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# **A Profile of the Sacramento County Child Care Workforce**

**Findings from the 1998 Survey  
of Child Care Centers and  
Family Child Care Homes**

**Study and report by  
Center for the Child Care Workforce  
for Child Action, Inc.  
Sacramento, California**

# Acknowledgments

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## Introduction

This report contains the results of two studies commissioned by Child Action Inc. to identify characteristics of the Sacramento County child care workforce, including qualifications, compensation, and rates of turnover. Family child care providers and center-based teaching and administrative staff are described in two separate sections of the report. This is a cooperative effort of the Sacramento County Local Child Care and Development Planning Council, the Sacramento County Department of Human Assistance, and Child Action, Inc.

With the advent of welfare reform, the need to develop and expand the licensed supply of child care has become a priority. Sacramento County has embarked on a campaign to expand its supply of licensed family child care. As Sacramento County moves in this direction it is vital to develop an understanding of the financial implications of the family child care career choice. Is family child care a career choice that will provide a living wage? Will families moving from welfare to work be able to achieve self-sufficiency caring for children as family child care providers? In addition, this report was undertaken to help child care specialists in Sacramento County provide technical assistance to existing providers as they develop their business practices and expand their programs.

The center-based child care workforce in Sacramento County was profiled first in 1991 in a report authored by the Center for the Child Care Workforce. The report concluded that “Without major improvements in salaries and working conditions, qualified staff in Sacramento County and other communities will continue to leave the child care field for jobs that offer a living wage.” Returning to survey center-based programs in Sacramento County in 1998, we find that little has changed in the intervening seven years regarding the compensation of child care jobs, a finding that will come as little surprise to directors, teaching staff, resource and referral staff, and other members of the child care community.

But while child care work remains low-paid, the pressures on programs, and on administrative and teaching staff, have mounted in California. Changes in welfare policies place new demands on programs to build their staff in order to serve more children. At the same time, a statewide policy of elementary school class-size reduction, implemented in 1996, has increased the demand for qualified public school teachers. As a result, many child care teaching staff with BA degrees

and above have left the field to earn significantly higher pay and better benefits in elementary school jobs. Compounding these pressures, a vibrant state economy has created more opportunities and better wages in the overall job market, reducing even further the pool of workers who might seek child care employment.

Sacramento County, like many other California communities, is facing a child care staffing crisis characterized by high staff turnover and an insufficient pool of new applicants to fill open positions. Trained and experienced teaching staff are in particularly short supply. Long-time concerns about the continuity and quality of early care and education programs are intensifying, along with a growing concern that centers and family child care homes do not have the capacity to meet the growing need for their services, due to an insufficient supply of teachers and providers.

On the positive side, legislative and policy initiatives are now underway to address the child care staffing crisis and to improve programs' ability to serve more families. In 1998, the California C.A.R.E.S. legislation (standing for "Compensation and Recognition Enhance Stability") passed the state Senate and Assembly, but was ultimately vetoed by then-Governor Pete Wilson. The bill, which proposes to establish a Child Development Corps of trained and experienced childcare professionals who would receive compensation in recognition of their education and commitment, has been reintroduced by Assemblywoman Dion Aroner in the 1999 legislative session. Teaching staff, administrators, and family childcare providers would all be eligible to participate in the Corps. The C.A.R.E.S. bill would also provide resources for programs that demonstrate a commitment to boosting staff retention by improving staff compensation and working conditions.

In addition to this proposed pilot program, several counties are exploring the possibility of investing Proposition 10 dollars in a local C.A.R.E.S.-style initiative.

Whenever possible, this report places the findings about Sacramento family child care providers and center-based child care staff in the context of national research findings. Because of different samples of centers studied in the present survey and the 1991 survey of child care teaching staff in Sacramento County, however, we are able only to consider general trends in the Sacramento workforce but cannot definitively identify changes over time.

# Child Care Center Staff Findings Sacramento County, California

## Research Design

The findings reported here are drawn from responses to the Child Care Staff Salary, Benefits and Working Conditions Survey mailed to a stratified random sample of 234 child care center sites in the fall of 1998, reflecting the proportions of various child care center types in Sacramento County at that time. These sites were selected from a total of 472 in Sacramento County. Fifty-three programs, representing 112 sites, responded to the survey, allowing us to profile in this report the work environment of 1,058 child care staff, including 493 teachers, 431 assistants, 64 teacher-directors and 70 directors.

Twenty-three percent of centers in the final sample are for-profit programs, 23 percent are independent nonprofits, and 54 percent are subsidized nonprofits. This sample is highly representative of the population of centers in Sacramento County. (See Figure 1.) In some of our analysis, we have grouped independent and subsidized nonprofits together in order to explore broad differences between nonprofit and for-profit programs.

An earlier study, completed in 1991, profiled center-based teaching staff in Sacramento County. Although the 1991 sample is not identical to that in the current study, it contained a comparable distribution of for-profit and nonprofit programs, and we have therefore identified longitudinal trends whenever possible.

