

CCW ONE HOUR SESSION: LIFTING THE LID ON CHILDCARE WORKER WAGES

Agenda Structure

Section	Format	Time	Materials
Introduction	Interactive illustration	15 min	Monopoly money, signs w/ wages, uncle Sam hat, chart with policies
Discussion question	Small group discussion	15 min	
Debrief	Full group discussion	20 min	
Conclusion	Lecture	5 min	
TOTAL TIME:		1 hour	

Materials:

Monopoly money, signs w/ annual wages, Uncle Sam hat, chart with policies

Sample Chart:

Proposed Policy Solutions for Raising Childcare Worker Wages
1. Tax Credits
2. Minimum Wage
3. Reimbursement Rates
4. Salary Supplements
5. Unions

GENERAL NOTES ON SCRIPT FORMAT:

Italics indicate instructions for the trainer only.

Underline indicates a question for the workshop participants – not a rhetorical question.

Trainers should NOT use this script word for word, but as a guide. Most trainers will want to write their own outline or even their own word for word script as a way of becoming comfortable with the material and their own way of expressing the ideas. Trainers should never READ from the script. They should memorize the material so that they can focus on the participants and use a script or outline only for reference.

ALL CAPITALS indicate the headings for different sections –this is just to make it easier to find your place in the script. ALSO IN CAPITALS are a few places where we are still collecting some information to be included in later versions of the script.

OUTLINE OF THE ILLUSTRATION FOR TRAINERS:

- **Childcare is too cheap and too expensive**
 1. Parents can't pay enough and providers don't make enough
- **Lid on wages**
 1. Teachers and providers can only earn what parents can afford to pay
 2. Policies don't aim at improving childcare worker wages
- **Introducing workers and their earnings**
 1. Family daycare provider: works 55 hours/ week, making about \$4.00/hour, unlicensed only earning about \$5,000/yr vs. unlicensed who earn \$11,000/year

2. Childcare center teacher: deals with high turnover, makes \$7.00/hour, \$14,000/yr
 3. This effects economic development: poverty limits workers ability to participate in the economy; children suffer when they are raised in poverty
- **Parents pay**
 1. The median income of families who pay for childcare is \$32,000
 2. Parents at the median income level pay 11% or more of their income on childcare
 3. Parents can't pay more
 - **Tax credits**
 1. Child and Dependent Care Tax Credit gives parents a credit that ranges from \$480 - \$720/child
 2. The tax credit that the Clinton administration passed increased the child credit by an additional \$500/child
 3. Neither credit directly benefits the childcare provider
 4. Tax credits are sometimes given to businesses that have on-site childcare. This goes to the employer, it doesn't necessarily go the provider
 - **Minimum wage**
 1. Regulation that requires all businesses to pay a minimum amount in wages. It sets a floor.
 2. If the minimum wage were raised by 46 cents/hour, it would push up wages for everyone except the family child care provider
 - **Government Payments**
 1. Providers receive money from the government for a variety of reasons, such as caring for children of welfare recipients, or from child protective services, or other programs
 2. Increased government payments raises wages for the family childcare provider, because she can apply that money directly to her own salary
 3. Some say it would be a good idea to raise this money for centers, but that would not necessarily raise wages for teachers working there
 - **Salary supplements**
 1. Puts real money in the pocket of childcare workers who qualify
 2. Reduces turnover
 3. Increases the stability of childcare and improves the quality of care
 4. Access to education is still a barrier for many providers to qualify for salary supplements
 - **Unions**
 1. Unions wages are generally 30% higher than non-union wages
 2. Los Angeles County teachers earn \$10/hr vs. non-union teachers who make \$7/hr
 3. Unions don't reach all workers
 4. Unions can advocate changes that benefit all workers
 - **Small group question (15 min)**
 - **Conclusion (5 min)**
 1. There is a social cost when childcare providers wages are low
 2. Wages must be addressed

TITLE: LIFTING THE LID ILLUSTRATION (15 MINUTES)

INTRODUCTION

Hi, my name is ... I am with the Center for Childcare Workforce. The Center for Childcare Workforce is ...

