

## Child Care Workforce Compensation: A Key Component for Economic Recovery

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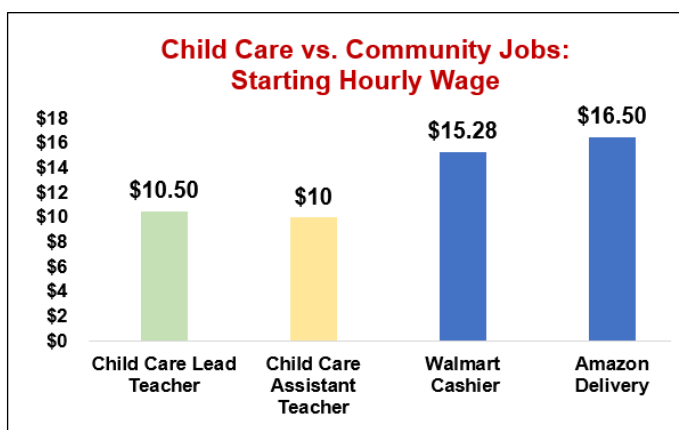
**It's time to talk about the workforce that supports all other workforces: the individuals working in child care (either in child care centers or in home-based child care programs).** Throughout the country and also throughout North Carolina, economists are writing about a labor shortage, a tight market where employers face difficulties in hiring employees.<sup>1</sup>

The reasons employers face hiring challenges are complicated. However, as a result, many employers have increased their hourly wages and are offering benefits. For example, Walmart in Raleigh is paying \$15.28 per hour for cashiers.<sup>2</sup> Starting pay for Amazon delivery associates in Durham begins at \$16.50 per hour.<sup>3</sup> And, Panera in Raleigh offers food discounts, health benefits, 401(k) company match and paid vacations.<sup>4</sup> **What's all this have to do with child care? Everything.**

For many years, the Child Care Services Association has surveyed and released reports on child care compensation (pay and benefits).<sup>5</sup> Over the years, child care wages have risen, but not by much. By any standard, they are still low – far below typical service sector jobs such as those in fast food or retail.

For example, the most recent North Carolina child care workforce report issued in November of 2020 found that starting wages for child care center lead teachers were about \$10.50 per hour with starting wages for assistant teachers at \$10 per hour.<sup>6</sup> Lead teachers working in a 5-star center started at \$13.46 per hour and assistant teachers in a 5-star center started at \$11.51 per hour.<sup>7</sup> Family child care providers earned less per hour than individuals working in centers – about \$9.09 (with most working more than 40 hours per week).<sup>8</sup>

Child care is a business. Parent fees comprise the budget for child care programs. The largest expense for a child care business is related to personnel costs, which comprise 70-80% of the overall cost of a child care program.<sup>9</sup> The remainder of funds are used to pay for fixed costs such as rent or mortgage, utilities, regular maintenance, insurance, food, materials and other operating costs. Therefore, when wages within community businesses rise, child care programs can't compete. They simply can't pay more because to do so, they would have to charge parents more. Yet, parents already struggle with affording child care. It's just one reason why public education is just that, paid for by the public.



Sources: Child Care Services Association, 2019 Early Care and Education Workforce Study, November 2020. Walmart and Amazon open jobs, ZipRecruiter.Com.

### Child Care Staffing Challenges

*"During COVID-19, I have had three teachers quit. I need to hire six teachers. People are not interested in working in child care. My enrollment is down to 20 children out of 100, my waiting list is over 200 children, and I had to dis-enroll children when my last teacher quit to maintain staff ratio. I'm not sure how long we can keep our doors open."* (Rowan, director)

*"COVID-19 has impacted our workforce and we cannot find qualified teachers. All of our substitutes quit at the beginning of COVID-19, and we have tried to rebuild our substitute pool with little success. We have also had several part-time employees quit. Office employees are working in classrooms to keep them open."* (Wilkes, director)

Source: Child Care Services Association, [Child Care WAGES® Program, Statewide Final Report Fiscal Year 2021](#).

Local jobs paying \$15-\$18 per hour require employees to be courteous, efficient and show up reliably to perform job tasks. They don't require specialized training in early childhood development. And, they don't charge these individuals with promoting the safety and healthy development of young children. Child care employers want to hire and retain a qualified workforce. But, unless they can pay more competitive wages, individuals who otherwise want to work with children are lured by jobs where they can be paid more for less responsibility, stress or training.

Really this is a market failure. The workforce that supports other workforces is essential to economic recovery. Unless parents have access to child care, they can't go back to work. Currently, throughout the country, there are 7.5 million individuals who responded to the most recent Census Bureau Household Pulse survey (between June 23 and July 5, 2021) that they are not working because they are caring for children not in school or child care.<sup>10</sup> In North Carolina, nearly 200,000 individuals said they were home because they were caring for children.<sup>11</sup> Statewide, there are more than 106,400 individuals who have left the workforce (in addition to another 231,636 individuals who are unemployed).<sup>12</sup>

The pathway to economic recovery in North Carolina relies on child care, which relies on child care workers – individuals who are more than courteous, efficient and who reliably show up to work. They are front-line professionals who support children, parents and employers. Child care cannot be done remotely, it is an in-person profession. As a public good that supports economic recovery and expansion, there are solutions to enable child care programs to hire and retain the qualified workforce needed to support healthy child development (and employment of parents).