**FIGURE 1.** Study Sample

	Program Sites Receiving Survey		Program Sites Responding to Survey	
	N=	Percentage	N=	Percentage
For-profit	78	33%	26	23%
Independent Nonprofit	56	24%	26	23%
Subsidized Nonprofit	100	43%	60	54%
Totals	234	100%	112	100%

## Findings

**FIGURE 2.** Ethnicity of Teachers

	<b>Teachers</b>
Caucasian	70%
African American	13%
Latino	8%
Asian American	5%
Alaskan Native, American Indian, or other	4%

### *Demographics*

As is true nationally, child care teaching staff in Sacramento County are predominately women under the age of 50. Nearly half of all teachers (49 percent) are between the ages of 30 and 50, and 40 percent are under 30. Teachers and assistants employed by nonprofits are older on average than those employed by for-profit programs. The ethnic composition of child care teaching staff is similar among teachers and assistants.

### *Education and Training*

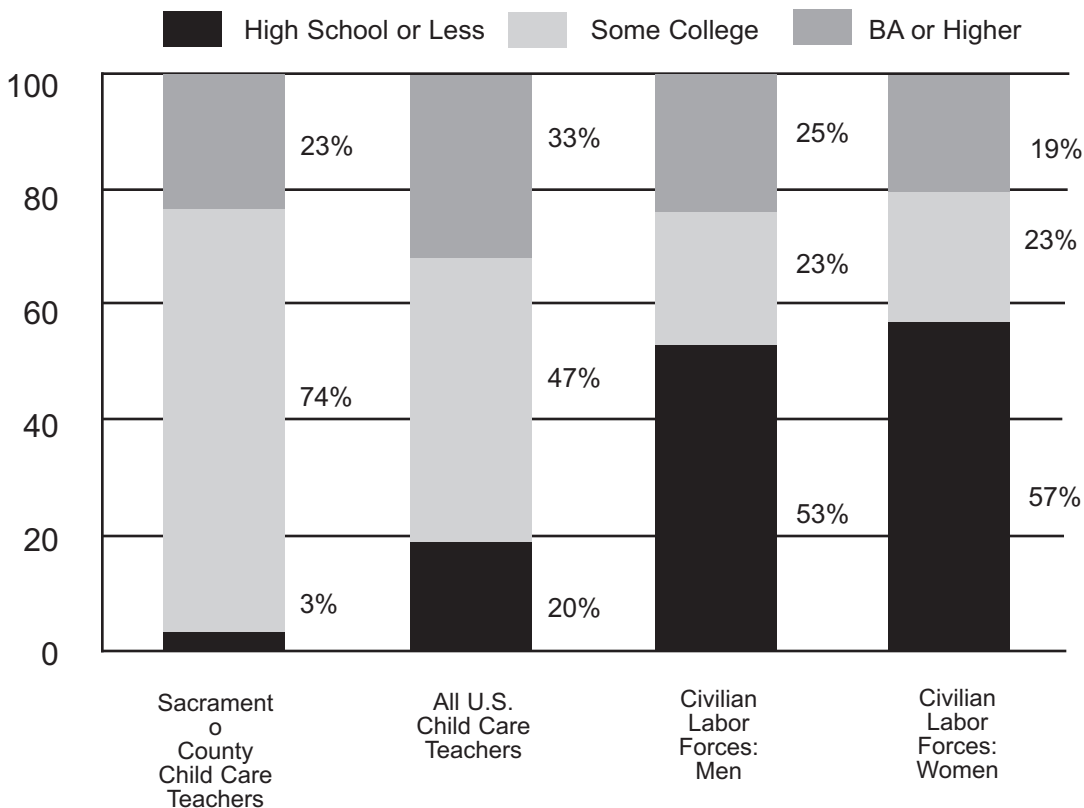
The educational profile of teachers and assistants in Sacramento County reveals a well-educated workforce with specialized training in early childhood education. As reflected in Figure 3, educational levels of Sacramento teachers are significantly higher than those of the general population and those of child care teachers nationwide. Twenty-three percent of teachers have earned a Bachelor’s (BA) degree or higher, 23 percent have an Associate’s (AA) degree or Child Development Associate (CDA) certification, 46 percent have completed some college units, and only three percent have a high school degree or less. Thirty-six percent of teachers have an Associate’s or higher degree specifically in child development. Subsidized nonprofit programs are more likely to employ teachers with higher levels of education.

The highest level of education for assistants is most likely to be some college units (64 percent); 22 percent have a high school degree or less. Only 19 percent of assistants have an Associate’s or higher degree specifically in child development or a related field.

Directors in Sacramento County also have achieved a high level of education, as shown in Figure 4. They are likely to have pursued higher education in child development or a related field; 72 percent have an AA or higher in child development. Both independent and subsidized nonprofit programs are more likely than for-profit programs to employ a director with an AA or higher in child development, and in particular, subsidized nonprofits have more directors with a BA degree or higher in child development than for-profit programs.

Two-thirds of teachers (64 percent) received at least twenty clock hours of training during the previous year; 41 percent received college credit for the training. Half of assistants (49 percent) received training, but only one-third (33 percent) received college credit for this training.

**FIGURE 3.** A Comparison of Educational Attainment: Sacramento County



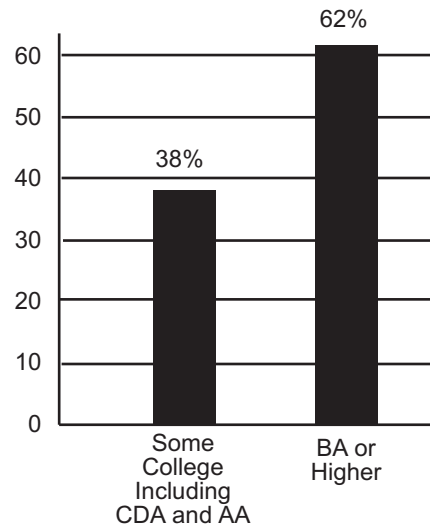
**Sources:** U.S. Department of Labor, 1997. Cost, Quality and Child Outcomes in Child Care Centers, Technical Report, June 1995.

