

# More than half a million child care workers would benefit from a \$15 minimum wage in 2025 <sup>[1]</sup>

**Author:** Wolfe, J., & Zipperer, B.

**Source:** Economic Policy Institute

**Format:** Report

**Publication Date:** 9 Jun 2021

## AVAILABILITY

[Access full report \[PDF\] <sup>\[2\]</sup>](#)

[Access online <sup>\[3\]</sup>](#)

[Access press release <sup>\[4\]</sup>](#)

Excerpted from summary

More than two in five child care workers would have higher pay if there were a \$15 national minimum wage in 2025, as called for by the 2021 Raise the Wage Act. Of the child care workers who would get a raise, more than nine in 10 are women.

This report finds that after a \$15 minimum wage in 2025:

- As many as 560,000 child care workers would have higher take-home pay.
- The vast majority (95.4%) of child care workers who would get a raise are women, and 36.2% are Black or Hispanic.
- Among those child care workers who get a raise, average annual pay for year-round workers would rise by \$2,900 (in 2021 dollars). The year-round earnings of Black or Hispanic child care workers would increase by \$3,200 and \$3,100, respectively.
- Child care worker pay increases would be concentrated at the bottom of the wage distribution and would significantly reduce inequality in this profession. If the Raise the Wage Act passed, the 10th-percentile child care worker hourly wage in 2025 would be 41.8% higher than it would be without the act.
- Wages would rise for 43.5% of child care workers nationally. In the following states, more than two out of every three child care workers would have higher take-home pay: Alabama (72.3%), Arkansas (69.1%), Iowa (72.8%), Kansas (76.3%), Kentucky (78.8%), Louisiana (72.0%), Mississippi (69.0%), Nebraska (68.9%), New Mexico (69.1%), Oklahoma (73.0%), Texas (70.0%), Utah (75.2%), and Wisconsin (67.1%).

## Quality child care is essential to our economy

During the COVID-19 pandemic, working parents struggled to navigate day care and school closures; essential child care workers faced risks on the job and lost income; and child care centers faced increasing costs to meet additional safety standards (Workman and Jessen-Howard 2020). These difficulties highlight the vast social benefits that quality child care provides to both children and their families.

And yet child care work is—and has been—deeply undervalued. Domestic workers (many of whom provide child care) were originally excluded from the federal minimum wage when it was first established in the 1930s, as a direct result of racism against the Black women who made up most of that workforce (Wolfe et al. 2020; ILO 2021).

In this report, we show how raising the minimum wage would benefit these essential workers.

## The Raise the Wage Act would make a big difference for child care workers

The 2021 Raise the Wage Act would increase the federal minimum wage to \$15 in 2025 and disproportionately benefit workers in child care. Table 1 shows the projected effects of the policy in 2025 relative to “business as usual” wherein the federal minimum wage remains at its current level of \$7.25 per hour. The Raise the Wage Act would increase the pay of 32 million workers; these “affected” workers make up 21.2% of the overall wage and salary workforce. Because they are paid particularly low wages, child care workers are much more likely to be affected by the policy. Wages would rise for more than 560,000, or 43.5% of, child care workers.

Throughout this report, “child care workers” refers to workers in the “Child care” or “Pre-K and kindergarten teachers” occupation classifications (from the Bureau of Labor Statistics’ American Community Survey), excluding those who work in the “Elementary and secondary schools” industry. Since pre-K and kindergarten teachers are in a combined occupation category, the industry restriction is needed to exclude kindergarten teachers. While this also excludes pre-K teachers who work in elementary schools, it still provides a more comprehensive look at the universe of child care workers and pre-K teachers than if we just looked at workers in “Child care” occupations.

Table 1 also displays the effects of the Raise the Wage Act of 2021 on two alternative definitions of child care workers that do not include the industry restriction: (1) only those workers in the “Child care” category (that is, not including pre-K workers from the “Pre-K and kindergarten” category), and (2) all workers that appear in either the “Child care” or the “Pre-K and kindergarten teacher” occupation

category (i.e., not excluding kindergarten teachers).

### **Women and Black workers are more likely to benefit**

Many of the child care workers who would benefit from the Raise the Wage Act are women and people of color. Table 2 and Figure A show that, among child care workers, women and Black workers are particularly likely to see their pay rise. Nearly half (48.5%) of Black child care workers would benefit from the Raise the Wage Act—a higher share than other race/ethnicity groups. Women child care workers are also more likely to benefit than their peers who are men (43.8% would see a raise compared with 38.3%). Coupled with the fact that women make up the vast majority of child care workers, this means 95.4% of affected child care workers are women. Many of the child care workers who would benefit from the Raise the Wage Act are women and people of color. Table 2 and Figure A show that, among child care workers, women and Black workers are particularly likely to see their pay rise. Nearly half (48.5%) of Black child care workers would benefit from the Raise the Wage Act—a higher share than other race/ethnicity groups. Women child care workers are also more likely to benefit than their peers who are men (43.8% would see a raise compared with 38.3%). Coupled with the fact that women make up the vast majority of child care workers, this means 95.4% of affected child care workers are women.

