

By a Thread

How Child Care Centers Hold On to Teachers, How Teachers Build Lasting Careers

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An Overview of the U.S. Child Care Industry

A GROWING DEMAND

The demand for child care services has been steadily increasing over the last few decades as a result of demographic trends, public policies, and emerging scientific inquiry about brain development and early learning. On the demographic side, the number of mothers of preschool children in the workforce increased from 12 percent shortly after the end of World War II to 65 percent at the turn of the century (U.S. House of Representatives 2000). Similar increases have occurred among mothers of school-age children. From 2002 through 2010, the rate of labor force participation among women ages 25 to 54 is projected to increase moderately from 77.7 to 80.4 percent, resulting in a further decrease in the number of women who can provide full-time care for their children at home (Bureau of Labor Statistics 2002). In addition, the number of single-parent families has nearly tripled since 1950, and these families are most often headed by women who are their households' sole sources of income and are consumers of child care services (Field and Casper 2000). Demand for child care services has also increased in response to the work requirements and time limits mandated by the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996, as parents leaving welfare and entering training programs or the workforce seek care for their young children.

As a result of these changes, most U.S. children under five (61 percent, as of 1999) spend time on a regular basis each week in nonparental care (Shonkoff and Phillips 2000); this includes 52 percent of one-year-olds and 82 percent of four-year-olds (Lombardi 2003). These children can be found in a variety of arrangements while their parents are at work. Twenty-eight percent attend child care centers, 14 percent attend a home-based child care program, 27 percent are cared for by

another parent, 27 percent are cared for by other relatives, and only 4 percent are cared for by a nanny or babysitter. Average time in child care varies as well, with 39 percent of children under five attending some form of child care 35 hours or more per week (Urban Institute 2002).

Converging with these demographic and policy shifts, the demand for quality child care is driven by a steadily expanding body of knowledge that links brain development to early environments, and school readiness and later success to positive preschool experiences (Shonkoff and Phillips 2000). Prior to the age of five, the human brain grows more than at any other period of life, and developmental opportunities missed in these years can seldom be retrieved (Carnegie Task Force on Meeting the Needs of Young Children 1994). The public is slowly connecting the enormous capacity for learning prior to kindergarten with the realization that the majority of preschoolers are in nonparental care regardless of their parents' participation in the labor force. This recognition highlights the importance of the quality of early care and education services, as well as issues of affordability and availability.

A GROWING INDUSTRY

The increase in the demand for nonparental care has stimulated rapid growth in child care services. In 1975, the U.S.-licensed child care industry comprised 30,000 child care centers and 81,000 homes (Abt Associates 1975). According to the Washington-based Children's Foundation (2002b), the number of regulated family child care homes increased from nearly 200,000 in 1988 to over 300,000 in 2002; regulated child care centers increased from approximately 86,000 in 1991 to over 116,000 in 2003. The unregulated market, the size of which is unknown, also continues to play an important role in the industry, particularly since the late 1980s, when public subsidy dollars began to support this form of child care. Accompanying the growth of services in centers and homes has been a large increase in associations and businesses providing products, training, and other support to child care businesses.

Child care services are supplied by establishments with different structures of ownership. The industry includes nonprofit, for-profit, and publicly operated centers, as well as self-employed family child care providers. Among these child care centers, slightly less than half are operated on a for-profit basis, with large chains constituting about a quarter of the for-profit market. Nonprofit child care centers are operated by community agencies, hospitals, colleges and universities, or religious institutions, as well as public schools or agencies. Religious institutions operate approximately one in six child care centers. The market is also segmented to some extent, with submarkets targeting different groups of consumers. In most states, for example, publicly operated centers serve children of low-income and at-risk families, while many nonprofit and for-profit centers target other groups, such as children of low- to moderate-income families, or nonsubsidized, middle- to upper-income families. In addition to center-based services, families can choose licensed, legally license-exempt, or illegally operating home-based services, or provide care themselves.

With the exception of federally operated programs such as Head Start and various programs on military bases, there is no federal oversight of child care services. Each state defines which establishments and providers must be regulated; the level of monitoring and enforcement; health, safety, and other program standards (including ratios of adults to children); and the qualifications for staff. Home-based establishments are considered large if they serve more than six or eight children, while centers can serve as many as a few hundred. Typically, however, midsize child care centers serve less than 100 and more than 50 children (Neugebauer 2000).

Public investment at all levels of government has also mushroomed, with federal and state spending now at about \$20 billion per year (Helburn and Bergmann 2002). The lion's share of these public dollars comes from the federal government, either in the form of tax credits for those families who pay income tax (dependent care or flexible spending accounts), or as subsidy vouchers to cover the cost of child care for low-income families. Still, child care is the only educational service relying so heavily on parents to foot the bill, with parent fees accounting for 60 percent of the national expenditure on child care, government funds accounting for 39 percent, and employer support for only 1 percent. By contrast, parents contribute only about one-

fourth of higher education costs, with government and philanthropy assuming the remaining balance (Mitchell, Stoney, and Dichter 2001). Child care costs can consume anywhere from 6 to 23 percent of a family budget (Giannarelli and Barsimantov 2000). In urban communities, child care costs exceed those of tuition at most public universities (Schulman 2000).