*Salaries*

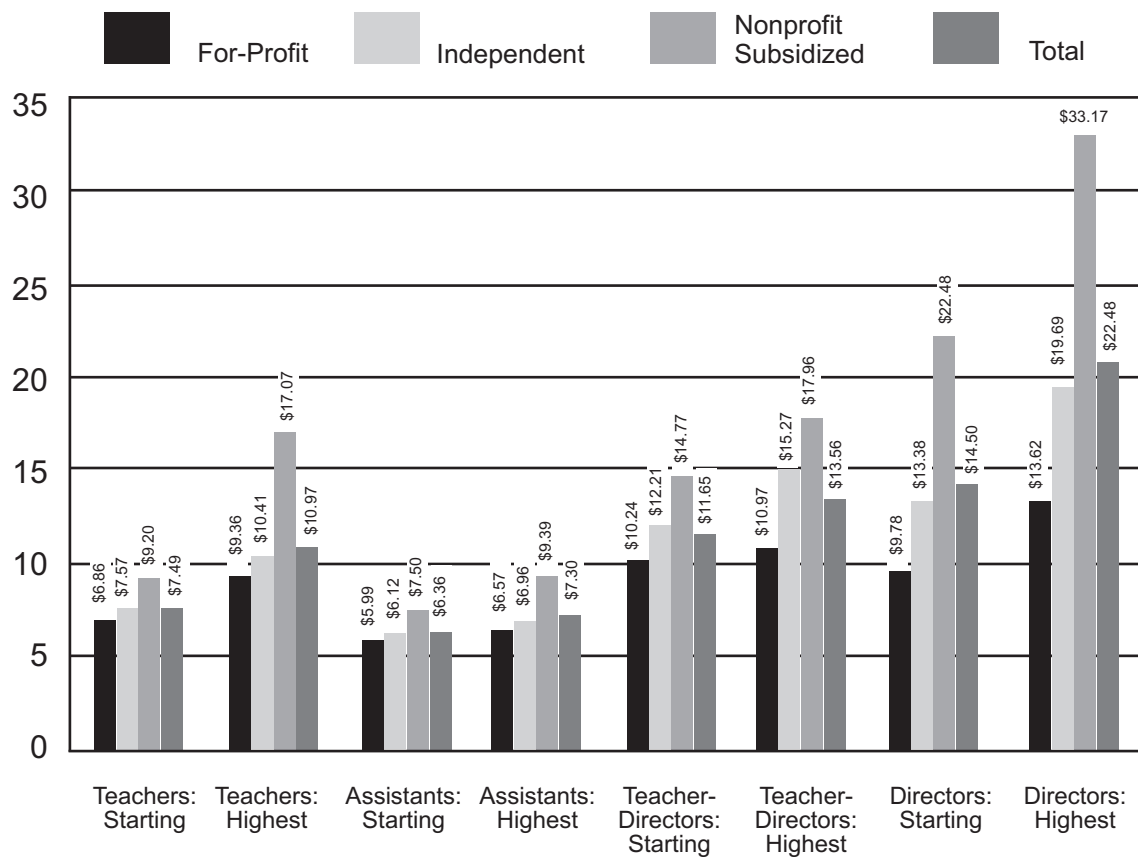
Despite the high level of educational attainment found among child care teaching and administrative staff, their compensation remains low. The salary findings shown in Figure 5 reflect the starting hourly wages and the highest hourly wages offered to teachers, assistants, teacher-directors and directors. Average starting wages for teachers are \$7.24 per hour, or \$13,108 per year. Assistants earn an average starting wage of \$6.36 per hour, or \$11,130 per year, and the highest-paid assistants earn an average wage of \$7.30 per hour, or \$12,775 per year.

Subsidized nonprofit programs pay higher starting salaries to teachers and assistants than do other program types. Lowest-paid teachers earn \$9.20 per hour in subsidized programs, compared with \$6.86 in

**FIGURE 4.** Sacramento County Child Care Directors



**FIGURE 5.** Average Hourly Wages by Child Care Center Type



for-profits, and \$7.57 in independent nonprofit programs. Lowest-paid assistants earn \$7.50 per hour in subsidized nonprofit programs, compared with \$5.99 in for-profits, and \$6.12 in independent nonprofit programs. And as is shown in Figure 5, the average highest-paid teachers in for-profit centers earn approximately the same wage as do the highest-paid assistants in subsidized nonprofits.

Teaching staff in unionized centers earn higher wages than other teaching staff. Independent nonprofits and subsidized programs are more likely to be unionized than for-profits.

Experienced teachers who earn the highest salaries in their centers, at an average of \$19,198 per year, fare somewhat better than the lowest-paid teachers, but their average wage is still below the average earned by the Sacramento County labor force. Although we found that child care teachers in the area have significantly more education on average than the general workforce, they are not rewarded for such investments in their professional development.

Elementary school teachers in Sacramento County with a Bachelor’s degree, for example, earn a starting salary of \$28,000, and can earn up to \$58,000 with

additional years of experience. Since child care teachers earn an average of \$19,198 at the highest level, even with a Bachelor's degree or more (Figure 5), child care centers are unable to compete with school district employers in their efforts to recruit and retain the most skilled teaching staff.