Childcare in the United States is in crisis. Parents will tell you that. Employers will tell you that. Childcare providers will tell you that. Why? Childcare is both too expensive and too cheap. What?

It's too cheap because childcare workers do not earn enough in wages to support their own families. This often forces highly qualified caregivers into other work, creating high turnover and unstable childcare. And it's too expensive, because our childcare system depends on the parents to pay nearly all of the costs of child care, and many don't have enough money themselves.

There is a "lid," not a glass ceiling placed on the salaries of childcare workers. One part of the lid is parents' inability to pay the true costs of childcare. Another part of the lid is that most of the solutions that have been proposed do not directly benefit childcare workers. Today we will look at the problem of low wages, the current policy debate and some real solutions. Let's start by talking to those who are living this reality every day.... *Pull up one person from the audience*

INTRODUCING WORKERS & THEIR EARNINGS

Let's say you are a Latina family childcare provider. You are self-employed. You work out of your house. You have a spouse and two small children. You are licensed by your state and although you have been caring for children for 20 years, you have no formal training.

(Background for trainer: Licensing varies from state to state, and when a provider is licensed it generally means that they fulfill the state's health and safety requirements. State licensing does not necessarily have training requirements. Licensing should not be confused with accreditation in which providers must satisfy a certain set of quality guidelines and usually applies to center based care)

According to CCW's latest report on childcare worker earnings, your income, after you pay for baby food, diapers, proper toys, etc., is a national average of about \$4.00 an hour, which is about \$11,000 a year¹. And that reflects a typical workweek for a family childcare provider working 55 hours a week! Luckily you're licensed. Your unlicensed counterparts, earn only about \$5,000 per year² *(Give her money & sign with annual wage on it.)* You also have no paid vacation time, no sick time and only a few paid holidays. Do you have healthcare? (If your spouse has a good income & benefits you might have healthcare, but without a partner with benefits that would cover you and the children, it would be difficult). How does working so many hours affect your family? (It cuts into my time with my family, my children get mad at me) Why don't you hire someone to help you? (I can't afford it) Do you have extra money to spend at local stores? No. Do you have time to go to city council meetings to protest the budget cuts in school spending? No. So your low pay and your long hours don't just impact your life, it has a larger impact on the entire community.

¹ Current Data on Salaries and Benefits in the United States Report, *Child Care Workforce Earnings in Perspective*, prepared by Center for Childcare Workforce, March 2000; Actual average is \$3.84/hour and \$10,982/ year

² Burton, A., Whitebook, M., Sakai, L., Babula, M. and Haack, P. (1995) *Valuable Work, Minimal Rewards: A Report on the Wisconsin Child Care Work Force*. Washington, DC: National Center for the Early Childhood Work Force and Wisconsin Early Childhood Association as referenced by Making Work Pay in the Child Care Industry Report (1997); actual national average for unlicensed provider is \$5,132

Turn to the audience. How much does it cost raise a family? (A lot, people will say a range of numbers) The national poverty level for a family of 4 (is that true?) is \$16,000. She earns \$11,000. So we, as a society, are allowing childcare workers to raise their children and our children earning below poverty level wages.

Could you use more money? (Yeah)

Pull up someone else from the audience. Well, let's ask this person. You're a childcare worker at a for profit childcare center. You are a 26 year old, white woman and you have an AA in child development. You are a single mom. Unfortunately, you also don't receive health benefits. Well, you do get some paid sick days and some paid holidays, and your income is a national average of about \$7.00/hour, or about \$14,000/year.³ (Give her money & sign with annual wage on it)

You make a whopping \$3,000 more than our friend over here. You don't have the same problems do you? (Yes I do) Really? But you work at a center and she works from home. You get some sick time and she doesn't get any. You earn almost \$7.00/ hour and she only makes about \$4.00. Are you telling me you could have similar problems? (Yes) Hmm. Like what? [Not enough pay, no paid vacations, working late cuts into my time with my children, have to take time off when they get sick. Do you see a lot of staff turnover? (Yes, turnover is high)

