



# Briefing Paper

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## **LOW CHILD CARE WAGES AND HIGH TURNOVER SHORTCHANGE**

### **PENNSYLVANIA CHILDREN:**

#### **Findings from Surveys of Child Care Providers in Allegheny County, Southeast Pennsylvania, and York County**

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##### **Summary**

In the late 1990s, child care stakeholders created regional partnerships in Allegheny County (“Pathways for Early Education Professionals”), Southeast Pennsylvania (“Gateways SE. PA.”), and York County (“Focus on Our Future”). These partnerships formed as part of the “Gateways to Early Childhood Careers Initiative” launched by the Center for Career Development in Early Care and Education at Wheelock College in Boston.

In fall 2000 and spring 2001, the three Pennsylvania Gateways partnerships designed and distributed surveys to which 75 Allegheny county, 108 Southeast Pennsylvania, and 42 York County child care centers responded. In Southeast Pennsylvania, 120 home-based providers also responded to surveys. (Our home-based group includes group homes in which up to 12 children are cared for and family day-care homes with up to six children unrelated to the provider.) The Gateways surveys were conducted to measure key determinants of the quality of early care and education, including staff education, wages, benefits, and turnover rates.

This briefing paper summarizes the findings from the Gateways child care provider surveys. When possible, these findings are compared to those from 1998 surveys of child care providers conducted by the Pennsylvania Legislative Budget and Finance Committee (LBFC). Since the Gateways respondents represent a somewhat higher quality sample of child care providers, we would expect the Gateways surveys to reveal a more positive picture than the LBFC study – e.g., higher wages, more educated staff, lower turnover, and so on. In fact, the Gateways surveys reveal a situation that is unchanged or, for some variables, worse than in 1998.

Except where noted, in presenting results of the Gateways surveys of centers, we pooled responses from all three regions. We report results for center-based providers and home-based providers separately.

- Based on the Gateways surveys, only 23 percent of teachers and aides at child care centers have a bachelor's degree today, down from 28 percent based on the 1998 LBFC survey. Since 1998, the share of center staff without a high-school diploma or GED has tripled from 1 percent to 3 percent.
- Annual turnover rates range from 50 percent for aides, to about 30 percent for teachers, to 14 percent for directors. Turnover rates are very similar to those found by the LBFC in its 1998 survey
- At child care centers, over two-thirds of aides, four in 10 teachers, and three in 10 directors have been at their current center less than two years.
- In child care centers, average hourly wages are \$6.39 for aides, \$7.27 for assistant teachers, and \$9.30 for head teachers. At these wage levels, full-time child care teachers and aides earn between \$13,000 and \$19,400 annually. In home-based providers (both group and family day-care homes), main providers average \$9.09 per hour, or about \$19,000 annually; assistant providers earn an average of \$6.99 per hour.
- Despite a strong economy, comparison with the LBFC study shows that child care wages did not increase from 1998 to 2001. In fact, average wages for teachers and aides as a group have fallen by more than 2 percent.
- Child care teachers and aides earn half or less of what other Pennsylvania workers earn who have the same amount of education.
- Even center directors in Pennsylvania, 80 percent of who have a college degree and nearly a quarter of who have a master's degree, make only \$27,000 per year. In all Pennsylvania industries, workers with the same educational attainment as child care center directors earn an average of \$45,115.
- Only about a fifth of center-based child care teachers are offered employer-subsidized health care for themselves and family members. Among 120 home-based providers, only five offered any kind of health insurance.
- In all three regions, child care centers with higher wages have lower turnover rates among teachers.
- "Accredited" Pennsylvania child care centers have salaries that are about 25 percent higher for directors (accredited child care centers have met quality standards defined by a professional association of early educators). Higher salaries for directors may stabilize organizational leadership in ways that facilitate quality improvement and accreditation.

A consistent, educated, and experienced workforce is a key ingredient of any effort to provide quality early education and care to our youngest children. To improve staff retention, and maintain and improve the education level of child care workers, Pennsylvania must make it possible for child care providers to raise compensation. One promising approach is a child care career ladder program in Washington state that subsidizes providers that meet specified wage scales that rise with education and experience. A growing number of number of other states have also established programs to raise pay and subsidize health care benefits in child care and early education. Pennsylvania should do the same.

## Background

Most families with young children today rely on child care outside the home. According to the Census Bureau, 65 percent of mothers with children under six are in the labor force. Among mothers with children six to 13, 78 percent are in the labor force. The quality of early care and education is critical for children's well-being and a good investment for society. Children in high quality child care have improved cognitive skills, fewer behavior problems, and greater success in school, with these impacts most pronounced for at-risk children.<sup>1</sup> According to RAND, each dollar invested in early education returns over two dollars in reduced costs for remedial education, unemployment, welfare, and the criminal justice system.<sup>2</sup>

At present, the quality of child care in the United States is uneven at best. For example, a study of 50 child care centers in four states found that "most child care is mediocre in quality, sufficiently poor to interfere with children's emotional and intellectual development."<sup>3</sup>

A defining feature of high-quality child care is experienced, well-trained staff. In research nationally, more educated staff and higher wages have been found to improve quality.<sup>4</sup> In South-Central Pennsylvania, an unpublished study by Richard J. Fiene (of Penn. State-Harrisburg's Capital Area Early Childhood Training Institute) found a strong positive relationship between directors' income and quality at 27 centers. Fiene also found a positive relationship between caregiver education and quality. Fiene concluded that the best settings for infants would have a director with a master's degree earning at least \$30,000 and experienced staff earning at least \$25,000. Typical centers in Pennsylvania are not close to these standards.