AN EXPANDING AND DIVERSE WORKFORCE

The child care workforce is diverse both within and across settings. According to the Center for the Child Care Workforce and the Human Services Policy Center (2002), of the 2.3 million individuals paid to care for children ages 0–5 in the United States in a given week, approximately 550,000 adults are working in center-based settings, including private and public child care centers, Head Start, and pre-kindergarten programs. Another 650,000 provide family child care. An even larger number, 804,000, are paid relatives, and 298,000 are paid non-relatives other than those working in centers or family child care programs, such as nannies.

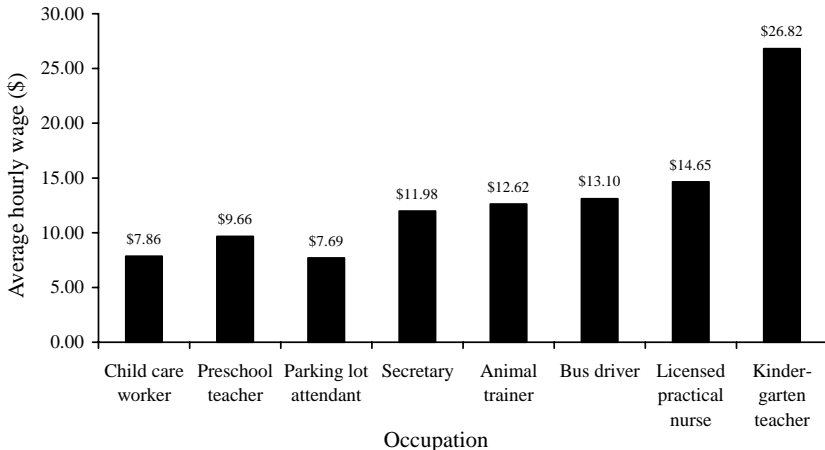
There are no national regulations governing who can work with young children. As of 2002, nearly half of the states required no pre-service or ongoing education for center-based teachers, and 14 states required none for directors of centers (Children's Foundation 2002a,b). Home-based provider qualifications are typically lower than those in centers; 18 states require no training at all, or no more than six clock hours per year. In 19 states, most family child care providers are exempt from any licensing, and thus do not have to meet any training requirements. In California, where the study described in this monograph took place, two sets of regulations establish qualifications for teaching and administrative staff of child care centers. The more rigorous requirements are reserved for those centers holding a contract with the State Department of Education; considered high by national standards, these require only 24 units of college-level work in early childhood education, and 16 general education units. In contrast to public school teachers, child care teachers and directors are typically not required to acquire an individual license or certificate, although some

states and national organizations now recommend extending the K–12 requirement (that all teachers have a bachelor’s degree and certification) to those offering publicly financed preschool services for three- and four-year-olds. New Jersey, New York, and Texas, among other states, require such BA-level certification for teachers in public preschools, but not for teachers in other child care center programs (Bellm et al. 2002).

Due to the variety of settings, regulations, and qualifications, as well as informal expectations set by different establishments, those who constitute the child care workforce differ from one another both within and across settings in terms of educational background and other demographic characteristics. A recent study of one county in California, for example, found that 32 percent of teachers had completed a bachelor’s degree, but a similar number of teachers had completed less than 24 units of early childhood education (Whitebook et al. 2002, 2003).

Low wages are typical across the industry, as shown in Figure 1.1. Child care teachers earn far less than other educational workers and many service workers. Only a few categories of workers, such as fast

Figure 1.1 Child Care Workforce Earnings in Perspective



SOURCE: Bureau of Labor Statistics (2002). Adapted with permission from the Center for the Child Care Workforce, based on the *Occupational Employment Statistics (OES) Program Survey*. Washington, DC: U.S. Department of Labor.

food cooks and ushers, earn less than child care workers. Regardless of the age group served, low pay and lack of prestige affect many teachers' decisions to leave their jobs, and discourage many from entering the occupation at all, but these issues are intensified for the child care workforce. Even when they have training and education comparable to that of elementary school teachers, child care teachers earn approximately half as much, work a longer year, and are far less likely to receive such benefits as fully paid health care coverage or a pension. Further, they are seldom viewed as professionals, even by teachers of older children (Whitebook and Bellm 1999). The majority of regulated child care teachers and providers do not belong to either a professional organization or a union (Whitebook, Howes, and Phillips 1990; Whitebook 2002), and, as described in Chapter 8, there are particular challenges to congregating this group of workers on their own behalf.

As a result of these job conditions, high rates of turnover in the child care industry are not surprising. At 30 percent a year, they are similar to those of fast food workers (34 percent) and animal caretakers, such as dog groomers (27 percent). Employment instability among child care workers not only exceeds that of public school teachers, but is four times higher than that of registered nurses (7 percent) and three times higher than that of social workers and hairdressers (11 percent) (Whitebook and Bellm 1999).

