Charting Civil Society

A series by the Center on Nonprofits and Philanthropy

THE URBAN INSTITUTE

No. 8, June 2001

Models for Increasing Child Care Worker Compensation

Maria D. Montilla, Eric C. Twombly, and Carol J. De Vita

The issue has gained some momentum in the past few years because of tight labor markets and a healthy economy that has left the federal and state governments with budget surpluses.

With more than half of all mothers with preschool-age children working outside the home, there is substantial demand for high-quality, affordable child care. But as many parents know, the supply of good quality child care is both limited and costly: There are relatively few well-trained and experienced child care workers; recruitment and retention of staff is difficult; and wages for child care workers, among the lowest paid in the U.S. labor force, generally come with few employee benefits. Not only does this situation defy economic models of supply and demand, it has confounded attempts to secure better compensation for child care workers.

The issue of child care worker compensation has been difficult to advance because of the potential costs associated with ensuring quality care and because there is a dearth of suitable policy or market mechanisms for improving compensation for child care workers. The issue has gained some momentum in the past few years, however, because of tight labor markets and a healthy economy that has left the federal and state governments with budget surpluses. Child advocates are taking advantage of this situation to press for better compensation for child care workers, and are building public support, mobilizing workers, and shaping policy tools to improve both compensation and the quality of child care programs.

Based on secondary data, Internet searches, and interviews with child advocates, this brief summarizes the initiatives that were underway at the end of 2000 in the 50 states and the District of Columbia.[1] Many of these initiatives operate as demonstration projects or in only a few counties within a state. They seldom cover all types of child care providers, and often have limited funding.

Nevertheless, the range of policy initiatives identified in this brief illustrates the creative approaches that are being taken by policymakers and child advocates to address the need to improve compensation for child care workers.

Two Strategies for Increasing Child Care Worker Compensation

Although the specific policies and programs differ among states, initiatives to increase child care worker compensation follow either indirect or direct strategies (see table 1). Indirect strategies include initiatives to improve the skills of child care workers or increase reimbursement rates. These approaches focus on the quality and affordability of care, and may only indirectly improve the wages or benefits of child care workers. In contrast, direct approaches directly address wage and benefit issues. Direct strategies are based on two premises: that better wages and benefits will improve

TABLE 1. State Strategies to Improve Child Care Worker Compensation

	Indirect Strategies			Direct Strategies	
State	**Training or Mentoring**	**Professional Development**	**Reimbursement Rate Improvements**	**Employee Benefits**	**Wage Increments**
Alabama					
Alaska					
Arizona		X	X		
Arkansas			X		
California	X	X		X	X
Colorado	X	X	X		
Connecticut		X	X		
Delaware					
District of Columbia	X				X
Florida	X	X	X		
Georgia		X			X
Hawaii					
Idaho		X			
Illinois	X	X			X
Indiana		X			
Iowa		X			
Kansas					
Kentucky	X		X		
Louisiana					
Maine		X			X
Maryland					
Massachusetts	X		X		
Michigan	X			X	
Minnesota	X	X	X		
Mississippi			X		
Missouri		X			
Montana		X			
Nebraska	X		X		
Nevada		X			
New Hampshire		X			
New Jersey	X		X		
New Mexico			X		
New York		X			X
North Carolina		X	X	X	X
North Dakota					
Ohio	X				
Oklahoma	X	X	X		X
Oregon					
Pennsylvania	X	X			
Rhode Island			X	X	
South Carolina		X	X		
South Dakota					
Tennessee		X	X		
Texas	X				X
Utah					
Vermont			X		
Virginia		X			
Washington		X			X
West Virginia					
Wisconsin	X	X	X		X
Wyoming					

Source: Twombly, Montilla, and De Vita 2001.

the recruitment and retention of competent workers, and that a more qualified and stable work force will deliver higher-quality child care.