In 1998, to help promote careers in early education, the Center for Career Development in Early Care and Education at Wheelock College in Boston helped launch "Gateways to Early Childhood Careers" initiatives in five areas. These areas included Southeast Pennsylvania, York County and Allegheny County. In 2000 and early 2001, the three Pennsylvania Gateways projects designed a survey instrument for child care centers. The surveys sought to measure quality-related center characteristics, including accreditation status, wages, benefits, education, training, staff turnover, and staff years of experience.

In fall 2000 and spring 2001, the Gateways survey was mailed to child care centers in Allegheny County, York County, and Southeast Pennsylvania (i.e., Bucks, Chester, Delaware, Montgomery, and Philadelphia counties). In Southeast Pennsylvania, the survey was also adapted for and distributed to home-based providers. The Keystone Research Center analyzed the 345 survey responses: 75 centers in Allegheny County, 42 in York, and 108 in Southeast Pennsylvania; and 120 home-based providers in Southeast Pennsylvania.<sup>5</sup>

Providers linked with Gateways in each region were somewhat more likely to learn about the survey and be motivated to fill it out. In Southeast Pennsylvania, accredited centers and larger home-based providers (group homes) were oversampled (see footnote five). For these reasons, the respondents to the center and home-based surveys are almost certainly higher quality than average, with somewhat higher wages, benefits, staff education and experience levels than in a random sample of Pennsylvania providers.

Below, as well as summarizing findings from the provider surveys in three areas, we compare these findings to the results of a 1998 survey by the Pennsylvania Legislative Budget and Finance (LBFC) Committee.<sup>6</sup> In this comparison, it is important to recognize differences in the samples responding. Only 9 percent of the centers

responding to the LBFC survey in 1998 were accredited by the National Association for the Education of Young Children (NAEYC, the primary professional group that accredits child care providers). Another 12 percent of LBFC respondents had begun the accreditation process. Twenty percent of Gateways respondents had NAEYC accreditation, and 43 percent were seeking accreditation (from NAEYC or another organization). Some of the higher rate of accreditation among the Gateways respondents may be explained by a general tendency for accreditation to increase from 1998 to 2000. Most of this higher rate of accreditation is probably the result of the high-quality sample responding to the Gateways surveys. Given differences in the Gateways and LBFC respondents, we would expect to find lower turnover, higher wages, and a more educated workforce with the Gateways survey. That is not what we find. Comparison of the results of the two surveys suggests that the child care industry workforce and quality crisis is growing more severe.

**Findings from the Surveys of Child Care Centers**

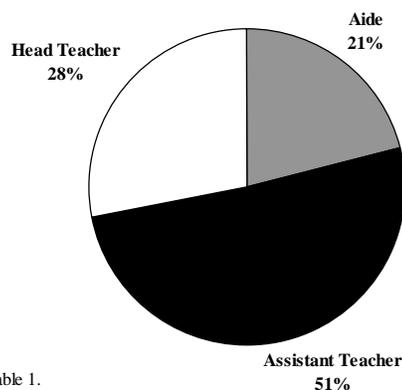
*Provider Characteristics*

Of the 225 child care centers that completed the Gateways surveys, 66 percent were non-profit. The average capacity for all respondents was 74 children. Most centers had a capacity of between 20 and 70 children. The centers responding served 16,281 children in total.

*Staff Profile*

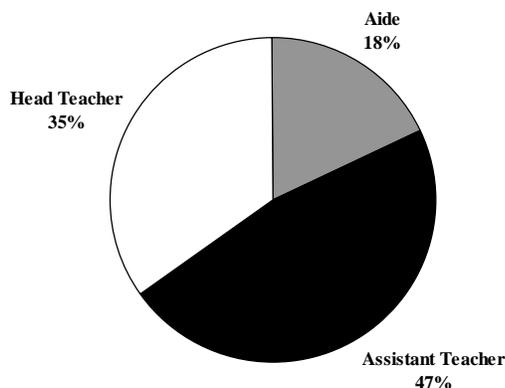
Figure 1a shows the share of non-managerial staff (i.e., below the level of assistant director) at child care centers in three positions – aide, assistant teacher, and head teacher. (What we label head teachers are called “group supervisors” within Pennsylvania licensing regulations. What we term assistant teachers are “assistant group supervisors” in industry terminology.) Assistant teachers at the centers responding to the Gateways survey, accounted for 51 percent of non-managerial staff. Head teachers accounted for 28 percent and aides for 21 percent. Assistant directors and directors accounted for 13 percent of all staff at child care centers.

**Figure 1a: Share of Non-Managerial Child Care Staff in Three Occupations Based on Gateways Surveys in 2000-2001**



Source: see Table 1.

**Figure 1b. Share of Non-Manual Child Care in Three Occupations Based on 1998 LBFC Survey**



Source: Legislative Budget and Finance Committee *Salary Levels and Their Impact on Quality of Care for Child Care Workers in Licensed Child Day Care Programs* (Harrisburg: LBFC, 1999).

Comparison with the 1998 LBFC study reveals that there has been a substantial decline in the share of non-managerial child care staff who are head teachers. As shown in Figure 1b, the LBFC study found that 35 percent of non-managerial staff were head teachers. Over the past several years, centers have evidently filled some slots left by departing head teachers with assistant teachers and aides.