Are you thinking about getting another job? (Yes) So, there is really not that much of difference between you. In fact, more than one-third of the nation's childcare work force leaves their jobs each year- most often in order to earn a better living elsewhere.⁴ Does so much turnover have an effect on the children that you work with? (Yes, losing teachers constantly upsets the children.) Absolutely. Children suffer when the bonds of trust in a caregiver are broken and someone else replaces her.⁵

Would better pay help to convince you to stay at this job? (Yes)

PARENTS PAY

Well, there is an easy answer. Why don't you just ask for more money from the parents? It's their kids, right. Let's pull up a parent and see if we can help you two. (*Pull up someone from the audience*)

You are an African American working mom, from a two-income family. You are a secretary. You have an income of \$25,000/year and your partner, who is a salesperson at Macys,⁶ has an income of \$15,000. (*Give parent money and sign with combined income*). The median

³ Current Data on Salaries and Benefits in the United States Report; national average of center worker is \$6.61/hour, \$13,739/year

⁴ Bellm, D., Burton, A., Shukla, R., Whitebook, M., (1998) *Making Work Pay in the Child Care Industry Report Promising Practices for Improving Compensation*, National Center for the Early Childhood Work Force. Washington, DC: National Center for the Early Childhood Work Force

⁵ Whitebook, M., Bellm, D., Nattinger, P., Pemberton, C., (1987)" *Turn, Turn, Turn: Teacher Turnover and its Effect on Staff, Children and Families*", *Working for Quality Childcare- An Early Education Text from the Center for the Childcare Workforce*. Washington, D.C., Center for the Child Care Workforce

⁶ Department of Labor, September 1999. *20 Leading Occupations of Employed Women, Annual Averages*; Secretaries median weekly earnings are \$443, 99% of secretaries are women. Sales workers, retail & personal services workers have median weekly earnings of \$296. 63% of these workers are women.

income of families across the country, who pay for childcare is about \$40,000/ year⁷. Median income means half of these families are earning more than \$40,000 and the other half are making less than \$40,000. You spend 11% of your income on childcare!⁸ You are lucky. If your family was only making \$15,000 a year you would be spending 24% of your income on childcare!⁹

You could pay more for childcare couldn't you? (No) But, don't you care about your kids? (Yes, but I have other bills to pay) I see your point. You already spend a lot on childcare and you have limitations. But what if the government helped you out? *Pull up someone else from the audience.*

TAX CREDITS

Tax credits given to parents:

You are a newly elected official. *(Give them the Uncle Sam hat).* You care about America's children. You care about families. You want to show your commitment to our children by giving parents a tax credit *(Say this with sincerity).* A TAX CREDIT reduces the amount of taxes parents have to pay. *Point to "Tax Credits" on the chart.* Right now there is the Federal Child and Dependent Care Tax Credit that allows working parents to reduce the taxes they pay from a \$480 – to \$720 per child *(give parent money and say to the parent:)* I believe you are going to do exactly what you need to do with that money. You're going to give that money to your childcare provider right? (No) No? What else could you do with that money? *(Buy new shoes, and pay other bills, etc.)* Well, maybe it's just not enough money. In 1995, President Clinton proposed and the Congress passed, an additional tax credit called the Child Tax Credit, in which a family would receive an additional \$500 per child tax credit. *(Give parent money)* That's an extra \$500! You're going to use that money to pay more for childcare, right? *(Tug at the money and act like you're going to give it to the provider)* (Not necessarily.) No? Oh! I see, just like the other tax credit, you might use that money for other things your family needs.

Besides, you have to qualify for tax credits, anyway. And in order to qualify you have to pay taxes. *Turn to the audience* But if you don't earn enough in wages to pay taxes are you going to receive a tax credit? (No!) In fact only 10% of the \$2.4 billion dependent childcare tax credits go to families with incomes below \$20,000. ¹⁰ But, this family does qualify. So they get the credits.

(Background for trainers: tax credits help parents pay the going rate or rather the market rate costs for childcare.)

Tax credits given to business:

Turn to the government official. Maybe that's not the solution. But what about this...isn't it the employers who want the parents to show up to work everyday- on time? And who don't want

⁷ U.S. Census Bureau, September 2000: Median Income by Inflation Index: 1967 to 1999; The median income in 1994 was \$32,264, in 1996 it was \$35,492 and in 1999 it was \$40,816 for all households; However, the median income for African American households is \$27,910.