While directors earn more than teachers and assistants, their wages are still low when compared with others with similar levels of education and responsibility. The lowest-paid directors earn an average of \$25,375 per year and the highest-paid earn \$36,785, a modest salary range given the years of experience and education that many directors bring to their jobs.

Subsidized nonprofit programs pay higher starting salaries to directors than do for-profit and independent nonprofit programs. Lowest-paid directors earn \$22.48 per hour in subsidized nonprofit programs, compared with \$9.78 in for-profits, and \$13.38 in independent nonprofit programs.

Figure 6 compares these findings with those of a similar survey of Sacramento centers conducted in 1991. The distribution of program types in the 1991 sample is comparable to that of the 1998 sample, permitting a general look at wage trends over the seven years. Because we did not return to the same programs seven years later, it should be noted that the trends are approximate, but the data from these two surveys do suggest that teaching staff wages have not kept pace with the rate of inflation. Regardless of job title and rate of pay, teaching staff wages have remained essentially unchanged - or have even declined - over seven years.

Although this study was primarily concerned with center teaching staff and administrative staff, many centers do employ other staff in a variety of non-teaching positions. Thirty-six percent of centers employ a cook, 26 percent employ a secretary, and 23 percent employ a bookkeeper; wages for these support staff are also modest, at both the starting and highest-paid levels. Starting wages for cooks average \$6.62 per hour, but those who are employed at independent programs (\$7.10 per hour) and subsidized nonprofit programs (\$8.79) earn a higher wage than cooks at for-profit programs (\$5.90). Secretaries earn an average of \$8.55 per hour, with those at subsidized nonprofit programs earning a higher starting wage (\$10.14) than secretaries at independent nonprofit (\$7.64) and for-profit programs (\$6.38). The starting hourly wage for bookkeepers is \$10.75 per hour. Starting hourly wages for secretaries and bookkeepers, we found, are higher than those earned by teachers and assistants.

Highest-paid cooks earn \$8.18 per hour, with those at subsidized nonprofits, (\$17.96) earning more than the highest-paid cooks at for-profit (\$6.87) or independent nonprofit programs (\$8.61). Highest-paid secretaries earn \$11.48 per hour and bookkeepers earn \$16.04 per hour. Highest-paid cooks, secretaries and bookkeepers earn more per hour than the highest-paid teachers and assistants.

Centers are increasingly drawing on staff who are current or recent recipients of Temporary Assistance to Needy Families (TANF), the government assistance

program for families that replaced Aid to Families with Dependent Children (AFDC). Due to poor compensation, however, child care employment is rarely likely to offer welfare recipients the route to financial independence they are seeking. In Sacramento County, even the highest-paid assistant teachers earn poverty-level wages, making it doubtful that TANF recipients working in child care centers can support themselves and their families without public assistance. Further, a recent study shows that welfare recipients are most likely to be employed in lower-paying child care programs.

Due in part to California’s educational requirements for teachers, TANF recipients are more likely to be hired as assistant teachers. One quarter of centers in Sacramento County employ assistants who are current or recent TANF recipients; for-profit (31 percent) and subsidized nonprofit programs (50 percent) are more likely to employ TANF recipients than independent nonprofit programs (11 percent). This trend may be changing in Sacramento County, however. Since the study was completed a new program designed to train TANF recipients to become teachers, called CalWORKS Child Care Training Pilot Program offers TANF recipients 12 units of child development which qualifies them for teacher positions.

*Health Benefits*

Benefits play an important part in assessing an employee’s overall compensation package, with health insurance typically the most expensive and valued benefit that employers offer. The National Child Care Staffing Study (1998) found that 21 percent of centers offer fully-paid coverage to all staff, while another 20 percent offer full coverage to teachers and directors only; and 52 percent fail to offer fully-paid coverage to any teaching staff. (“Fully-paid” coverage is defined here as an insurance plan for which the employer covers the full premium for the individual employee.)

In Sacramento County, half of centers offer fully-paid health insurance to teachers (49 percent) and assistants (55 percent), and 56 percent offer this benefit

**FIGURE 6.** Trends in Adjusted Hourly Wages 1991-1998

	<b>1991 Wage</b>	<b>1998 Wage</b>	<b>Trends Between 1991 and 1998</b>
Lowest-Paid Assistant	\$6.61	\$6.36	3.8% decrease, or \$0.25 per hour
Highest-Paid Assistant	\$7.97	\$7.30	8.4% decrease, or \$0.67 per hour
Lowest-Paid Teacher	\$8.34	\$7.49	10.2% decrease, or \$0.85 per hour
Highest-Paid Teacher	\$10.49	\$10.97	4.6% increase, or \$0.48 per hour

Note: All wages and trends are in 1998 dollars. Each category reflects average wages for the position.

to directors. Fewer than nine percent of the centers in the sample, however, provide full coverage to the dependents of teaching staff.

Eleven percent of centers do not offer any financial assistance for health coverage to teachers and eighteen percent offer no financial assistance for health coverage to assistants. Eleven percent of centers offer no health coverage to directors.

Approximately one-third of all programs in Sacramento County offer partially-paid plans to teachers (41 percent), assistants (27 percent), and directors (33 percent), but low-paid child care employees are in many cases unable to afford the premiums and co-payments required by partially-paid plans. We do not know what percentage of employees accept partially-paid plans in these centers, but recent evidence suggests that employees across all industries are increasingly rejecting partially-paid insurance plans because of their growing cost. The percentage of centers whose employees have no health coverage, therefore, may be significantly higher than the one-half reported here.