*Education*

Table 1 and Figures 2a and 2b profile the educational attainment of the centers responding to the Gateways surveys. Head teachers, assistant directors, and directors all have relatively high levels of education. More than eight out of 10 head teachers have at least an associate degree. The educational attainment of assistant teachers and aides is quite low. In these two groups, about nine out of 10 workers do not have an associate

<b>Table 1. Educational Attainment of Employees in Child Care Centers (percent of each occupation with each education level)</b>					
	Director	Assistant Director	Head Teacher	Assistant Teacher	Aide
No High-School Diploma	0	1	0	1	13
High School Diploma or GED	6	28	19	87	80
Associate degree	10	12	16	5	1
Bachelor's degree	58	53	60	6	5
Master's degree or higher	25	6	5	1	0

Note: throughout this report, we substitute the more accessible terms “head teacher” and “assistant head teacher” for the industry terms “group supervisor” and “assistant group supervisor.” The actual Gateways surveys (and the 1998 Legislative Budget and Finance Committee survey) used the terms “group supervisor” and “assistant group supervisor.”

Source: unless otherwise noted, all Tables and Figures are based on Keystone Research Center (KRC) tabulation of the Gateways child care provider surveys distributed in the fall of 2000 or spring of 2001 in Allegheny County, Southeast Pennsylvania (Bucks, Chester, Delaware, Montgomery, and Philadelphia Counties), and York County.

degree. A more detailed workforce educational profile (not shown in Table 1) reveals that only half of assistant teachers and 36 percent of aides have received any post-secondary training in child development.

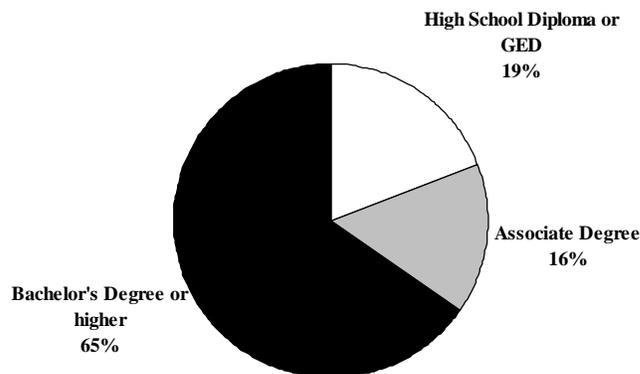
Within each occupation, the educational profile of the child care center workforce according to the Gateways surveys is similar to that found by the LBFC in 1998. Taking into account the rising share of the workforce that is in the two less-educated occupations, the overall education level of Pennsylvania child care center workers is declining. Figure 2c shows the share of non-managerial staff who have each of five levels of education based on the LBFC and Gateways surveys. The share of staff with a college degree of higher has declined from 28 percent to 23 percent. The share without a high school diploma has risen from one to three percent.

*Turnover and Experience*

Table 2 reports employee turnover at child care centers. Average turnover rates are similar to those reported for the state as a whole in the LBFC study. However, the average number of weeks to fill a position is greater than reported in the LBFC study. Turnover rates for directors and assistant directors in Allegheny County are higher than in York County or Southeast Pennsylvania. In Southeast Pennsylvania, head teacher turnover is half what it is in Allegheny County and York County, possibly reflecting the high quality of the Southeast Pennsylvania centers completing the survey. In all three areas, aides have the highest turnover rates (see Table A2). For every position, the average number of weeks to fill a vacancy is higher in Southeast Pennsylvania.

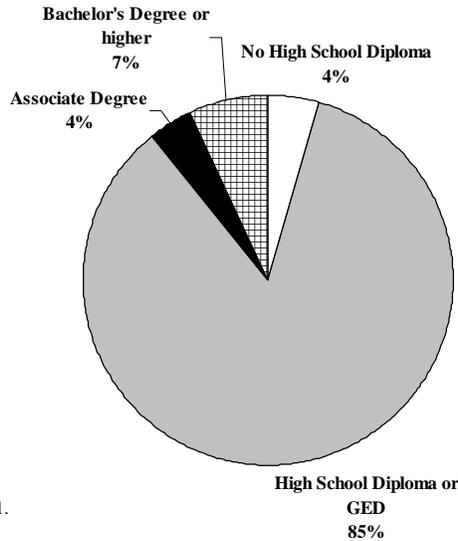
High turnover translates into a workforce with limited experience. Table 3 and Figures 3a and 3b show that nearly 40 percent of head teachers, 41 percent of assistant teachers, and over two-thirds of aides have been at their center

**Figure 2a. Two-Thirds of Head Teachers in Child Care Centers Have Four-Year College Degrees**



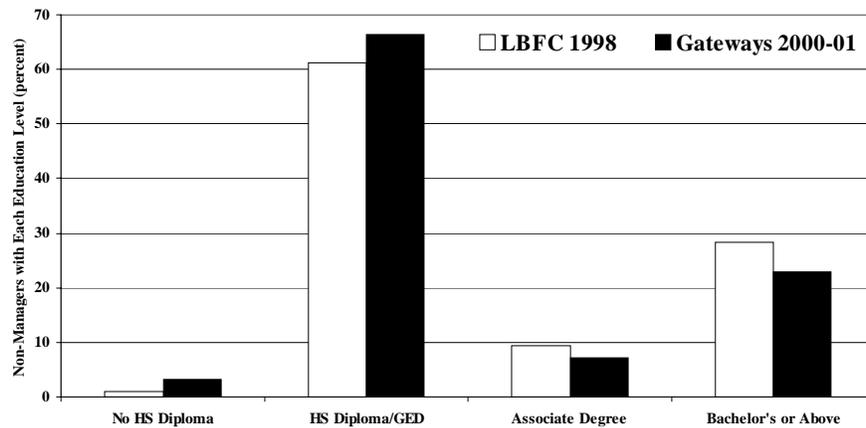
Source: see Table 1.