⁸ US Census Bureau, September 1995. *What Does It Cost to Mind Our Preschoolers?* Current Population Reports, Survey Income and Program Participation, Fall 1993. Washington, D.C: US Department of Commerce, Census Bureau. *Although the median income of households has risen significantly between 1994 and 1999, there are only slight changes in the percentages spent on childcare. Currently parents pay anywhere from 7% to 25% of their income in childcare according to the report *The Economics of Childcare, A Report by the Council of Economic Advisers*. December 1997.

⁹ *ibid.*

¹⁰ "Tax Relief for Employed Families: Improving the Dependent Care Tax Credit," National Women's Law Center, Washington DC, February 2000

employees calling in sick? Why don't you, as a government official, provide some incentive to businesses to have on-site childcare? That way parents can be close to their children and businesses would have to pay their part. If you give money to businesses, I'm sure they are going to do the right thing with it.

Turn to the parent. If your employer has on-site childcare wouldn't that help you out?

Turn to the childcare worker. Does that mean you are going to get a raise? (Not necessarily)

Turn to the Family Childcare Provider. Does this kind of tax credit help you? No. This kind of tax credit is only offered to employers who help their employees.

In order to solve the problem, we as a society need to put money where the problem exists. Legislators, who admit we have a problem, propose expanding tax credits as the childcare solution. It appeals to the voter- the parent, business. In fact Al Gore is proposing a tax credit of up to \$2,400 for a family of four, with an income of less than \$25,000. The point is that a tax credit does not directly put money into the hands of childcare workers.

MINIMUM WAGE

Turn to the government official. Hey, I've got it! Let's raise the MINIMUM WAGE. (Point to chart) The minimum wage is a government regulation that sets a floor for businesses, so that wages cannot be below a certain amount of money. This wage comes directly out of the employer's pocket. Everybody gets a raise right?

Turn to the family childcare provider. Isn't it great that they're raising the minimum wage? (Yeah) Aren't you self-employed? (Yes) I'm sorry, the minimum wage protections do not increase your pay.

Turn to the teacher. You were already making above the minimum wage. So there is a chance your wage will stay the same, but usually when the minimum wage goes up, due to "spillover effects" workers earning up to a dollar above the minimum would also be likely to benefit from an increase.¹¹ So let's say you got a raise and now your making 46 cents more an hour, which is \$957 more per year. Whoo! Isn't that great. It really makes a difference for you doesn't it? (Yes)

But let's ask the owner of your childcare center how she's feeling. *Pull up someone from the audience.* Will this increase your costs? (Yes) Raising the minimum wage can sometimes be a difficult cost to bear for businesses. In other industries, an increase in the minimum wage would not be a problem, but in the childcare industry which faces constant budget cuts and already over-stretched budgets -its an issue. This is not an insurmountable issue, but it's a real one.

Even with this concern, raising the minimum wage is a good policy. (Tip to trainer: It's important to stress that raising wages for low-income workers is a good thing. You will always get participants that will argue that raising the minimum causes unemployment. This is not always true. A recent Economic Policy Institute study found no systematic, significant job loss associated with the 1996-97 federal minimum wage increase.¹² In fact workers tend to be more satisfied at the workplace, their morale is boosted, workers don't call in sick as much.)

¹¹ Economic Policy Institute Website, *Facts at a Glance, Issue Guide on Minimum Wage*

¹² *ibid.*

This policy does directly benefit workers, but not everyone. This policy also makes the employers pay and not the government.

GOVERNMENT PAYMENTS

Turn to elected official. Maybe we should try something else.

Many family childcare providers and childcare centers receive money from the state, county and the federal government to subsidize care given to individual children. For example, different programs receive money for having children of welfare recipients, child protective agencies, low-income parents, etc. A good idea would be to raise the amount of these payments so childcare programs have more money.

