

Why childcare workers are so poor, even though childcare costs so much ^[1]

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EXCERPTS

Childcare is really expensive. In some states the costs can top 15 percent of the median income for a married couple. And when looking at single-family households, that burden can easily pass 40 percent of the median income.

One place all that money is not going: the pockets of the workers doing all that childcare. On average, these women (it's almost entirely women) are paid significantly less than the average American worker and are twice as likely to live in poverty, a new study released by the Economic Policy Institute (EPI) found. The median hourly wage for childcare workers in the U.S. is \$10.39, nearly 40 percent below the median hourly wage of workers in other occupations. Even when accounting for the demographic makeup of the childcare industry—workers are more likely to be minorities, much more likely to be women, and less likely to have a bachelor's or advanced degree—their earnings were still 23 percent lower than in other occupations. Childcare workers also had less access to benefits, such as health insurance and retirement funds, than people employed in other fields.

Elise Gould, a senior economist at EPI and the author of the study, says that often people think of childcare workers as somewhat similar to elementary-school teachers, since they are providing care and enrichment for children all day (albeit with fewer required credentials). But the compensation for childcare workers more closely mirrors that of a cashier or a food-service worker than a teacher, she says.

As a part of her analysis, Gould tried to determine if these workers could afford childcare services for their own kids. "The exercise to see whether or not childcare workers can afford childcare might sound cute, but it's actually distressing," she says. That's because the answer was by and large, no. According to the U.S. Department of Health and Human Services, for childcare to be considered "affordable" it should cost no more than 10 percent of a family's income (a figure that will surely seem like a bargain to many readers). Gould found that, on average, childcare would cost childcare workers closer to one-third of their salary.

Betty Henderson, who runs a childcare center in Detroit, is all too familiar with the struggle to provide care for kids and also make money. Henderson's facility employs three lead teachers to take care of 19 children, ranging in age from two weeks to six years old. Her staff's salaries are around \$9 an hour, but Henderson says that after she gets done paying for staffing, rent, and materials for her daycare, there's not much left over.

The high price of childcare is actually why Henderson got into the business in the first place. When her son was a baby, a heart condition that came with required medications and a feeding tube meant that the cost of care at her daycare facility skyrocketed. "I've been that parent that couldn't afford childcare," she says. She was forced to stay home to care for him, but still needed to put food on the table, so she started a daycare of her own. Still she says, it's a constant struggle to try to pay her workers a fair wage and try to keep the business afloat.

How can daycare be both a drain on the resources of clients, but also not pay a living wage? For a childcare operation to be considered high quality, one of the biggest factors is child-to-staff ratios, the lower the better, especially for the smallest children who require feeding, diaper changing, and lots of other hands-on work. That makes it especially difficult to increase the productivity of the child-care model. Looking at it from a purely economic perspective, the solution would be to increase the number of children in each facility, while keeping staff levels the same. But "that conflicts directly with the desire to provide high-quality care," Gould says.

"Paying the teachers, providing food, educational resources, rent, light, gas, water, Internet, landline phone, all of those things that are mandated," Henderson says. "It's just a struggle behind the scenes." The rising cost of those things, especially rent and property prices across the country, can also increase a business's expenses significantly from year-to-year.

The number of childcare workers in America is fairly small, about 1.2 million by EPI's estimates. But the service these workers provide is hugely important, especially as the number of households where all adults are working continues to grow. So what's to be done? Gould suggests that childcare services are the perfect opportunity for government intervention in the form of universal pre-k, income-based

subsidies, or other solutions that would simultaneously make childcare affordable for everyone and increase the resources available for paying—and raising—worker wages.

Regardless of the path chosen, the ability for caregivers to make a decent wage is a growing concern, not just for their sake, but also for the sake of the families that they help care for, says Gould. “It’s really important to think about the way we treat the workers who take care of our children.”

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