**Figure 2b. Most Assistant Teachers and Aides Have Only a High School Diploma**



Source: see Table 1.

**Figure 2c. Education of PA. Child Care Center Staff Declines from 1998 to 2000/01**



Sources: Gateways child care center surveys and Legislative Budget and Finance Committee, *Salary Levels and their Impact on Quality of Care*.



<b>Table 2.</b> <b>Annual Turnover Rate in Child Care Centers</b> <b>(number of people leaving each position in past year as percent of total number of positions)</b> <b>and</b> <b>Average Weeks to Fill Each Position</b>					
	Director	Assistant Director	Head Teacher	Assistant Teacher	Aide
Average Turnover Rate	14	13	25	34	47
Average Weeks to Fill a Position	8	9	10	7	6

Source: see Table 1

less than two years. Three out of ten directors have less than two years experience at their current center. While about half of head teachers in York County and Allegheny County have more than two years experience at their current center, about 70 percent of head teachers in Southeast Pennsylvania do (see Table A3).

*Wages*

Table 4 shows the wages (and, for directors, annual salary) of the major occupational groups in the child care industry for the three survey areas and the state as a whole. The table also shows the wages reported by the LBFC (with those 1998 wages adjusted for inflation between 1998 and 2000 using the CPI-U-X1, a consumer price index maintained by the U.S. Bureau of Labor Statistics).

Table 4 indicates that child care center wages for each occupation remain extremely low and, not significantly different than in 1998. Wages of aides are now \$6.39 per hour statewide, only \$13,000 per year for someone working full-time, full-year. Wages of assistant teachers are \$7.27 and wages of head teachers \$9.30 per hour – roughly a \$19,000 annual salary. Assistant directors earn less than \$10.50 per hour, the equivalent of about \$22,000 per year. Even center directors in Pennsylvania, 80 percent of who have a college degree and nearly a quarter of which have a master’s degree, make only \$27,000 per year.

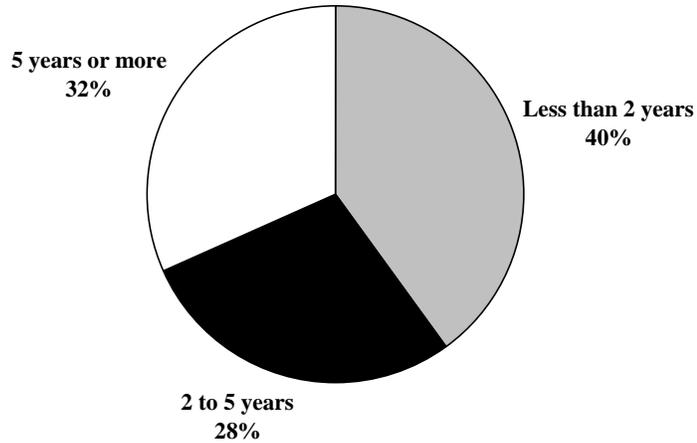
Based on the Gateways survey, wages for teachers and aides as a group (grouping the occupations takes into account the shift in employment to lower-wage assistant teacher and aide positions) are about 2.3 percent lower now than according to the LBFC study.

To gauge pay in early care and education relative to other industries, we compared salaries for child care occupations with salaries of similarly educated workers in the economy as a whole. To construct our comparison wage for each child care occupation, we first computed (from the Census Bureau’s Current Population Survey) the average hourly wages of Pennsylvania workers with each of five levels of education (a master’s degree or higher,

<b>Table 3. Experience in Current Center of Employees in Child Care Centers</b> <b>(percent with each level of experience)</b>					
	Director	Assistant Director	Head Teacher	Assistant Teacher	Aide
Less than 2 years	29	25	38	41	69
2 to 5 year	28	22	26	30	19
5 years or more	44	53	36	29	12

Source: see Table 1

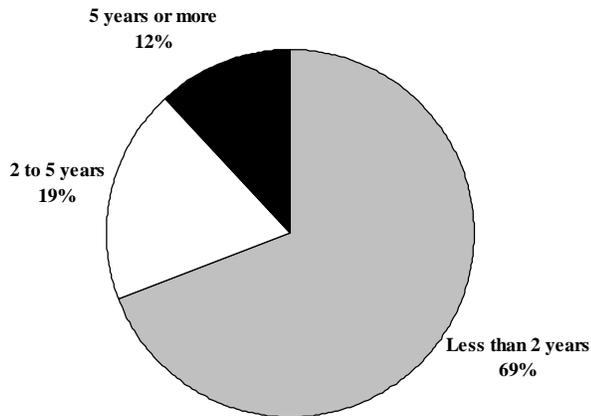
**Figure 3a. Two in Five Teachers\* Have Less than Two Years of Experience in Current Center**



Note: Teachers in this chart includes head teachers ("group supervisors") and assistant teachers ("assistant group supervisors").

Source: see Table 1.

**Figure 3b. Two-Thirds of Aides Have Been at Their Current Center for Less than 2 Years**



Source: see Table 1.