We found no differences in health care coverage by program type. Nonprofit and for-profit programs in Sacramento County are equally likely to offer health insurance, whereas other studies have found that subsidized nonprofits and independent nonprofits are more likely than for-profit centers to offer fully-paid insurance.

### *Other Benefits*

Most child care employers in Sacramento County offer paid sick leave, holidays and vacation leave to teachers and assistants. The average sick leave of 7.8 days per year, however - slightly more than five hours per month - is minimal for a profession in which communicable illnesses are common. Similarly, the average annual vacation leave of 8 days for teachers and 6.3 days for assistants equals less than one day per month. Subsidized nonprofit programs offer more paid sick leave to teachers (12.8 days) than for-profit (5.2 days) and independent nonprofit programs (9.2 days). Subsidized nonprofit programs also offer assistants more paid holidays (12.6 days) than for-profit (7.1 days) and independent non profit programs (6.3 days).

Sixty-five percent of centers offer reduced-fee child care to teachers and 53 percent offer this benefit to assistants, a higher percentage than found in many communities. Although assistance with child care fees is a benefit valued by many employees with young children, centers offering it have been found to offer lower-quality care than those that do not. This could be caused by programs that enroll employees' children compromising ratios to accommodate more children, and/or neglecting the more intensive communication that is required when employees' children are present. In Sacramento County, for-profit programs are more likely than subsidized nonprofits to offer teachers and assistants reduced-fee child care as a

**FIGURE 7.** Benefits

<b>Benefit</b>	<b>Teachers</b>	<b>Assistants</b>
Full Health Coverage	49%	55%
Partial Health Coverage	41%	27%
Full Dental Coverage	50%	35%
Pension Plan	44%	39%
Paid Sick Leave	81%	68%
Paid Holidays	93%	77%
Paid Vacation	96%	68%
Paid Maternity Leave	21%	19%
Unpaid, Job-Protected Maternity Leave	71%	64%
Reduced-Fee Child Care	65%	53%
Educational Stipends	52%	48%

benefit. None of the subsidized nonprofit programs offer their staff reduced-fee child care for parent employees.

More than one-third of centers in Sacramento County offer teachers and assistants a paid pension plan, with nonprofit programs more likely to offer paid pension plans to staff than for-profit programs. A small number of centers offer staff paid maternity leave. Teachers and assistants at subsidized nonprofit programs are more likely to receive paid maternity leave as a benefit, compared with for-profit and independent nonprofit programs. Fewer than seven percent of for-profit and independent nonprofit programs offer teachers this benefit; no for-profit or independent nonprofits offer paid maternity leave to assistants.

Dental coverage, pension plans and life insurance are offered to a small minority of employees. For findings about all of these benefits, see Figure 7.

*Working Conditions and Professional Support*

Non-monetary working conditions, and the work relationships that are shaped by these policies, can also be important variables in a child care employee’s job satisfaction and continuity. Such items as written job descriptions, grievance procedures and contracts can clarify employee roles and make the workplace more equitable. Professional support, through provisions such as paid preparation time and paid release time for training, allows teaching staff the opportunity to grow on the job.

We looked at a number of working conditions and forms of professional support offered to teaching staff, and dramatic differences between nonprofit and for-profit programs emerged in this comparison, as shown in Figure 8. Nonprofits (including both independent and publicly subsidized) are more likely than for-profit centers to offer teachers paid release time for on-site in-service training, paid release time for off-site training, written salary schedules, and a formal grievance procedure. Assistants are less likely to receive beneficial working conditions than are teachers, as shown in Figure 9. Subsidized nonprofit programs, in themselves, are more likely to offer a written contract (88 percent) and written salary schedule (100 percent) to teaching staff than were independent nonprofits and for-profits.

**FIGURE 8.** Teachers' and Assistants' Working Conditions: Contrasts Between All Nonprofit\* and For-Profit Programs

	<b>Teacher, For-profit</b>	<b>Teacher, Nonprofit</b>	<b>Assistant, For-profit</b>	<b>Assistant, Nonprofit</b>
Paid release time for in-service training	50%	95%	46%	90%
Paid release time for off-site training	45%	72%	31%	74%
Written contract			29%	62%
Written salary schedule	33%	63%	21%	62%
Grievance procedure	55%	96%	54%	95%

\*Includes independent and subsidized nonprofits in oe category. All differences are statistically significant.

Previous studies of child care workers' job satisfaction have found that employees report a high level of "intrinsic" and a low level of "extrinsic" satisfaction with the work: that is, child care staff typically rate the content of their work highly, but are unhappy with the pay and value placed on their work by others. Lacking positive working conditions, such as those listed in Figures 8 and 9, may decrease employees' intrinsic satisfaction, which is more contingent on having sufficient planning time, ongoing training, and a grievance procedure.

### Turnover

Previous research has demonstrated that the training and job stability of teaching staff are the key ingredients of quality child care programs. In Sacramento County, as elsewhere, low wages and poor benefits fuel high staff turnover - 39 percent for teachers, and 44 percent for assistants - which undermines the caliber of services that children receive. Class-size reduction policy which has been implemented throughout California, has had the consequence of increasing job opportunities for child care teaching staff with B.A's and above in elementary schools, another factor which has probably increased staff turnover. While these turnover rates are comparable to those of child care workers nationally, they are far higher than those found among public school teachers, who left their jobs at a rate of 6.6 percent in 1994-95, the last year for which data are available.