Indirect Initiatives

Thirty-seven states and the District of Columbia have initiated programs or drafted proposals to indirectly address the issue of low compensation in the child care workforce. These initiatives, described below, are the most popular approaches for addressing compensation and quality of care issues.

Training and Mentoring Programs

Training and mentoring programs are used to recruit and train new workers, as well as to retain experienced workers who participate as mentors in the programs. Fifteen states and the District of Columbia have implemented programs or passed legislation to spur training and mentoring programs in the child care field. To move clients from the welfare rolls and to expand the supply of child care workers, eight states and the District of Columbia have targeted their child care training initiatives at Temporary Assistance for Needy Families (TANF) recipients. Seven states use mentoring programs as part of broader state strategies to encourage certification and licensing of new workers. These programs often team new workers with experienced child care workers, who serve as mentors and receive stipends in return for their participation in the program. The California Early Childhood Mentor Program, for example, pays stipends to those who are selected as mentors for continuing in-service training in classrooms and those who are selected as director mentors for offering practical help to less experienced center directors. It is hoped that this added pay will improve the retention of experienced workers in the child care workforce (California Early Childhood Mentor Program, 2001).

Professional Development Programs

Half of all states have begun professional development programs for existing workers, making such programs the most common indirect strategy for improving the skills and qualifications of current child care workers. In contrast to training and mentoring programs, which aim to broaden the supply of child care workers, professional development programs are designed to improve the qualifications of individuals already in the child care field. These initiatives provide child care workers with access to scholarships, student loan forgiveness programs, and continuing educational opportunities. The majority of these programs are scholarships to help child care workers further their education in early childhood education. The scholarship approach is based primarily on North Carolina's Teacher Education and Compensation Help (TEACH) program, which began as a pilot project in 1990 to provide scholarships to child care center employees and center directors so that they could earn additional education credentials. Since its inception, TEACH has been adopted in 14 states.

Programs to Improve Reimbursement Rates

Reimbursement plans offer economic incentives to child care providers who enroll low-income children. Nineteen states have begun programs that increase reimbursements for child care centers. Although higher payments to providers may give low-income children greater access to care, higher reimbursement rates do not necessarily increase workers' wages; the additional funds may go for food, materials, or other expenses associated with providing child care. Nevertheless, child advocates have had some success in linking higher reimbursement rates to higher worker compensation. In Massachusetts, for example, a coalition of child advocates, led by the Massachusetts Association of Day Care Agencies, pressured the state to increase reimbursement rates that had been frozen for several years. Although the higher rates were allocated to improve the quality of child care programs generally, the active participation of teachers and workers in the coali-

Half of all states have begun professional development programs for existing workers, making such programs the most common indirect strategy for improving the skills and qualifications of current child care workers.

The continued concern over the poor quality of many child care programs, the limited training of many child care workers, and lower-income families' lack of access to quality care have led to some innovative efforts to address worker compensation issues more directly.

tion ensured that part of the higher rates were used to increase worker salaries (National Center for the Early Childhood Work Force 1997).

Direct Initiatives

Policymakers are usually reluctant to take action that directly relates to the wages and benefits of a specific group of workers. But the continued concern over the poor quality of many child care programs, the limited training of many child care workers, and lower-income families' lack of access to quality care have led to some innovative efforts to address worker compensation issues more directly. By the end of 2000, 12 states and the District of Columbia had initiated programs that provided either better access to employee benefit programs (particularly health insurance) or improved wages. Both approaches are discussed below.

Employee Benefit Programs

Like many low-wage workers, child care workers often do not have access to employee benefits such as pension plans, sick leave, or health insurance. However, advocates for child care workers have begun to make some progress in securing these benefits. Four states—California, Michigan, North Carolina, and Rhode Island—are working to make health insurance more accessible and affordable for child care workers. California is designing a program to provide free or low-cost health insurance to qualified child care providers through state-affiliated health maintenance organizations (HMOs). North Carolina tied improved access to health benefits to its TEACH scholarship program. Michigan has a pilot program in Wayne County that provides health insurance to eligible child care workers through its state employee health insurance plans. After a four-year campaign by Direct Action for Rights and Equality (DARE), a grassroots organization for low-income women, Rhode Island extended eligibility for the state's health insurance program to qualified family child care providers and center-based child care workers.