Turn to the Center Teacher. Your center receives subsidies from the state. Isn't this a great policy? (Yes) Since your center is receiving higher reimbursement rates from the state, I know your center director is going to put that money exactly where it needs to go. You're director is going to give that money to you right? (Maybe) There is no guarantee that childcare centers will put reimbursement money into raising wages.

Let's ask the family childcare provider? *Turn to the family childcare provider.* You are self-employed. What could you do with this increased state payment? (I would give myself a raise). Since you are the boss you can direct where this money is targeted. Therefore many family childcare providers could directly benefit from government payments.

This policy also directly raises wages for some, but for everyone.

SALARY SUPPLEMENTS

Turn to the government official. I think that there is something more that you can do. What about direct SALARY SUPPLEMENTS? There have been a lot of childcare workers organizing lately. For example, last year (1999) Alameda County, California approved stipends- of \$500 up to nearly \$3000/year -to child care center teachers and directors and family child care providers, who complete a certain level of training and professional development, and agree to stay on the job for a certain period of time.

Turn to the center worker. Because of your education, you might receive more money. What are you going to do with that money? (spend it on my family) That means more money will be spent in your community and that benefits the local economy. Are you more inspired to stay in the childcare industry? (Definitely)

Turn to the parent. Does having less turnover at your childcare center make a difference? (Yes, creates stable environment for my children)

Turn to family childcare provider. How does this affect you? (It doesn't) You are not eligible for the supplement because you do not have the education or formal training that is currently needed. Is there incentive for you to get more education? (Sure). But, are there some barriers for you to go back to school? (Yes) Can you name a few for me?

Some barriers might be:

- No time to study or go back to school
- Need to find a substitute teacher
- Need childcare for their own children
- Might not have enough high school credits to get
- Person's Immigration status prevents makes them ineligible

- Does not have enough money to pay for school
- Racism prevents people of color from getting equal access to education

Access to education is still an issue for many childcare providers. Why? When childcare providers have to work 55 hours a week and still provide for their families, they are not going to have the time to go back to school. When childcare providers earn poverty-level wages, they are not going to be able to afford to pay for trainings and classes. Also, all the things that make it less likely for people of color to go to college and the reasons we still have affirmative action programs in place, imply that equal access still needs to be addressed. And until these issues are addressed, the problems of access to education will continue.

In 13 states there is a program called TEACH which gives childcare providers scholarships to attend school- that helps, but folks also need money for substitutes to fill in for them. Childcare providers need time to go to school and study and they need childcare, etc.

What's good about salary supplements? (Have people answer themselves) Gives money directly to childcare providers, slows turnover, and offers the largest direct raise in wages we've talked about so far. What doesn't seem to work with salary supplements? Doesn't benefit everyone, doesn't do anything about helping people access education.

UNIONS

Turn toward center worker: Okay, you ladies need to take some action. What about organizing a union? Having a union could mean that you are able to negotiate a contract within a center or school regarding wages and working conditions. *Point to "Union" on the chart.* What are some things you want that a union could help to get for you? Higher wages, better benefits, better working conditions. For example, let me tell you some of the things I've heard childcare workers say... I have to sit in a child size chair or use a child size restroom. *Turn to someone in the audience.* How would that make you feel? (Angry, humiliated, irritated) It's insulting right? Well, as a unified force of workers, asking for adult size chairs and adult restrooms can be written into the contract. Unions can be much more than money. A union is a powerful tool available to workers. Staff retention and wages have proven to be better among unionized centers vs. their non-union counterparts. In Los Angeles County unionized childcare staff make about \$10 an hour, whereas non-union workers earn only \$7 an hour.¹³

Turn to the audience. So unions can be used to build power and raise wages and benefits. However, there are times when unions cannot effectively organize. The center may be too small or there is too much turnover to have a core of stable workers. Also, there is a limit to how much money you can win, depending on how much profit your center makes. Unions don't organize self-employed providers. On the other hand, unionized workers can use the power of the union to fight for policies that improve the lives of all workers in the industry. That's what unions have always done- witness the 40-hour workweek and the weekend. These are two policies that were brought to you by unions.