Centers

**FIGURE 9.** Teachers' and Assistants' Working Conditions

	<b>Teachers</b>	<b>Assistants</b>
Paid Breaks	86%	88%
Paid Lunch	35%	41%
Paid Preparation Time	71%	47%
Paid Staff Meetings	80%	85%
Paid Parent Meetings	60%	59%
Written Job Description	90%	91%
Cost of Living Adjustment	62%	48%
Merit Wage Increases	74%	73%
Comp Time	87%	80%
Staff Room	53%	48%
Annual Evaluation	92%	94%

paying lower wages to their highest-paid teachers report higher rates of turnover than do other programs.

Turnover among directors and teacher-directors is 7 percent and 11 percent respectively, which is comparable to turnover rates reported in other state and local child care studies in the U.S.

### *Funding Sources*

Nonprofit child care centers have long looked to a variety of sources beyond parent fees in order to fund their programs, including public subsidies, private donations, corporate subsidies, among others. In recent years, for-profit programs have also had increasing access to public subsidies, in the form of state-funded vouchers to pay for the care of children of low-income families. In Sacramento County, for-profit programs receive an average of 16 percent of their funding from public subsidies; among independent nonprofits and subsidized nonprofit centers in the sample, the averages are 25 percent and 64 percent respectively. Our data does not permit us to distinguish the sources of the public subsidies received by child care programs in Sacramento County.

For-profit programs are the most heavily reliant on parent fees for their support, with an average of 78 percent of the program budget financed by parent fees, while among independent nonprofits and subsidized nonprofit programs the averages are 71 percent and 35 percent.

Nonprofits (including both independent and subsidized nonprofits) and for-profits differ significantly in the percentage of their budgets that they spend on personnel costs, with for-profits spending 57 percent and all nonprofits spending 76 percent (subsidized nonprofits spend 78 percent and independent nonprofits spend 76 percent). Nonprofits and for-profits also differ significantly with regard to the percentage of their budgets that they spend on teaching staff alone, with for-profit programs spending 51 percent and all nonprofits spending 66 percent (subsidized nonprofits spend 66 percent and independent nonprofits spend 67 percent).

## **Summary**

Child care teachers and directors in Sacramento County have achieved more education, on average, than members of the overall U.S. civilian workforce and child care workers in other parts of the country. Yet in spite of this achievement, teachers and directors in this region earn exceptionally low wages that have remained stagnant over the past seven years.

Subsidized nonprofit programs continue to offer better wages and benefits to child care teaching staff than do all other programs. It should be noted that health insurance coverage, which typically makes up a large proportion of the benefit package, does not differ by program type. Because of a small response by subsidized nonprofits to this question, the lack of difference in coverage may be an effect of the sample size and should be viewed with caution. With respect to some working conditions, for-profit and nonprofit programs offer comparable environments. With regard to professional development activities, salary schedules, and written contracts, however, all nonprofits provide better work environments for teaching staff, on average, than do for-profits in Sacramento County.

This study, echoing the findings of other research on child care compensation, highlights the need for investments explicitly targeted to building a skilled and stable workforce, one that will be able to provide the quality of services that young children and their families need and deserve.



# Family Child Care Provider Findings Sacramento County, California

## Introduction

More than four million children in the U.S. are cared for each day by family child care providers. With the advent of welfare reform, family child care has been identified by many policy makers as a potential job and as a child care option for thousands of parents transitioning from welfare to work. Training welfare recipients to become family child care providers has been proposed as an answer to the shortage of employment options for women leaving welfare and to the limited child care options for low- and middle-income working parents. A closer look at the economics of family child care in Sacramento County, however, raises serious questions about whether it is a feasible path out of poverty for single-earner families aiming to become economically self-sufficient.

In Sacramento County, as elsewhere throughout California, providers can be licensed to operate a 'small' or 'large' family child care home. Providers of small family child care homes care for up to eight children, and large homes can accommodate up to 14 children. They

- provide caregiving and education through age-appropriate activities and interactions;
- are responsible for purchasing equipment and supplies; bookkeeping duties; establishing policies and contracts, and marketing services;
- Plan and prepare meals for children.

As shown in Figure 10, the typical family child care provider in this study has been in operation for eight years, works sixty-one hours per week, and cares for seven children. She has received some formal training in early childhood education, and grosses \$22,691 annually. After her expenses are accounted for, she nets an annual income of \$7,462. Providers of large family child care homes, as a group, have been in business for more years than providers of small homes.

**FIGURE 10.** Typical Family Child Care Provider, Sacramento County, California

	<b>Small home providers</b>	<b>Large home providers</b>	<b>All providers</b>
Years in operation	7	12	8
Work week (in hours)	60	66	61
Child in care	6	11	7
Education	Some formal education in child development	Some formal education in child development	Some formal education in child development
Annual Gross Income*	\$18,967	\$38,599	\$22,691
Annual Net Income	\$6,337	\$12,271	\$7,462
Health Coverage	Available only through privately-purchased plan	Available only through privately-purchased plan	Available only through privately-purchased plan

\*Before expenses

\*\*After direct and business use of home expenses. For a definition of these expenses, see page 19.