One strategy for this solution is called [the Child Care WAGE\\$® program](#), an education-based salary supplement program that has supported early childhood teachers, directors and family child care providers since 1998 with funding by DCDEE and [Smart Start partnerships](#).<sup>13</sup> WAGE\$ increases the compensation of the child care workforce through salary supplements based on credentials and levels of education.<sup>14</sup> In North Carolina, 50% of WAGE\$ participants earn less than \$13 per hour (47% of teachers, 96% of family child care providers and 35% of directors).<sup>15</sup> More than three-quarters (77%) of WAGE\$ participants earn less than \$15 per hour.<sup>16</sup> Wage supplements are made in six-month installments and reward individuals for staying on the job.<sup>17</sup> The turnover rate for those participating in the WAGE\$ program is far lower for those participating in the program than those who are not (12% vs. 21% in 2019).<sup>18</sup>

#### Child Care WAGE\$ Program Results

The Child Care WAGE\$® Program is an evidence-informed, outcome-driven initiative designed to increase the education and retention of the early care and education workforce through increased compensation. Education-based salary supplements tied to the successful completion of commitment periods in the same child care program result in a more stable, better-educated workforce.

In FY2021, 3,089 child care professionals in nearly 1,500 child care programs in 58 North Carolina counties were participating through Smart Start in the Child Care WAGE\$® program.<sup>19</sup> Nearly all are women (99%) and 58% reported being a person of color and/or Latinx.<sup>20</sup> Nearly 90% (88%) of the participants work in 4- and 5-star child care programs.<sup>21</sup>

It's time to expand the Child Care WAGE\$® program. Instead of 3,089 participants, it's time to expand it so that the program is available in every county and all staff (or family child care providers) working in 3-, 4- and 5-star programs can participate. It may also be time to increase the wage supplements so that staff who want to work with child children can do so while also supporting their own families. For too long, individuals working in child care have been undervalued and underpaid.



It's time to pay the child care workforce for the important work that they do – which is far more than being courteous, efficient and showing up. Child care is a public good. And, it's connected to economic recovery.

The N.C. Legislature can make this happen. Fund the Child Care WAGES<sup>®</sup> program. It's an investment in economic recovery and expansion. It's a workforce investment strategy that supports the workforce supporting all other workforces. The ultimate beneficiaries are not only our children, but also parents, employers and communities.

The Child Care WAGES<sup>®</sup> program is a common sense solution to a market failure. North Carolina's economic recovery depends on it.

*This article is published by [Child Care Services Association](#) (CCSA). Founded in 1974, CCSA's vision is that all children to have equitable access to affordable, high quality early care and education to lay the foundation for successful life outcomes. To that end, CCSA provides free child care referral services, financial assistance to low-income families and professional development and technical assistance to child care programs. With spoonFULL, CCSA also provides nutritious meals to children at child care centers, where they may eat 50-100 percent of their meals. Throughout N.C., educational scholarships from CCSA's T.E.A.C.H. Early Childhood<sup>®</sup> Scholarship Program gives child care professionals the means to obtain an education and CCSA's Child Care WAGES<sup>®</sup> and Infant-Toddler Educator AWARD<sup>®</sup> programs supplement their meager salary. CCSA also licenses T.E.A.C.H. and WAGES<sup>®</sup> across the U.S. and conducts early childhood systems research and policy development statewide and nationally.*

*This article is also published by [Smart Start, North Carolina Partnership for Children](#), a network of 75 nonprofit local partnerships that serve all 100 North Carolina counties. This network is led by The North Carolina Partnership for Children (NCPC) that ensures fiscal and programmatic accountability, and coordinates the statewide network to create better outcomes for children and families.*

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<sup>1</sup> NC Department of Commerce, [Help Wanted: An Update on North Carolina's Labor Shortage](#), July 12, 2021.

<sup>2</sup> [Walmart cashier Raleigh, NC \\$15.28 per hour.](#)

<sup>3</sup> [Amazon Prime Delivery Associate - DRT8 Durham, NC, \\$16.50 per hour.](#)

<sup>4</sup> [Panera cashier.](#)

<sup>5</sup> Child Care Services Association, [Research](#).

<sup>6</sup> Child Care Services Association. [2019 North Carolina Early Care and Education Workforce Study: ECE Child Care Center Compensation, November 2020.](#)

<sup>7</sup> Ibid.

<sup>8</sup> Child Care Services Association. [2019 North Carolina Early Care and Education Workforce Study: Family Child Care Home Landscape, November 2020.](#)

<sup>9</sup> U.S. Department of Health and Human Services, National Center on Early Childhood Quality Assurance, [Guidance on Estimating and Reporting the Costs of Child Care, 2018.](#)

<sup>10</sup> U.S. Census Bureau, Household Pulse Survey, Week 33, June 23 – July 5, 2021. [Table 3.](#) Educational Attainment for Adults Not Working at Time of Survey, by Main Reason for Not Working and Source Used to Meet Spending Needs

<sup>11</sup> Ibid.

<sup>12</sup> U.S. Bureau of Labor Statistics, [Local Area Unemployment Statistics, North Carolina.](#)

<sup>13</sup> Child Care Services Association, the [Child Care WAGES<sup>®</sup> Program.](#)

<sup>14</sup> Ibid.

<sup>15</sup> Child Care Services Association, Child Care WAGES<sup>®</sup> Program, [Statewide Final Report Fiscal Year 2021.](#)

<sup>16</sup> Ibid.

<sup>17</sup> Ibid.

<sup>18</sup> Ibid.

<sup>19</sup> Ibid.

<sup>20</sup> Ibid.

<sup>21</sup> Ibid.