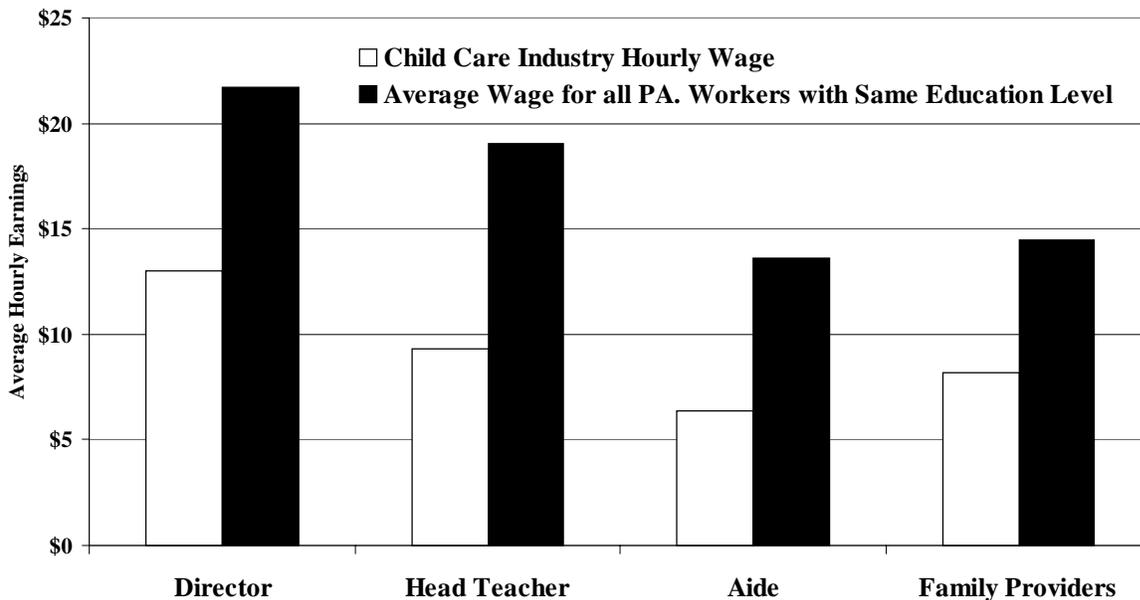
a four-year college degree, an associate degree, a high-school diploma, and less than a high-school diploma).<sup>7</sup> Then for each child care occupation, we weighted all Pennsylvania workers’ average earnings for each educational attainment level by the fraction of the child care occupation with that level of education (e.g., for head teachers, we weighted the high school degree wage for all Pennsylvania workers by 0.19, the associate degree wage for all Pennsylvania workers by 0.16, the bachelor’s degree wage for all Pennsylvania workers by 0.60, and the master’s degree wage for all Pennsylvania workers by 0.05).

**Table 4. Average Wages in Child Care Centers (Hourly, except Director) (2000 dollars)**

	Director	Assistant Director	Head Teacher	Assistant Teacher	Aide
Southeast Pennsylvania – Gateways 2001	\$31,904	\$11.62	\$10.48	\$8.08	\$6.80
York County – Gateways 2000	\$25,578	\$9.37	\$8.21	\$6.84	\$5.97
Allegheny County – Gateways 2000	\$24,725	\$9.37	\$8.29	\$6.87	\$5.92
Average of All Three Regions – Gateways	\$27,082	\$10.41	\$9.30	\$7.27	\$6.39
Southeast Pennsylvania –LBFC 1998			\$10.60	\$8.05	\$6.77
Harrisburg-Lancaster-York MSA –LBFC 1998			\$8.62	\$6.87	\$6.19
Pittsburgh MSA –LBFC 1998			\$8.31	\$6.48	\$6.12
Statewide Average -- LBFC 1998			\$8.97	\$6.95	\$6.20

Source: Gateways provider surveys and Legislative Budget and Finance Committee, *Salary Levels and their Impact on Quality of Care for Child Care Workers in Licensed Day Care Programs* (Harrisburg: LBFC, 1999).

**Figure 4. Child Care Workers Earn Far Less than Other PA. Workers with the Same Education**



Source: Gateways child care provider surveys plus KRC calculation based on 2000 Current Population Survey data.



Figure 4 shows the results. For each child care occupation, actual (hourly) earnings are in the white vertical bar. The adjacent black bar shows average earnings for all Pennsylvania workers with the same educational attainment as that child care occupation. Workers with the same amount of education as head teachers in child care centers earn about \$19, or nearly \$39,000 per year, twice what center-based head teachers actually earn. For aides, child care workers earn less than half of Pennsylvania workers generally with the same level of education — \$13,000 versus \$28,000 on an annual basis. Across all industries, Pennsylvania workers with the same education as child care center directors earn an annual average wage of about \$45,115, 67 percent more than center directors.

*Benefits*

Table 5 reports the average health care benefits available to child care employees in the three survey areas. Since some respondents did not complete the health care questions on the Gateways survey, there is some ambiguity in how to interpret the answers. We expect that, in most cases, no response means that centers do not offer benefits. One in five head teachers and less than one in five assistant teachers have access to employer-subsidized health care for themselves and other family members through their child care center. (Even when child care employees have access to subsidized health benefits, the required co-pays often mean that the benefit is not affordable.) Just over one out of three head teachers and assistant teachers have access to employer subsidized individual health insurance. Our findings are comparable to those reported for the state as a whole on p. 3 of the LBFC report.

<b>Table 5. Employer-Provided Health Care Benefit in the Child Care Industry (percent with each level of health benefits)</b>			
	Director	Head Teacher	Assistant Teacher
No Response	14	21	21
Not Available or No Employer Contribution	24	24	27
Employer-subsidized for Employee Only	36	35	34
Employer-subsidized for Employee and family members	25	20	17

Source: see Table 1.