## Research Design

In the fall of 1998, the *Family Child Care Provider Income and Working Conditions Survey* was mailed to 411 providers in Sacramento County, out of a total population of 2,072 providers. Just under 20 percent of providers in Sacramento County were selected in a stratified random sample, comprised of 327 small homes (80 percent of the sample) and 84 large homes (20 percent of the sample). Nineteen percent (n = 79) responded to the survey. Seventy-eight percent of these operate small family child care homes (n = 62), and twenty-two percent operate large family child care homes (n = 17). Providers in the survey are representative of the distribution of small and large family child care homes in Sacramento County. See Figure 11.

Findings reported below describe all providers (small and large) as an aggregate, unless indicated otherwise. All statistically significant differences between small- and large-home providers are noted.

## The Findings

### *Demographics*

As has been found in all other studies of family child care providers, Sacramento County providers are predominately female (98 percent) and between 30 and 49 years old. Providers operating large homes, however, tend to be older than providers operating small programs. More than two-thirds of all providers have children under age 18, with most reporting that their children are of school age. A majority of providers are Caucasian (172 percent);

**FIGURE 11.** Provider Survey Sample

	Sacramento County Providers Receiving Survey		Sacramento County Providers Responding to Survey	
	Number	% of Total	Number	% of Sample
Small homes	327	80%	62	78%
Large homes	84	20%	17	22%
Total	411	100%	76%	100%

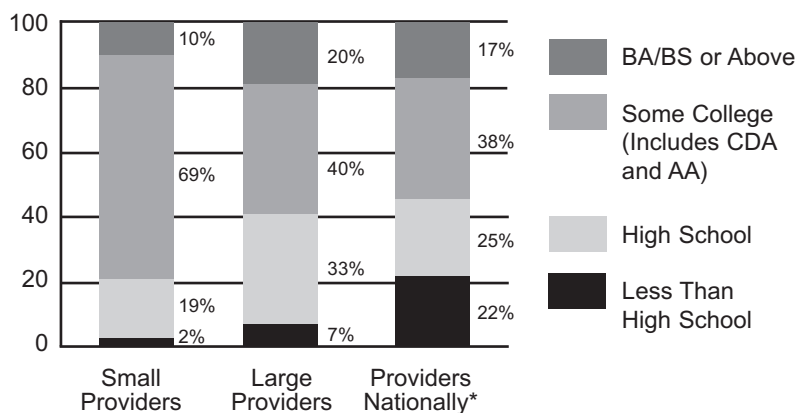
others, in descending order, are African American (10 percent), Latina (5 percent) and Asian (4 percent).

The majority of Sacramento County providers are married or living with a partner (84 percent), and most report a moderate household income. Twenty-nine percent of the sample report annual family incomes between \$20,000 and \$39,000, and more than half report a family incomes of \$40,000 or more. Providers of large family child care homes report higher household incomes than providers of small homes.

*Education and Training*

Family child care providers in Sacramento County are better educated on average than are providers nationally. Twelve percent have a BA or BS degree or higher, 63 percent have completed some college, 22 percent have a high school degree, and 3 percent have less than a high school degree. See Figure 12.

**FIGURE 12.** Sacramento County Providers' Formal Education



\*National findings from The Study of Children in Family Care and Relative Care, New York: Families and Work Institute, 1995.

**FIGURE 13.** Providers' Level of Child Development Training at the College Level

	<b>Some courses</b>	<b>AA in CD</b>	<b>BA in CD</b>	<b>Some graduate classes or higher</b>	<b>Other</b>
Small Providers	73%	10%	3%	7%	7%
Large Providers	63%	0%	25%	0%	12%

Over three-fourths of providers (79 percent) report that they have received specialized training in child development (CD), with the majority of providers receiving training at a local workshop or program (63 percent) and/or through formal college courses (61 percent). Thirty-nine percent of providers participated in 20 hours or more of business- or child development-related training in the last 12 months, but only 33 percent of providers received college credit for this training. Providers of large homes were more likely to receive college credit for training.

Providers in Sacramento County as a group express dissatisfaction with their access to training. Only 25 percent of providers operating small homes, 50 percent of providers operating large homes, and 30 percent of the overall sample of providers feel that their training opportunities are adequate. Providers operating small homes were more likely to say that they did not have access to training opportunities. When asked about specific problems related to training, more than three-quarters of providers (83 percent) said that they work long hours and do not have enough time to pursue additional training. Other problems include difficulty taking time off from work for daytime training (61 percent), high fees for training (48 percent), and a lack of financial reward for training (39 percent). Providers of small family child care homes were more likely to cite as a problem a lack of financial reward for receiving training.

*Providers Income and Expenses*

Family child care providers' annual gross income in Sacramento County averages \$22,691, with large home providers grossing significantly more than small home providers. After accounting for the range of expenses associated with operating a family child care home, most providers yield low profits. For example, after expenses, providers in Sacramento County earn an average of \$7,462 per year, or \$2.45 per hour. To earn these minimal wages, providers report working an average of 49 hours per week with children and another 12 hours to plan activities, shop for food and clean for their child care businesses. Providers of large

homes net more (\$12,271 per year) than providers of small homes (\$6,336 per year), in part because they care for more children.

To calculate an average net income, as presented in Figure 17, we used information supplied by providers about fees, the number of children enrolled, and expenses. Because of a somewhat lower response rate to the income and expenses questions, the net income figure represents 74 percent of providers (N = 58) who responded to the survey.

The instrument used in this study asked providers to report their best estimate of specific business expenses. Their responses constitute two broad categories: direct expenses, and expenses for business uses of the home. Direct expenses include such items as food, toys and insurance, and are 100-percent tax deductible. See Figure 14.