Wage Initiatives

Ten states have instituted programs that directly increase wages for qualified child care workers. These programs include retention grants, initiatives to ensure that wages in the child care field are comparable to wages in other sectors, and hourly wage supplements that are tied to career development ladders or scheduled wage increases. These initiatives rely extensively on public funds, and many developed after hard-fought advocacy campaigns.

Retention grants. Five states—California, Florida, Illinois, New York, and Wisconsin—provide grants as financial incentives to persuade teachers and workers to remain in the child care field, making such grants the most prevalent strategy for directly promoting higher wages among child care workers. California uses a mix of funding to operate the Compensation and Recognition Enhances Stability (CARES) program, which provides between $500 and $6,500 per worker per year, depending on the worker's education, experience, and bilingual skills. New York operates the Child Care Professional Retention Program, which provides grants to workers who are employed by licensed providers and agree to continue working in child care for at least six months after receiving the wage supplement.

Comparable wages in the child care field to wages for elementary school teachers. These initiatives are related to Universal Pre-Kindergarten (Pre-K) programs. Typical Universal Pre-K models enable all four-year-old children in a state to attend preschool programs at either public schools or private facilities. Under these initiatives, pre-K teachers receive a minimum salary based on their credentials, to establish parity with salaries for kindergarten and elementary school teachers.

Georgia and the District of Columbia have been the leaders in this area. New York and Oklahoma recently developed pre-K programs.

Hourly wage supplements tied to career ladders. Some state and local governments have initiated career ladder programs to supplement the wages of child care workers who obtain certain levels of education or experience or have specific professional responsibilities. This type of model was developed in Washington by the Economic Opportunity Institute, the Washington State Office of Child Care Policy, and the Childcare Union Project. Citing the connection between the lack of qualified child care workers and the poor quality of child care services, Maine and New York give direct wage supplements to child care providers, bypassing many of the requirements of the Washington state model.

Other wage-based approaches. States also have tied increases in child care worker compensation to other program strategies. North Carolina, for example, uses a direct wage increment to complement its TEACH program. Maine provides incentives to providers who offer care during non-standard business hours or in underserved geographic areas. And New York's Nassau County provides wage supplements to teachers at nonprofit child care centers that contract with the county.

General Patterns

Our review of state initiatives to improve compensation for child care workers uncovered a number of general patterns:

To get child care worker compensation onto the public agenda, the issue is usually framed in terms of quality of care. The vast majority of successful initiatives have emphasized the link between the quality and continuity of care and the skills, training, and compensation of child care workers.

Indirect strategies for improving child care worker compensation are significantly more popular than direct initiatives. Because most state and local policymakers prefer to sidestep the contentious issue of child care worker compensation, indirect strategies are more politically palatable than direct proposals to improve wages and benefits. By the end of 2000, 37 states and the District of Columbia had initiated some type of indirect strategy, but only 13 states had addressed wage and benefit concerns directly. Most states begin by passing an indirect strategy; a few states have later progressed to a direct approach. Most direct approaches are fairly new, and have been introduced since 1998.

A few states have been leaders in developing initiatives to raise compensation in the child care field. California, North Carolina, Oklahoma, and Wisconsin have tried the greatest number of approaches in addressing compensation. Each state uses at least four of the five policy strategies identified in this review. California uses mentoring, professional development programs, subsidies for health benefits, and wage increments. North Carolina pioneered the TEACH program, has worked to increase reimbursement rates for providers, and to institute better health and wage benefits. Oklahoma, in addition to using the TEACH model and reimbursement rates for providers, is developing a Universal Pre-K initiative. Wisconsin uses a mix of indirect and direct policy strategies, including programs to stimulate training, mentoring, professional development, higher reimbursement rates, and increased wage rates.