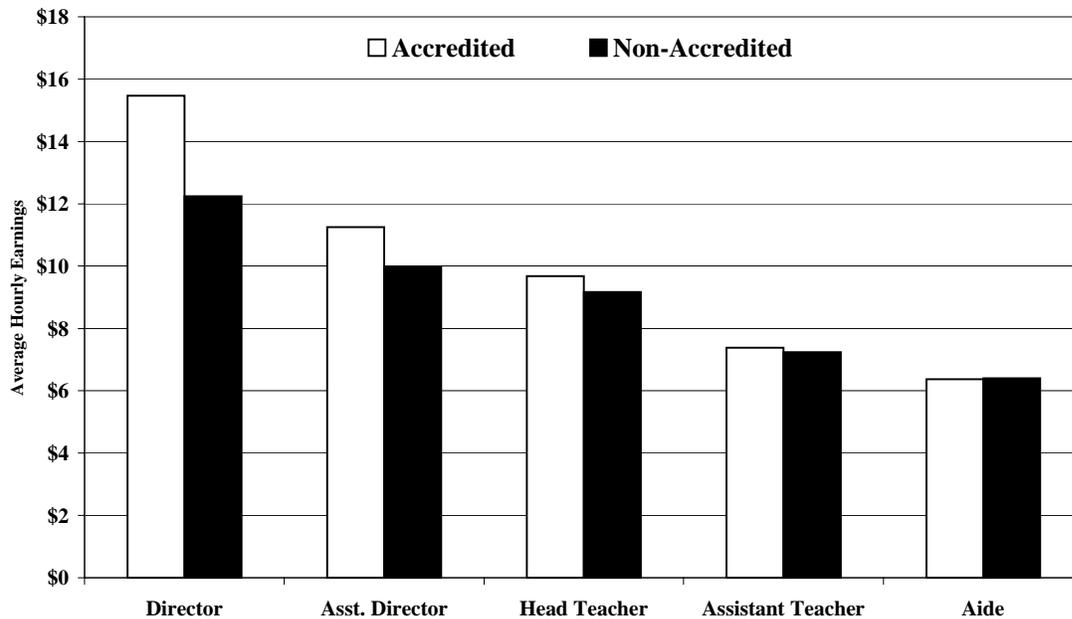
*Pay by Accreditation Status*

Table 6 and Figure 5 report pay for accredited and non-accredited centers. Except for aides, the survey reveals that accredited centers pay better. The gap is especially significant for directors and assistant directors. Fiene’s recent research in Pennsylvania (see p. 3 above) shows that higher pay for directors contributes to the organizational stability necessary to achieve and maintain high quality and accreditation.

<b>Table 6. Pay by Accreditation Status (hourly wages)</b>					
	Director	Assistant Director	Head Teacher	Assistant Teacher	Aide
Accredited	\$15.46	\$11.25	\$9.68	\$7.39	\$6.37
Non-Accredited	\$12.24	\$9.98	\$9.17	\$7.24	\$6.40

Source: see Table 1.

**Figure 5. Pay Higher in Accredited Centers, Especially for Directors**



Source: see Table 1.

*Training*

Table 7 shows the level of annual training that employees receive. About nine in 10 directors and assistant directors receive more than the six hours of training per year mandated by the Pennsylvania Department of Public Welfare. Around seven in 10 head teachers, assistant teachers, and aides receive above the mandated level of annual training. Thus, despite the relatively low levels of formal education for assistant group supervisors and aides (see Table 1), two out of three workers in these positions receive training above the required amount.

	Director	Assistant Director	Head Teacher	Assistant Teacher	Aide
Mandated Six Hours Only	10	13	27	33	32
More than Mandated Six Hours	90	87	73	67	68

Source: see Table 1.

### *Causes of Turnover*

Since consistency and continuity in the relationship between teacher and child are critical determinants of quality, it is important to understand what factors contribute to higher or lower turnover, especially among teachers. Wages are predicted to have a strong impact on turnover rates. To test this possibility, for each staff position (aide, assistant group supervisor, and so on), and within each community, we examined the correlation between wages and turnover at child care centers.<sup>8</sup> We thus examined a total of 15 correlations (5 positions, 3 areas). In 13 of 15 cases, including for head teachers and assistant teachers in all three regions, higher pay was associated with lower turnover. At the same time, these relationships were relatively weak, with correlations ranging from  $-0.02$  to  $-0.18$  (minus one is a perfect correlation, zero is no correlation).

Other variables that we examined (e.g. accreditation status, benefits, training, etc.) did not have a consistent impact on turnover. One reason for this may be that some of the survey measure of benefits are not sufficiently precise. For example, since some centers offer benefits that are out of reach of most employees, simple “offering” benefits may not be a good measure of how much these benefits entice teachers to stay. Similarly, child care benefits offered to teachers are sometimes very generous, but the survey question about this issue did not ask about the size of the benefit or how frequently teachers take advantage of it. Another issue may be that the Gateways questions do not explore supervisory attitudes and managerial styles. Studies of other human services indicate that these can have a dramatic independent effect on turnover.

### **Findings from the Home-Based Child Care Provider Survey**

#### *Provider Characteristics*

The 120 respondents to the Gateways home-based provider survey included 33 group homes and 68 family providers (19 home-based providers did not clearly indicate to which of these two categories they belong). Ninety-one percent of home-based respondents were for-profit programs and 9 percent were non-profit. Ninety-five percent of the centers had DPW registration. The home-based providers had a total of 157 full-time and 83 part-time employees and served 996 children. The average home-based provider had a capacity of 8 children. Thirteen percent of responding home-based providers were accredited by a professional group. Of these, three out of four had accreditation from the National Association for Family Child Care. For those home-based providers not currently accredited, 35 percent were pursuing accreditation.

