TESTIMONY OF ANNA POWELL
SENIOR RESEARCH & POLICY ASSOCIATE
CENTER FOR THE STUDY OF CHILD CARE EMPLOYMENT
UNIVERSITY OF CALIFORNIA, BERKELEY
BEFORE THE CALIFORNIA STATE ASSEMBLY
BUDGET SUBCOMMITTEE NO. 2 ON EDUCATION FINANCE
ON
"The State of California's Early Care and Education Workforce"
March 21, 2023

My name is Anna Powell, and I am a Senior Research & Policy Associate from the Center for the Study of Child Care Employment at UC Berkeley. My research focuses on California's teachers of children from birth through age 5, as well as the child care centers and family child care (FCC) homes where they work.

What does early care and education (ECE) workforce capacity look like?

- Who are the members of the early care and education workforce in California? A majority are **women of color**: 71% of family child care (FCC) providers and 64% of center teachers and assistants. More than half are 50 or older, and around one third speak Spanish.
- How has the workforce fared since the pandemic? As of January 2023, the Bureau of Labor Statistics (BLS) shows there are **93.3% as many childcare worker jobs** in California compared to February 2020 (pre-pandemic) - in other words, a loss of 6.7% of those jobs. In this job category, in the last month, California saw a decline of 1,900 jobs. However, this figure does not truly capture family child care providers, so it may understate the number of jobs lost.
    - The overall jobs estimate is similar to the national estimate for child care workers, where we have 94.3% of pre-pandemic employment levels.

- There is also regional variation. In the LA-Long Beach-Glendale Metro Area, child care worker jobs are at 91.1% of pre-pandemic workforce capacity.
- Our research shows that **low wages** drive worker shortages. We estimate that family child care providers earn between $16,200 and $56,400, depending on the number of children they serve. The median wage of a full-time center teacher is $39,500 per year. We estimate that center teachers with bachelor's degrees saw a decline of 1 to 2.5 percent between 2006 and 2022 after adjusting for inflation. Bachelor's degrees are common: about one third of FCC providers and one half of center lead teachers hold them. A TK teacher with the same bachelor's degree earns at least double the salary. Economic insecurity is common, with the most severe effects for Black, Latine, and immigrant educators.
    - Only 7 out of 10 child care centers offer **health insurance** to their full-time staff.
    - Only 21% of FCC providers have any **retirement savings**.
    - While **food insecurity** is relatively high across the workforce - about a third report being food insecure - this jumps to 39 percent for center teachers who are women of color and 42% among those who are immigrants
    - Only a slim percentage of teachers with a bachelor's degree could pay for a **$400 emergency expense outright** (18 percent of FCC providers, 15 percent of center teachers, and 23 percent of TK teachers), compared to 48 percent of working Californians with the same level of education.
    - In the first year of the pandemic, **job turnover** among centers was 58 percent among assistant teachers and 32 percent among teachers.
    - Inadequate compensation and benefits drive staff turnover. With rising inflation and stagnant wages, highly skilled educators will continue to leave the field.
- What is the result of these persistent low wages? Staffing shortages, which existed before the pandemic. While California made important investments to stave off mass closures during the pandemic, the job of a preschool teacher or child care worker remains a high-skill but low-pay job.

How does California's ECE workforce compare to other states that did not employ the same pandemic relief packages?

- According to the **US Dept of Health and Human Services**:
    - California centers that received American Rescue Plan Act relief most commonly applied funds towards personnel costs and staff. However,

unlike many states, there were no dedicated funds for staff pay increases or individual staff retention or relief payments.
    - Family child care providers most commonly used the dollars to cover rent and mortgage payments. For FCC providers who rely primarily on themselves to be owner, teachers, and all other business roles, operational expenses like rent are frequently their greatest need.
    - In other words, ARP dollars in California primarily offset lost revenue needed to maintain pre-pandemic operating expenses.
- Further research will be needed to shed light on how California's current licensed capacity relates to its pandemic relief funding policies. However, we do know that **most states dedicated specific funding for workforce compensation** - above and beyond grants to programs.
    - For instance, New Jersey offered retention and recruitment payments to child care staff. Their child care workforce job numbers exceed the pre-pandemic estimate.
    - States are in various stages of data collection. States like **New Mexico and North Carolina**, which provided payments or funding for wage increases using their relief dollars, are advancing long-term funding strategies in anticipation of the pandemic relief dollars ending.
    - Many states are similarly finding that expanding licensed capacity is a challenge that will require increased funding per space.
- However, relief funds are winding down, and many of you may have heard of the "ARP cliff" or "fiscal cliff" now facing child care providers. California's emergency funds prevented deeper losses to licensed capacity, but our research shows the workforce needs ongoing investment.
- California is one of a few states to develop a new **true-cost-of-care model** for reimbursement rate reform. We should continue to act as leaders in this space by following through with budgetary support for higher rates.

The governor's budget delays 20,000 new subsidized spaces which were planned for this year due to a slower uptake of other new spaces. What is the workforce perspective on why spaces may be underused?

- As this panel reminds us, parents already struggle to afford child care. Providers cannot raise their prices as a result, so they continue to pay low wages to their teachers. Current reimbursement rates for subsidized care also cannot cover the true cost of quality early care and education.

- As a result, California's current system effectively requires low wages for early educators, and without increased funding, providers will continue to struggle to hire and increase enrollment.
- State dollars for more spaces must be coordinated with increases to the reimbursement rate. Otherwise, programs in many regions may not be able to staff up or absorb more voucher-funded enrollment. California's budget should facilitate family access and provider payments in a way that promotes stability for the providers and enables them to raise wages and retain staff.
- These challenges are greater for infant/toddler care, which is more expensive. For both centers and FCC providers, it's more expensive to serve infants and toddlers, and so, especially if enrollment is low, they may trend toward serving older children.
- We agree that extending enrollment-based funding, rather than attendance-based funding, is a good model for the long run. We find that **contract-based funding streams yield more stable staffing and child enrollment** than voucher-based funding streams (where funds go with the child). Compared to centers without contract-based funding, Head Start and Title 5 programs were less likely to implement layoffs, furloughs, and reduction of hours in the first year of the pandemic in California.
    - States like **Illinois** are expanding their use of contracts to increase compensation and stability for the workforce.
- Another important aspect of whether providers are able to take up voucher-funded enrollment is the lack of statewide support for centralized eligibility lists. Counties that continue to invest in this resource have an easier time maximizing their subsidized dollars.
- In closing, to shore up and ultimately increase licensed capacity, we must better align reimbursement rates with the true cost of care. Capacity alone is not a reason to delay new child care slots -- instead, California must tackle the structural challenges that keep wages low and drive teacher shortages. Thank you.