

Day-care centers struggle to rehire, worry many have left the industry ^[1]

Author: El-Bawab, Nadine

Source: CNBC

Format: Article

Publication Date: 29 Jul 2021

AVAILABILITY

Access online ^[2]

EXCERPTS

KEY POINTS

- The child-care industry has long struggled with finding, hiring and retaining workers, largely because of low wages and benefits. The Covid pandemic has only made things worse.
- Centers are still unable to open to full capacity due to worker shortages, with some positions being left unfilled for months.
- Even with many centers shutting their doors permanently, stimulus aid to the sector has been vital, with some center owners saying it is the reason why they are still in business.
- But, the struggling industry needs a long-term solution.

Angela Garcia has about a dozen open positions at her two child-care centers in New Mexico. She's tried job fairs, sign-on bonuses, retention incentives and working with recruiters to fill the openings, but nothing has worked.

By her count, between five and eight of those jobs have been open for more than six months. One week, Garcia had 12 job interviews scheduled, but only three of the applicants showed up. When she offered positions to two of them, they both turned her down.

"I'll be completely honest, we are at a loss," said Garcia. "We are not having any luck finding anyone that wants to return to the workforce at this point. If we don't begin to get staff into our centers, I'm potentially looking at closing classrooms, which is only going to decrease access to my families, and I'm not really sure how that's going to help our community recover."

Garcia's child-care center isn't alone in facing this problem. Around the country, day-care centers and summer camps are struggling to operate at full capacity due to widespread worker shortages. The problem has resulted in waiting lists for parents looking for child care. With many companies aiming to bring staff who worked from home during the Covid pandemic back into the office this fall, the problem could worsen because the demand for care will grow. And without child care, other parents may have to step out of the workforce, slowing the economic recovery.

A camp in New Hampshire was forced to close its doors because of staff and food shortages. According to a report by The Boston Globe last week, as training was set to begin, the camp's owners were still looking to hire as many as 20 counselors after earlier hires disappeared.

Employers in the child-care industry have long struggled to find, hire and retain skilled workers, but this is a problem that was made worse by the pandemic. The industry lost about 350,000 child-care workers — about a third of its workforce — during the health crisis due to layoffs and it hasn't yet been able to recoup these losses, said Cindy Lehnhoff, director of the National Child Care Association. Even centers that kept their doors open last year have lost staff as many were unwilling or unable to work through the pandemic.

Annual turnover in the industry pre-pandemic has been estimated to be as high as 30%, according to Katie Hamm, associate deputy assistant secretary for early childhood development at the Administration for Children and Families, part of the Department of Health and Human Services. Churn can hurt the quality of care children receive, she said.

'A quiet crisis' worsens

"At the height of the pandemic, we lost a lot of early childhood educators. Since President Biden took office in 2020, we've added about 65,000 child-care jobs. That puts us at 89% of the pre-pandemic level, but definitely not enough," Hamm said.

"Across the board, there is difficulty in hiring folks in the early childhood sector," Hamm said. "We had kind of a quiet crisis before the pandemic in the sector. And now that's ... really coming to the forefront."

National child-care provider KinderCare has hired 11,500 teachers this year, according to CEO Tom Wyatt. The company has about 3,300 open teaching positions and plans to hire 5,200 more when schools open in the fall.

KinderCare has been able to attract workers because of its culture and the benefits it offers employees, which include health insurance, a

401(k) plan, child-care discounts, and reimbursements for degrees and certifications, Wyatt said. As a national company, KinderCare has the benefit of scale that many smaller providers don't, he said. But even with these advantages, the company isn't operating at full capacity.

"We are at least 25% to 30% higher than minimum wage in every market, and really much higher than that in most markets," Wyatt said. "We raise our teacher salaries every year. ... But to think that we would be able to raise tuition rates to a point to get teachers to even a further livable wage is hard for me to see right now."

The vast majority of child-care providers in the U.S., 93%, are small businesses, and many lack the budget to raise salaries because the businesses are already operating on small profit margins, said Lehnhoff, who has worked in the industry for years.

"If we want to get America back to work, we're going to have to recognize that child care and early education at a higher quality level is a business that is essential," said Lehnhoff. "Child care is at a point they can't charge anymore to middle America, which means they can't raise their wages."

She said she has seen many workers struggle to survive on low wages, even if benefits are available to them.

"They could not afford the benefits, even though we had a variety of packages, even wellness, because they needed the money they earned to live on. So benefits is not the biggest concern in the industry. It's just there's not a living wage," said Lehnhoff.

Experts and employers agree that the industry's staffing crisis is driven by poor compensation for its workers. According to Hamm, the national average wage is \$12 an hour.

Parents wait for classrooms to open

Salaries at Garcia's center range from \$10.50 per hour up to \$25 per hour depending on experience and if the worker has a college degree. Her centers stayed open during the pandemic and none of her workers were laid off. However, 12 staffers quit within the first three months of the crisis. Garcia reached out to those workers whenever the centers had more demand, but they either did not respond or said they didn't want to work through the pandemic.

At full capacity, Garcia needs 60 to 70 employees to care for around 300 children. Now she only has 40 workers and is forced to leave a classroom closed since she can't staff it.