#### *Education*

Table 8 provides details about the education levels of the main and assistant providers (the latter are present primarily in group homes). About one in five main providers have a bachelor’s degree, while only 5 percent of assistant providers do. Compared to center-based directors, assistant directors, and head teachers (see above), the educational attainment for home-based providers is lower. Despite this generally lower level of formal education, 72 percent of home-based employees have had more than 6 hours of training in the past year. The level of training is roughly comparable to the training for teachers and aides in child-care centers. Furthermore, of the 260 employees represented by the survey responses, 15 percent participate in the Pennsylvania TEACH Early Childhood Program. Of the responding programs, 51 percent indicated that they need access to additional training programs. One in three cited the need for Child Development Associate training and 43 percent cited the need for more training towards bachelor’s degrees in child development or a related field.

**Table 8. Education of Employees in Home-based Providers  
(percent with each education level)**

	All	Main Provider	Assistant Provider
No High-School Diploma	3	2	5
High School Diploma or GED	67	59	76
Associate degree	11	12	10
Bachelor's degree	14	21	5
Master's degree or higher	5	6	3

Source: see Table 1.

*Turnover and Experience*

Turnover rates in home-based providers, at 15 percent, are comparable to the rates for directors and assistant directors but lower than for other positions in child-care centers. Since turnover among home-based providers often means providers go out of operation, however, sampling turnover only among providers still in operation biases the estimate of turnover downward. When asked the main reasons employees give for leaving, 74 percent of respondents cited low pay and 63 percent cited lack of benefits.

Table 9 shows the length of time staff have been in their current home-based program. Over half of main providers have been in their current program for five years or more, while only one in five assistant providers have been. Nearly half of all assistant providers have been in their current program for less than two years.

Twenty-nine percent of home-based providers reported having problems recruiting qualified workers in the past two years. Of home-based programs reporting problems recruiting qualified workers, around 70 percent cited “lack of experience” and “lack of training” in the child care field as the main reasons.

**Table 9. Experience in Current Home-Based Program  
(percent with each level of experience)**

	Main Provider	Assistant Provider
Less than 2 years	17	47
2 to 5 years	28	32
5 years or more	55	21

Source: see Table 1.

*Wages and Benefits*

Table 10 shows the average wage for main providers and assistant providers in home-based child care programs. For comparison, we show the wage figures for group homes from the LBFC study; the LBFC did not survey family day-care homes (with those 1998 wages adjusted for inflation between 1998 and 2000 using the CPI-U-X1, a consumer price index maintained by the U.S. Bureau of Labor Statistics). Wages remain very low in the home-based child care industry. Assistant providers earn wages similar to wages of aides in child care centers. Main providers earn between the average wage for assistant teachers and head teachers in child care centers. The average Pennsylvania wage in all industries for workers with the same educational attainment as home-based providers is 78 percent above what home-based providers’ wage (Figure 4).



	Main Provider	Assistant Provider
Southeast Pennsylvania	\$9.09	\$6.99
LBFC (1998)	\$8.75	\$7.20

Source: Gateways provider surveys and LBFC, *Salary Levels and their Impact on Quality Care for Child Care Workers*.

Health benefits are almost unheard of in home-based providers. Among 120 home-based providers, two offer fully paid employee health insurance, two offer partially paid employee health insurance, and one offers partially paid family health insurance. Nearly half (48 percent) of the center respondents indicated they would be interested in collaborating with other providers to access more affordable health care.

**Conclusion**

Low compensation and high turnover in the Pennsylvania child care industry reflect low wages and benefits which, in turn, stem from working parents’ inability to pay more. To lower turnover, maintain and improve the education levels of the child care workforce, and raise the quality of child care for low-income workers and the middle class, state government in Pennsylvania must invest more in early care and education.

A growing number of states have programs that raise wages or subsidize health care benefits for child care staff, in some cases linked with the acquisition of additional education and experience (see Box). A pilot program in Washington state, for example, subsidizes child care providers that commit to paying their staff based on a wage scale that raises wages with the acquisition of additional education and experience (for details, visit the Economic Opportunity Institute web page, [www.eoionline.org](http://www.eoionline.org). In its first year, beginning in June 2000, 1,250 teachers in 124 centers participated in the program. Annual wages at participating centers are now \$3,000 higher than the statewide average for all centers

Pennsylvania has the funds necessary to raise wages, subsidize health care benefits, and improve quality in child care. To launch an initiative to accomplish these goals, Pennsylvania can draw on the increase in the fiscal year 2001 Child Care Development Fund block grant and unspent dollars from prior budget years (from both the block grant and the Temporary Assistance to Needy Families program).

### STATE POLICIES THAT RAISE COMPENSATION FOR CHILD CARE TEACHERS<sup>1</sup>

- **North Carolina** provides salary supplements to child care teachers, directors and family child care providers. The salary supplement program (WAGES) is available to those with earnings below a specified level who have achieved early childhood education credentials and have maintained steady employment with the same child care program for at least six months.
- **The San Francisco CARES Program** contains two components, Child Development Corps and Resources for Retention. The Child Development Corps offers stipends to child care workers, and Resources for Retention awards quality improvement grants to programs to develop and implement a staff retention plan.
- **Rhode Island** makes fully paid health insurance coverage available to some child care providers and their children through Rite Care, the state's publicly funded insurance program for the uninsured.
- **T.E.A.C.H. Early Childhood Health Insurance Program** in North Carolina provides health insurance to child care programs with staff enrolled in the T.E.A.C.H., or programs in which all staff have two or four-year degrees in child development or early childhood education.
- **Washington State's Child Care Career Development Ladder** provides subsidies to child care programs that (a) agree to a "career ladder" specifying wage minimums for child care teachers with different levels of education and experience, (b) fill 10 percent of their slots with children receiving subsidized child care, and (c) contribute \$25 towards any health insurance premium.
- **Great START of Illinois** is now offering stipends to child care teachers and providers in eligible programs who have worked at the site for a certain amount of time, based on years of education already obtained.
- **New York State** will pay for a one-time wage supplement for child care workers who have been employed at their site for at least a year, based on educational level. The funds come from unexpended TANF money.