Northeastern states are the most active in pursuing worker compensation strategies. By the end of 2000, each of the nine states in the Northeast region, which includes the New England states, New York, New Jersey, and Pennsylvania, had initiated indirect programs to improve worker compensation. Seven states used multiple program strategies, and three used direct program strategies to address

Executive leadership appears to be key in developing child care worker compensation programs.

the issue of low compensation for child care workers. Other regions of the country were less likely to use direct approaches. In the South, for example, 5 states used direct compensation strategies, while 3 Midwestern states used this approach; only 2 of the 13 states in the West had direct programs in place.

Factors Influencing Child Care Worker Compensation Initiatives

A closer examination of the political and economic context suggests that states' efforts were affected by a number of factors.

Executive leadership appears to be key in developing child care worker compensation programs. Using logistic regression models, we determined that factors such as the rates of female labor force participation, state budget surpluses, unemployment rates, and changes in TANF caseloads did not significantly influence the development of worker compensation initiatives. The governor, however, appears to play an important role in promoting these programs, and the governor's tenure, as measured by the number of consecutive months in office, was the strongest predictor in our models. The governor's party affiliation was less critical for moving the agenda forward.

States borrow and adapt models from one another. Ideas and initiatives are spread and modified as states adopt programs that have been implemented in other states. For example, the TEACH program that North Carolina launched in 1990 has been popular among policy officials and child advocates, and has been adopted in 14 other states. Several states are now considering using some form of the Washington Career Ladder, while others have begun Universal Pre-K programs. But even programs that have similar goals may be designed in markedly different ways. For example, the initiatives in California and Washington to directly supplement the wages of child care workers are underwritten by different mixes of state and local funding and target different types of workers.

Unions have begun to play a prominent role in securing wage and benefit increases for child care workers. Unions have addressed wage and benefit issues for other groups of workers, but efforts to organize child care workers have been impeded by the small scale of most child care establishments and the generally high staff turnover. Whitebook (1999) notes that only 4 percent of the child care workforce is unionized. Union efforts are gaining visibility, however, in Washington, Pennsylvania, New York, and Massachusetts (Helburn and Bergmann forthcoming). To promote their organizing campaigns, unions are using a variety of strategies and messages. Some unions have forged new partnerships with the business sector and child advocacy groups. Other unions have worked through the Living Wage Campaign to promote better compensation for all workers, including child care workers, on moral and economic grounds.

Implications

The issue of child care worker compensation can be advanced through strong and skillful political leadership, but policymakers will have to make difficult political choices about which initiative to pursue. Direct and indirect strategies approach the problem differently, and there has been little research on the potential outcomes of these different approaches. Fundamental questions remain: Have these initiatives been successful in raising child care worker compensation? If so, who has benefited, and how much has compensation improved?

Despite the flurry of state activity, child care worker compensation remains low. More than two-thirds of the states have worked on this issue recently, but many have begun small pilot programs that are not well funded and that reach a limited number of workers. It is too soon to determine whether these initiatives will be expanded—or even renewed—and have a lasting impact on the wages of child care workers.

Like many policy questions, improving child care worker compensation requires political commitment and the ability of groups to work together. New and diverse coalitions of parents, child advocates, business leaders, and union representatives are forming at the state and local levels to address child care issues. These coalitions are likely to be instrumental in determining how compensation policies are implemented, and may prove crucial in promoting the sustainability of these initiatives. There is limited information on the long-term impact of such coalitions, but additional research may provide insights into the effectiveness of their current strategies for obtaining higher compensation for child care workers.

References

Bergmann, Barbara R. 2000. "Decent Child Care at Decent Wages." *The American Prospect* 12 (1): 8–9.