In order to service all the families on her waitlist, Garcia needs to hire 12 workers as soon as possible. But 20 hires, who fall under every level of qualification, would get her business open at full capacity, offering care seven days a week.

High turnover was not a problem for Garcia before the pandemic because of the 20-year relationship she had built with the staff at one of her centers. This was not the case at her second location, which she opened in October 2019, because she was still building a team when the pandemic hit. Now, Garcia is having a hard time at both locations.

Garcia, who is the president of a child-care association in New Mexico, said she is hearing from providers all over the state who are having similar employment issues, especially those in rural areas. Around 200 centers, which represented 20% of those in the state, closed in the last year, Garcia said. About 900 people are claiming unemployment in the early childhood education industry in the state, she said.

"It is impossible to provide quality care, safe programs, without a full staff, and we are the key to recovery. Our economy does not survive if families can't go back to work, and families can't go back to work if they don't have access," Garcia said. "We can't provide access if we don't have a full staff."

To Garcia, the pandemic has caused an employment crisis in the child-care industry. She said she understands the fears people have about the risks of working through the pandemic.

Last year, KinderCare put around 31,000 employees, most of whom were teachers, on furlough after temporarily closing the majority of its centers except those that serviced essential workers, Wyatt said. He estimates the company lost 20% to 30% of those teachers.

"That can be for many reasons, they could be that they chose to go into another field, it could be that they have preexisting conditions, and they don't want to come back to the classroom," Wyatt said. "I think it's more reluctance to come back to a classroom, a closed environment."

KinderCare said it has been especially hard to find highly skilled workers. Currently, 5% to 8% of its classrooms are closed due to a lack of teachers.

"The demand for teachers is much higher than the number of teachers that are actually applying for work," Wyatt said. "We have had challenges prior to Covid and we will continue to have challenges with turnover and the need for more teachers."

Since candidates with the right skills and experience are scarce, KinderCare has been hiring workers with various levels of experience and training them.

Bright Horizons, which also owns and manages centers around the country, has been struggling to hire and hold on to staff as well. Demand for its services has been rising as Bright Horizon's corporate clients sweeten child-care benefits for their workers.

"We are really doing everything we can to attract employees," said Maribeth Bearfield, chief human resources officer at Bright Horizons.

Delta variant fans safety fears

While wages and training help, workers also need to feel safe. Industry insiders said health precautions are being taken to protect workers

from the virus, but many remain concerned it will spread in classrooms filled with children not yet eligible for vaccines. The delta variant, and reports of breakthrough infections, have fanned these fears. It also could pose a higher risk for vulnerable people or those who care for high-risk individuals.

Despite a lot being done to provide aid to the sector, Hamm said there is still systemic concerns that need to be addressed including lack of reliable wages and benefits to create working conditions that compare with other industries that require the same amount of training.

“We don’t necessarily have the working conditions that a lot of workers are looking for,” Hamm said. “We’re going to need major reform to make this better. The conditions that existed before the pandemic in the workforce have not been addressed.”

Supporting the industry

Industry insiders and the Biden administration have said the government needs to play a bigger role when it comes to child care, which has gotten expensive for parents and providers alike. Parents cannot afford the tuition that would make a worker’s wages and benefits attractive enough.

The Biden administration has said that employment issues and lack of access to child care stem from years of underinvestment, which the president plans to reverse with \$450 billion in proposed spending as part of his American Families Plan. Of that, \$225 billion will be dedicated to child-care cost subsidies. The plan aims to make sure families are paying no more than 7% of their income for child-care costs while workers get paid a minimum wage of \$15 per hour.

Last week, the Biden administration unveiled a separate 10-year, \$755 billion investment plan that includes funding that would expand child care for children up to 5 years old and improve pay and prospects for people who work in the caregiving industry, which includes child and elder care.

“You don’t want to increase costs for parents and you don’t want to undercut wages for providers, so that means you really need robust public funding to make sure you can do both of those things,” Hamm said.

The American Rescue Plan, which became law in March, included \$39 billion for child care — the largest ever investments made in the sector, according to Hamm. People in the industry say that even though many centers closed, others were able to keep their doors open largely due to government aid.

Garcia said government aid is the reason why her business survived, but she worries about the future.

“Right now, I’m very thankful to say that I’m not on the brink of closure in the sense of finances. But what I do worry about is that as I began to possibly close classrooms, I will no longer be able to support the payroll that I currently have,” Garcia said.

Region: United States ^[3]

Tags: child care workforce ^[4]

Source URL (modified on 3 Aug 2021): <https://childcarecanada.org/documents/child-care-news/21/08/day-care-centers-struggle-rehire-worry-many-have-left-industry>

Links

[1] <https://childcarecanada.org/documents/child-care-news/21/08/day-care-centers-struggle-rehire-worry-many-have-left-industry> [2]

<https://www.cnn.com/2021/07/29/day-care-centers-struggle-to-rehire-worry-many-have-left-the-industry.html> [3]

<https://childcarecanada.org/taxonomy/term/7865> [4] <https://childcarecanada.org/category/tags/child-care-workforce>