Given the strong impact of the quality of early environments on children's development, the combination of uneven professional development, low wages, and high turnover in the child care field is particularly problematic. A 1994 Carnegie Corporation of New York report offered compelling evidence about the long-lasting influence of early environments on brain development in the first years of life, underscoring growing concern about the skills and consistency of many child care teachers and providers (Carnegie Task Force on Meeting the Needs of Young Children 1994). The chair of the National Research Council Committee on Integrating the Science of Early Childhood Development, Dr. Jack Shonkoff of Brandeis University, posed a question to Congress in 2002 about the gap between the current understanding of child development and public policy related to the child care workforce:

How can the recently enacted No Child Left Behind Act emphasize the need for stronger performance standards and financial incentives to attract bright and highly motivated teachers, while we simultaneously tolerate large percentages of inadequately trained and poorly compensated providers of early child care and education who have an important influence on the foundations of school readiness? (Testimony to the U.S. Senate Committee on Health, Education, Labor and Pensions, February 12, 2002, p. 3)

AN IMPERFECT MARKET

In the last several years, there has been an unlikely convergence of opinion among doctors, psychologists, early childhood leaders, economists, and business leaders that the child care market does not sufficiently meet the needs of children or their parents (Lombardi 2003). Why doesn't the child care market work? Several economists have turned their attention to this problem in recent years (Blau 2001; Helburn and Bergman 2002; Heckman 1999; Helburn et al. 1995; Morris 1999). While not necessarily agreeing on the solution to child care problems in the United States, they identify similar dynamics at play. At the most basic level, child care revenues mostly come from parent fees, and most parents are limited in how much they can pay. In the context of a mixed and segmented market, parents have a variety of choices that increase the competitive pressure on fees. And because child care is a labor-intensive industry, this pressure on fees impacts the earnings of those providing care. Even though the price of child care—from a family's perspective—is high, what parents can afford does not necessarily cover the true cost of care, and this results in insufficient wages for staff, particularly if the center or home is also expecting to generate a profit (Willer 1990). In addition, there are insufficient public resources to provide subsidies to all families who qualify for them.

Economists Suzanne Helburn and Suzanne Bergmann (2002) explain that consumer choice and competition are not reliable forces for creating acceptable quality child care for all who need it.

There is no guarantee that a low-wage family will have a relative who can be pressed into service, or under our present policies, that there is a vacancy in a local subsidized center. The invisible hand of market competition does not miraculously create services of acceptable quality suitable to every family budget. (p. 161)

Helburn and Bergmann argue that good quality child care should not be considered a luxury item that some children can or should go without, but rather, that all children should have access to it. Yet parents as consumers often have what economists refer to as an “agency problem,” facing two conflicting sets of needs when they choose child care: those of their children for quality care, and their own needs for convenience, reliability, and affordability. The child care market further suffers from the fact that parents are often poorly informed about the full range of possibilities when purchasing child care, and that the sellers of services are better informed about service quality than the consumers.

Families, of course, are not the sole beneficiaries of child care. Many believe that child care should be subsidized not only as a “merit good” (a matter of equity or fairness), particularly for low-income families, but also as a public good—one that minimizes later risk in children’s lives, and also serves the long-term interest of U.S. productivity by helping to produce more successful students and workers. According to Joan Lombardi (2003), former Child Care Bureau Director for the U.S. Department of Health and Human Services:

Historically, paying for child care has been seen as a private burden, not a public responsibility. It was assumed that market forces would produce what consumers need at a price they could pay if they had the right information to make informed choices. However, the reliance on market forces alone has failed children, families, and providers who service them The market failure perpetuates itself because the demand for high quality is too low; therefore compensation remains low, and the more qualified staff seek other jobs From this economic perspective, the clear evidence of market failure in quality child care indicates a need for public-sector intervention. Since the quality of child care affects school readiness and later school achievement, such intervention is justified as a means to ensure equal opportunity, particularly for low-income families. (pp. 6–7)

We are slowly moving away from such outdated notions of child care as a charity, an income support to the poor, an emergency response (as in the Great Depression and World War II), or as a link to welfare, and toward a view of the early years as a vitally important time when a great deal of learning and development unfolds. Yet, as we describe in the following chapters, child care in the United States today, even among a group of relatively high-quality programs used by primarily middle-income families, faces many challenges when it comes to maintaining a skilled and stable workforce and improving and sustaining quality. Teachers and directors who remain in these programs often do so at considerable economic, personal, and professional expense. Many others abandon the field, despite high levels of skill and considerable investment in their training and education, because they can no longer economically afford to care for young children. Lombardi (2003) notes:

What began as an uncompensated support, provided by relatives and close friends or through charitable institutions, increasingly has evolved into a paid service purchased in the marketplace In the twenty-first century, we need to usher in a third phase, one that recognizes that child care is a public good with long-term implications for children. Our current system of financing is outdated and underfunded, shortchanging both children and families. Any serious education debate, or concern with the stability and well-being of families, has to squarely face and embrace this issue. (p. 166)