Table 3 shows that child care workers affected by the Raise the Wage Act would receive, on average, an annual pay increase of \$2,900 (in 2021 dollars) if they worked year-round (52 weeks per year). Black or Hispanic child care workers would see slightly larger pay increases: The average annual earnings for these workers would rise by \$3,200 and \$3,100, respectively, if they worked year-round. These higher increases reflect the degree to which these workers were underpaid even relative to other child care workers.

Figure B shows that pay increases for child care workers are concentrated in the bottom half of their occupations' hourly wage distributions. For instance, without the Raise the Wage Act, the 10th percentile of the child care worker wage distribution would be just \$10.58 in 2025. However, with the act, it would be 41.8% higher at \$15. The 20th-percentile wage would be 19.8% higher in 2025 under the Raise the Wage Act.

### **Child care workers in some states would benefit disproportionately**

While nationally, on average, 43.5% of child care workers would benefit from the Raise the Wage Act, the benefits vary widely by state. Some states already have higher minimum wage standards; therefore, the national average understates the benefits of the Raise the Wage Act in low-minimum-wage states.

Figure C shows state-specific totals and shares of child care workers who would have higher pay as a result of the policy. More than two out of every three child care workers would have higher take-home pay in Alabama (72.3%), Arkansas (69.1%), Iowa (72.8%), Kansas (76.3%), Kentucky (78.8%), Louisiana (72.0%), Mississippi (69.0%), Nebraska (68.9%), New Mexico (69.1%), Oklahoma (73.0%), Texas (70.0%), Utah (75.2%), and Wisconsin (67.1%).

Southern states tend to have particularly high shares of child care workers who would benefit from the RTWA, since only three Southern states have a minimum wage higher than \$7.25 (Arkansas, Florida, and West Virginia). In fact, the five states that would not have a minimum wage at all if it were not for the federal minimum wage are all in the South (EPI 2021).

### **Low wages are not a 'solution' to the affordability problem**

Low wages for child care workers have for too long been treated as a "solution" to help make child care affordable. This has failed on every count. Despite the low wages of child care workers, these services remain unaffordable for many low- and middle-income families. Meanwhile, low wages leave child care workers economically vulnerable and compromise the quality of care children receive.

These low wages also reinforce existing racial and gender inequality, since both Black child care workers and women are particularly likely to see their wages increase under the RTWA. Child care workers deserve to be paid a wage that better reflects the value of their work and allows them to care for their own families.

Raising the federal minimum wage to \$15 by 2025 is an important first step, and policymakers must also address the affordability issue in tandem with raising the minimum wage, investing in this critical infrastructure to lower the costs for families (Mitchell, Narefsky, and Dade 2020; Gould et al. 2020).

### **Methodology**

The estimates come from our analysis of the Raise the Wage Act of 2021 using the Economic Policy Institute Minimum Wage Simulation Model. The results in this memorandum are the projected effects of the policy in 2025. The model incorporates all already-scheduled state and local minimum wage increases through 2025. A description of the detailed methodology is available in Cooper, Mokhiber, and Zipperer 2019.

The total workforce used in these estimates includes all wage and salary workers with valid wage values, excluding the self-employed and those working abroad. "Child care workers" and "Pre-K and kindergarten teachers" are defined by the 2018 ACS occupation codes 4600 and 2300, respectively. "Elementary and secondary schools" is defined by the 2017 ACS industry code 7860.

**Region:** United States <sup>[5]</sup>

**Tags:** child care workforce <sup>[6]</sup>

wages <sup>[7]</sup>

policy <sup>[8]</sup>

Source URL (modified on 19 Oct 2021): <https://childcarecanada.org/documents/research-policy-practice/21/10/more-half-million-child-care-workers-would-benefit-15>

#### Links

[1] <https://childcarecanada.org/documents/research-policy-practice/21/10/more-half-million-child-care-workers-would-benefit-15> [2] <https://files.epi.org/uploads/230012.pdf> [3] <https://www.epi.org/publication/child-care-workers-min-wage/> [4] <https://www.epi.org/press/more-than-half-a-million-child-care-workers-would-benefit-from-a-15-minimum-wage-by-2025/> [5] <https://childcarecanada.org/taxonomy/term/7865> [6] <https://childcarecanada.org/category/tags/child-care-workforce> [7] <https://childcarecanada.org/category/tags/wages> [8] <https://childcarecanada.org/category/tags/policy>