<sup>1</sup>This box was developed by QUEST (Quality Education through Salaries and Training).



# APPENDIX

<b>Southeast Pennsylvania</b>	Director	Assistant Director	Head Teacher	Assistant Teacher	Aide
No High School Diploma	0	0	0	1	15
High School Diploma or GED	4	29	23	79	77
Associate Degree	13	9	16	8	2
Bachelor's Degree	49	52	56	10	6
Master's Degree or higher	34	10	5	2	0
	100	100	100	100	100
<b>York County</b>					
No High School Diploma	2	0	0	1	19
High School Diploma or GED	13	23	18	95	80
Associate Degree	14	14	13	2	0
Bachelor's Degree	63	64	64	1	0
Master's Degree or higher	9	0	6	0	1
	100	100	100	100	100
<b>Allegheny County</b>					
No High School Diploma	0	3	0	1	5
High School Diploma or GED	5	29	12	88	87
Associate Degree	4	16	16	3	1
Bachelor's Degree	70	47	65	6	4
Master's Degree or higher	20	5	7	2	3
	100	100	100	100	100
<b>All Areas</b>					
No High School Diploma	0	1	0	1	13
High School Diploma or GED	6	28	19	87	80
Associate Degree	10	12	16	5	1
Bachelor's Degree	58	53	60	6	4
Master's Degree or higher	25	7	5	1	1
	100	100	100	100	100

Source: see Table 1.

	Director	Assistant Director	Head Teacher	Assistant Teacher	Aide
Southeast Pennsylvania	10	12	19	28	44
York County	9	8	37	38	48
Allegheny County	21	17	31	37	55
Three Areas	14	13	25	34	47

Source: see Table 1.

<b>Table A3. Length of Time in Current Center (percent of each occupational group with each level of experience)</b>					
<b>Southeast Pennsylvania</b>	Director	Assistant Director	Head Teacher	Assistant Teacher	Aide
Less than 2 years	21	25	30	38	69
2 to 5 years	32	24	27	35	19
5 years or more	47	51	44	27	12
<b>York County</b>					
Less than 2 years	33	23	47	44	77
2 to 5 years	30	27	29	33	19
5 years or more	37	50	25	23	5
<b>Allegheny County</b>					
Less than 2 years	40	24	52	43	63
2 to 5 years	19	16	23	19	20
5 years or more	41	60	25	38	18
<b>All Areas</b>					
Less than 2 years	29	25	38	41	69
2 to 5 years	28	22	26	30	19
5 years or more	44	53	36	29	12

Source: see Table 1.

## FOOTNOTES

<sup>1</sup> NICHD Early Child Care Network, “Child Care and Child Development: The NICHD study of Early Child Care.” In S.L. Friedman and H. C. Haywood (eds.), *Developmental Follow-Up: Concepts, Domains, and Methods* (New York: Academic Press, 1994).

<sup>2</sup> Lynn A. Karoly, et al., *Investing in Our Children: What We Know and What We Don’t Know about the Costs of Benefits of Early Childhood Interventions* (Santa Monica, CA.: RAND, 1998); on line at [www.rand.org/publications/MR/MR898/](http://www.rand.org/publications/MR/MR898/).

<sup>3</sup> Suzanne W. Helburn et al., *Cost, Quality, and Child Outcomes in Child Care Centers* (Denver: Department of Economics, University of Colorado, 1995). A study of home-based providers concluded that 9 percent deliver “good quality” care, 56 percent “adequate care,” and 35 percent “growth harming” care. See Ellen Galinsky, *The Study of Children in Family Child Care and Relative Care* (New York: Families and Work Institute, 1994).

<sup>4</sup> On the education-quality link, especially for preschool children, see Vandell, Deborah Lowe and Barbara Wolfe. 2000. “Quality Child Care: Does it Matter and Does It Need to be Improved?” University of Wisconsin, Madison. [apse.hhs.gov/hsp/ccquality00/ccqual.htm](http://apse.hhs.gov/hsp/ccquality00/ccqual.htm). On the wage-quality connection, see Helburn et al., *Cost, Quality, and Child Outcomes in Child Care Centers*.

<sup>5</sup> In Southeast Pennsylvania, to reduce mailing and processing costs, the survey was mailed to a random sample of one third of the family providers and centers in each county. To increase information available on accredited Southeast Pennsylvania centers, the survey was mailed to every accredited child care center. The Southeast Pennsylvania home-based survey was mailed to all “group homes” (larger family providers) because there were only about 200 of these.

<sup>6</sup> See Pennsylvania Legislative Budget and Finance Committee, *Salary Levels and their Impact on Quality Care for Child Care Workers in Licensed Day Care Programs* (Harrisburg: LBFC, 2000).

<sup>7</sup> The CPS is derived from a monthly survey of a representative sample of households and is the standard source in the United States for tracking wages.

<sup>8</sup> Since the overall wage level is different in the three communities, a high-wage (and possibly low-turnover) center in York County might be a low-wage center in Philadelphia. As a result of the difference in community wage levels, the wage-turnover relationship should not be examined in a pooled sample of surveys from the three communities. This could lead to the conclusion that there is no wage-turnover link when, in fact, within local labor markets, there is such a link. To get around the problem of the differences in wage levels across the three communities, we examined the wage-turnover relationship separately in each region.