Therefore, are unions a powerful tool for workers? (Yes.) They have proven to be beneficial in all labor struggles, but alone, can they lift the lid for all childcare worker wages? No

¹³ Bellm, D., Burton, A., Shukla, R., Whitebook, M., (1998) *Making Work Pay in the Child Care Industry Report Promising Practices for Improving Compensation*, National Center for the Early Childhood Work Force. Washington, DC: National Center for the Early Childhood Work Force

Right now in this country, when society talks about the childcare crisis, a key component of the true cost of childcare is not being factored in. When childcare workers are left out of the equation by not being paid a decent wage, who is subsidizing whom? Currently, 98% of childcare workers are women and one-third of them are women of color.¹⁴ They are subsidizing society by accepting less pay than the value of their work. Do we want an unstable workforce that is living at poverty level taking care of our children? No? Are we willing to pay taxes to do something about it? (Yes, No, Maybe) Well, it's an ongoing debate. Let' talk in small groups....

SMALL GROUP DISCUSSION QUESTION: (15 minutes)

GOAL:

- The purpose of a small group discussion to hear from the participants the points that were being stressed in the illustration—that childcare is too cheap because workers aren't earning enough to provide for their families; childcare is too expensive because it relies heavily on parents. Also, policy solution need to directly benefit childcare workers.
- The small group is the time to support participants in formulating the arguments they are going to be making to legislators, the media, businesses and their friends.
- The role of the trainer is to listen, and pull out the arguments you want folks to be making, to challenge arguments that may sound like rhetoric with opposing arguments—opposing arguments help participants listen to every side of the argument and also helps them think about their arguments all the way through.
- Do not force your points on your audience. It is always better to ask probing questions. For example: If a participant says, the government should pay for childcare, your response could be, "Where is that money coming from? Is that tax money?"

Discussion Question:

The New York Times is interviewing regarding a piece of legislation that will increase the amount of money our government will spend for childcare.

What points do you want to be sure to make?

1. Can't leverage more from parents than we already do.
(An opposing argument would be "parents should not have children if they can't afford them. It's their decision to have them, they should be responsible for the costs.")
- An answer to the opposing question could be:
Since children are the way in which society continues to grow and develop, society has an obligation to ensure that they have quality childcare, which means stable childcare.
2. The most effective way is to raise the wages and benefits of childcare providers.
Opposing question: "Are you saying we should raise taxes?"
- An answer to the opposing question could be:

¹⁴ Bellm, D., Burton, A., Shukla, R., Whitebook, M., (1998) *Making Work Pay in the Child Care Industry Report Promising Practices for Improving Compensation*, National Center for the Early Childhood Work Force. Washington, DC: National Center for the Early Childhood Work Force

Do you want to pay more taxes? (No) But what if I told you that 64% of Americans who responded to a USA Today Poll said they would be willing to pay increased taxes if they were certain that the money would be efficiently spent on meeting public needs.¹⁵

3. Government needs to intervene in a way that directly benefits childcare workers.
Opposing argument: There is not enough money to pay for every childcare worker. Taxpayers already pay too much.
- An answer to the opposing argument could be:
This argument comes down to what we in a society are choosing to pay for, what we value. When we have childcare workers earning poverty wages, our tax dollars are spent on social services such as food programs, Medicare, food stamps, county health clinics. Either by using tax dollars to raise wages or by using tax dollars for increased social services, our tax dollars are being spent on childcare.

An example you can use for successful government intervention:

The US Army's Caregiver Personal Pay plan is the most dramatic example of system-wide improvements in childcare compensation. They reward family childcare providers with a "quality care subsidy" in recognition of completing a Child Development Associate credential or BA. They recognized that parents could not pay more in fees, so base commanders authorize the payments.¹⁶ This proves that Government intervention can work and benefit many childcare workers.

CONCLUSION (5 minutes)

Raising wages has to happen otherwise the problem will not be solved. Government intervention is necessary. But if that intervention does not work to raise wages, and allows a cycle of poverty to continue than it won't work and it hurts our children. Raising wages and reducing turnover, helps our children and our economy.

¹⁵ Economic Policy Institute Website, *Take the Pulse, Education Polling Analysis*

¹⁶ *ibid.*