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Government funding is critical to raise wages for child-care workers [1]

Parents alone can't foot the bill for salaries high enough to entice people to work in child care.

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EXCERPTS

The Budget Reconciliation Bill being debated has the potential to mark a dramatic new era in government assistance for child care. As drafted, the bill caps the income percentage that families spend on child care and includes government funding to provide universal preschool for 3- and 4-year-olds.

Champions insist that this will allow parents to return to work and help close the educational achievement gap between children of the affluent and the poor. But universal preschool offers an important additional benefit: It also expands the portion of the child-care workforce with salaries deriving from federal and state funding, potentially offering these workers an avenue to more bargaining power and employment stability. That would be a major departure from the way child care has functioned in this country for the past 50 years.

Child-care centers nationwide are struggling to fill vacant positions to serve desperate parents. That's because most child-care jobs don't pay enough to retain workers. In theory, a labor shortage should place pressure on management to increase wages, as we have seen in the food service industry. But because most day-care centers derive their revenue from the fees parents pay, increasing wages is often not feasible and would put the service out of reach for even more families.

Even before the coronavirus pandemic, low wages and high turnover plagued the child-care industry for decades, hurting workers and families. This instability was largely a result of provisioning child care via the free market.

Historically, there were exceptions. During World War II, the federal government established child-care centers through the Lanham Act. The centers supported mothers in the waged workforce, particularly in war industries. After the war, most states shuttered the centers amid outcry from working mothers. Most then had to rely instead on unwaged care provided by family, friends and neighbors; others who could afford it used small centers or nannies.

In the postwar years, women's workforce participation accelerated, increasing demand for child care. The John F. Kennedy and Lyndon B. Johnson administrations acknowledged this need, but it was not until the late 1960s that a bill for universal child care was introduced. Despite the bill passing both houses of Congress with bipartisan support in 1971, President Richard M. Nixon vetoed it.

In the absence of significant federal involvement, a wide variety of child-care operators stepped in to fill the gap. Between 1967 and 1990, the number of child-care centers tripled nationwide, and the number of children served quadrupled.

One of the entrepreneurs to see opportunity in the growing demand was Montgomery, Ala., shopping mall developer Perry Mendel. In 1968, Mendel founded KinderCare, the country's first major day-care chain, which now operates 1,600 centers nationwide. Unlike small, independently run for-profit and nonprofit centers in many neighborhoods, KinderCare promised consistency and uniformity. The centers even looked alike, with the same red bell tower and black plastic bell.

Mendel chose his sites strategically: often just off the exit ramp of a major highway, in the direction commuters traveled to work. KinderCare expanded rapidly, opening 1,200 centers in less than 20 years. Its closest competitor, La Petite, opened just 520 centers in the same period. Between 1972 and 1987, KinderCare's stock price shot up 7,000 percent.

In the 1970s and 1980s, exposés in McCall's, Forbes and Mother Jones compared KinderCare centers to fast-food franchises because of the uniform facilities and programming. Mendel did not reject the comparison. "The opportunity was to bring child care out of antiquity," he explained, "as McDonald's did with the hamburger or Holiday Inns did with the motel."

KinderCare resembled fast-food chains in other ways as well. Receiving wages at or near the minimum, many KinderCare workers came and went quickly. KinderCare's leadership did not see this as a problem, viewing the workforce of potential employees as "semi-inexhaustible." One executive claimed that the child-care workforce was "like the Marine Corps — there's a certain number of people who'd pay to do it." Another said in 1983: "We shouldn't employ a person who is depending on this for her sole income."

To staff its centers, the company relied on young women who lived at home and received support from their parents, married women who received financial support from a spouse and other workers living precariously from paycheck to paycheck. Child-care centers also relied heavily on Black and Latina women who faced employment discrimination in many sectors, making them more available for low-wage care work.

But the workforce was not inexhaustible, and by the 1980s, KinderCare struggled to fill positions. Not only did women have more financial responsibilities than the company had anticipated, they also had growing employment options.

Recognizing their expanded bargaining power, workers tried to organize for wages that would keep them in the field. In the mid-1980s, employees of several Bay Area centers began a unionization drive, but KinderCare fiercely resisted.

The Oakland branch of the NLRB found the company guilty of illegally terminating employees involved in unionizing, threatening to terminate others and offering wage and benefit improvements to stave off union activity. This finding hardly chastened the company, however. In 1994, when 13 KinderCare workers in Raleigh walked out to protest low pay, the company fired nearly all of them.

Despite the corporate chains' might, they remained a small segment of the industry, reflecting less than 10 percent of the market in 1990. While some welcomed KinderCare's consistency, many others preferred independent centers where they knew the owner and director.

Between 1967 and 1990, the industry massively expanded, but its composition remained nearly static. In 1990, nearly 60 percent of all centers were run on a nonprofit basis, with independent for-profits outnumbering corporate chains by more than 400 percent, roughly the same as in 1967.

The KinderCare model affected the entire industry, however. The chains offered child care that middle class families could afford, and independent centers followed suit, keeping costs down to ensure affordable services. The need to provide low-cost services was even greater in centers serving low-income families.

In nearly all centers, parental fees were not sufficient to pay child-care workers a decent wage. To ensure safety and quality of care, worker-to-child ratios in centers had to be kept low; with average ratios of one worker for every three or four infants or one worker to every 6 to 10 preschoolers. This meant that each child-care worker's salary came from the fees paid by only a few families. Most could not afford to pay for a large portion of another worker's salary from their own incomes.

Historically, workers in segments of the industry that derived all or part of their funding from government sources were more successful at organizing for better wages and benefits. That's a lesson the Service Employees International Union (SEIU) learned when it began to organize child-care workers in Washington State in the 1990s.

Surprisingly, the SEIU found it much easier to organize providers who worked out of their own homes than workers in day-care centers. Each home represented a separate "shop floor," theoretically making organizing much more difficult, but family child-care providers, who usually served lower-income families, received a larger portion of their funds from government sources such as Temporary Assistance to Needy Families funds.

Instead of bargaining with center owners, who couldn't raise wages without increasing parent fees, these workers could bargain directly with the state to raise reimbursement rates. As a result, unionized family child-care providers in Illinois and Washington received health-care benefits — notable in an industry where only 15 percent of workers have access to employer-provided health insurance.

Of course, these successes should not be overstated. Most workers continue to earn inadequate wages. The average hourly wage for child-care workers across all settings is $11.65. Stabilizing the workforce of early educators will require pay parity with public school teachers. Campaigns directed at expanding government funding rather than parent fees offer some of the only evidence of success at improving the lives of workers who care for America's children.

While Ohio Senate candidate J.D. Vance claimed that universal child care is "class war on normal people" — continuing a long history of conservatives denouncing child care as an attack on families — the truth is that there is massive demand and need for these programs across the country.

But the demand cannot be met through the free market, which has long denied workers decent wages. The only path to provide high quality child care is to raise workers' wages, which is only possible if the federal government — not parents alone — helps foot the bill.

Region: United States [3]

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