California Early Childhood Mentor Program. 2001. Executive Summary: 1999-2000 Annual Report. Http://www.ecementor.org/execsum.htm. (Accessed February 2001.)

Helburn, Suzanne, and Barbara R. Bergmann, editors. Forthcoming. *The Future of Child Care: Improving Quality and Affordability.* New York: St. Martin's Press.

National Center for the Early Childhood Work Force. 1997. *Making Work Pay in the Child Care Industry.* Washington, D.C.: Center for the Child Care Workforce.

Twombly, Eric C., Maria D. Montilla, and Carol J. De Vita. 2001. *State Initiatives to Increase Compensation for Child Care Workers.* Washington, D.C.: The Urban Institute.

Whitebook, Marcy. 1999. "Child Care Workers: High Demand, Low Wages," in *The Silent Crisis in U.S. Child Care,* a special edition of *The Annals of the American Academy of Political and Social Science* 563 (May).

Endnote

1. This brief is based on the 2001 report by Eric C. Twombly, Maria D. Montilla, and Carol J. De Vita. This research was supported by the Foundation for Child Development.

About the Authors

Maria D. Montilla is a research associate at the Center on Nonprofits and Philanthropy. She conducts research on nonprofit advocacy and its role, regulation, practice, and impact in the United States. She has also studied the role that nongovernmental organizations play in advocating for poor children in Latin America, as well as the role and impact of grassroots associations in encouraging citizen participation and fostering democracy in Latin American countries. Prior to joining CNP, Ms. Montilla was a graduate student at the Center of Philanthropy at Indiana University.

Eric C. Twombly is a research associate at the Center on Nonprofits and Philanthropy at the Urban Institute. His research focuses on the role of nonprofit institutions in providing social services and building community capacity. Dr. Twombly received his undergraduate degree in psychology and criminal justice from the University of Massachusetts, and his masters and doctoral degrees in public policy from the George Washington University.

Carol J. De Vita, a senior research associate in the Center on Nonprofits and Philanthropy at the Urban Institute, studies advocacy for children and capacity building efforts of nonprofit organizations. She directs the advocacy study on child care worker compensation and is editing a forthcoming volume on child advocacy and the role of nonprofit organizations. Other work includes a study of three low-income neighborhoods in the District of Columbia to assess the supportive services for children and families, as well as a survey of religious congregations in the Washington, D.C., area to measure their capacity to provide social services in an era of welfare reform.

THE URBAN INSTITUTE
2100 M Street, N.W.
Washington, D.C. 20037

Nonprofit Org.
U.S. Postage
PAID
Permit No. 8098
Mt. Airy, MD

Address Service Requested

For more information,
call Public Affairs:
(202) 261-5709
or visit our Web site,
http://www.urban.org.
To order additional copies
of this publication, call
(202) 261-2687
or visit our online bookstore,
http://www.uipress.org.

The Urban Institute's **Center on Nonprofits and Philanthropy** (CNP) was established in September 1996 to explore the role and contributions of nonprofit organizations in democratic societies. The work of CNP will be communicated through the dissemination of timely, nonpartisan research to policymakers, practitioners, researchers, the media, and the general public.

The **National Center for Charitable Statistics** (NCCS) became a part of the Urban Institute in July 1996 and is the statistical arm of the CNP. The mission of NCCS is to build compatible national, state, and regional databases and to develop uniform standards for reporting on the activities of charitable organizations. NCCS databases are available on CD-ROM, diskette, 9-track tape, or via File Transfer Protocol (FTP) in a variety of database formats. For information, call 202-828-1801 or visit our Web site, http://www.urban.org/centers/cnp.html.

THE URBAN INSTITUTE
2100 M Street, N.W.
Washington, D.C. 20037

Phone: (202) 833-7200
Fax: (202) 467-5775
E-mail: pubs@ui.urban.org