation through the negotiation of collective bargaining agreements with providers. Despite some notable successes, only a small share of the child care workforce is represented by unions (perhaps 5%).[52] The structure of the industry (i.e., employees scattered across numerous small employers and worksites) makes organizing very difficult. Moreover, "[c]hild-care workers are currently so underpaid that they likely could not afford union dues, and staff turnover in the field is so high as to discourage workers from committing to membership."[53] In those cases where unions are able to organize caregivers, labor negotiators could well have difficulty obtaining higher wages for them at the bargaining table because "[c]hild care centers' ability to give in to demands for higher wages is limited by the competition from family child care providers."[54] For these reasons, collective bargaining alone is unlikely to substantially improve the earnings and benefits of the child care workforce. In concert with other groups, labor unions are pursuing alternative strategies to increase the pay of child caregivers (e.g., the career ladder model mentioned above).[55]

[51](...continued)
organizations either jointly or separately finance child care programs: Mitchell, Anne, with Louise Stoney and Harriet Dichter. *Financing Child Care in the United States: An Expanded Catalog of Current Strategies*. Ewing Marion Kauffman Foundation, 2001. (Available at [http://www.emkf.org].)

[52]Grundy, Lea, with Lissa Bell and Netsy Firestein. *Labor's Role in Addressing the Child Care Crisis*. New York, Foundation for Child Development, December 1999.

[53]Ripple, Carol. *Economics of Caring Labor: Improving Compensation in the Early Childhood Workforce*. New York, A.L. Mailman Family Foundation and Foundation for Child Development, January 2000. p. 16.

[54]*Ibid.*, p. 30.

[55]Jacobson, Linda. Child-Care Workers Eye Unionization. *Education Week*, May 9, 2001.