Business uses of the home are expenses that the I.R.S. defines as partially deductible expenses linked to running a home-based business. These expenses include utility bills, insurance and repairs, for example. See Figure 15. Although the provider who chooses to deduct her business use of home expenses realizes a small tax advantage, at the same time like all home-based workers she incurs extra expenses which must be factored into her net income. For example, a

**FIGURE 14.** Providers' Direct Business Expenses

<b>Annual Direct Business Expenses</b>	<b>Small Family Child Care Providers</b>	<b>Large Family Child Care Providers</b>	<b>All Providers*</b>
<b>Total Direct Expenses**</b>	<b>\$5,873</b>	<b>\$13,040</b>	<b>\$7,257</b>
Food	\$2,230	\$5,261	\$2,818
Toys	\$791	\$400	\$914
Child Care Equipment	\$400	\$1,386	\$592
Household Supplies	\$448	\$930	\$541
Office	\$132	\$314	\$167
Marketing	\$119	\$422	\$344
Professional Services	\$307	\$496	\$344
Insurance	\$280	\$1,084	\$438
Other	\$1,165	\$1,684	\$1,266

\*Data reported by a sub-sample of providers (n=67).

\*\*100% deductible expenses.

**FIGURE 15.** Providers' Expenses for Business Use of the Home

<b>Annual Business Use of Home Expenses</b>	<b>Small Family Child Care Providers</b>	<b>Large Family Child Care Providers</b>	<b>All Providers*</b>
<b>Total Business Use of Home**</b>	<b>\$4,895</b>	<b>\$6,347</b>	<b>\$5,157</b>
Time/Space Formula	36.23%	42.9%	36.23%
Real Estate Taxes	\$824	\$1,062	\$867
Mortgage Interest	\$6,681	\$6,488	\$6,646
Homeowners/Apartment Insurance	\$432	\$474	\$439
Repairs/Maintenance	\$900	\$1,547	\$1,016
Utilities	\$2,275	\$2,387	\$2,295
Depreciation	\$452	\$1,169	\$581
Other	\$2,718	\$513	\$2,320
Subtotal	\$14,282	\$13,640	\$14,166

\*Data reported by a sub-sample of providers who answered all business use of home questions (n=61)

\*\*Calculated by multiplying time-space formula by expenses for business use of home

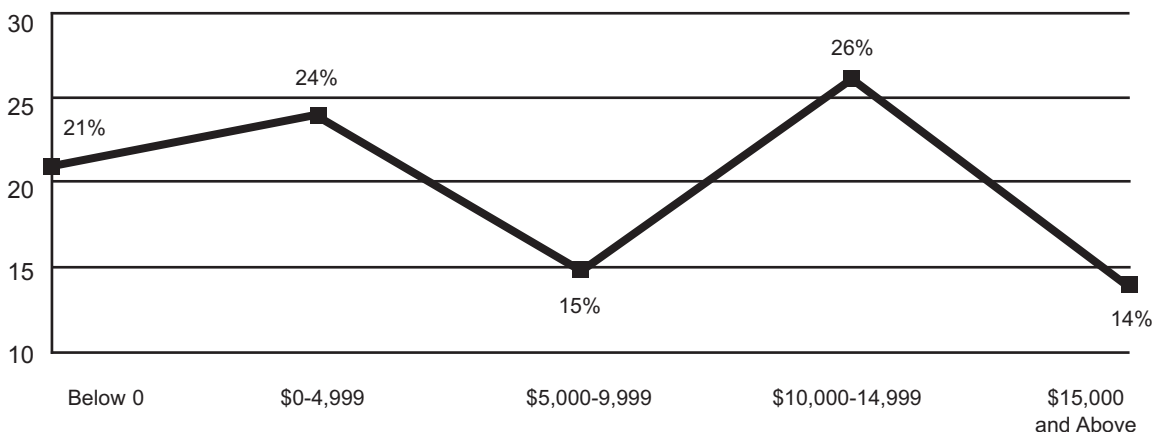
provider's utility bills are probably higher because she works at home and does additional laundry and dishwashing linked to her business, she has more wear and tear on her home's flooring and in her yard, and may pay higher home or apartment insurance than she would if she did not operate a business from home.

Expenses for business uses of the home, as well as direct expenses, have been included in our net income calculations. Providers provided us with an estimate of costs that potentially could be deducted from their income tax. Many providers (57 percent of this sample), however, are not aware of their *total* business use of home expenses and thus may not report and deduct these expenses. Further, low-income providers who earn too little to pay taxes are unable to offset their expenses through the advantages of tax deductions. See Figures 14 and 15.

We calculated a wide range of net income from providers' reports. Providers' yearly incomes range from a net loss of \$10,287 to a net gain of \$33,609. See Figure 16.

Net income reported by all Sacramento County providers is slightly lower than findings reported in a 1994 national sample by Kathy Modigliani, who found an average net income for all family child care providers of \$8,999. Among low-income providers (those at 185 percent of poverty level or below), Modigliani found that net incomes averaged \$8,275, still higher than those of small family home providers in Sacramento in 1998 (\$7,462). The lower earnings in

**FIGURE 16:** Distribution of Providers' Net Income\*



\*Data above were reported by the sub-sample of providers who answered all of the questions about expenses and income (n=58)

**FIGURE 17:** Provides' Annual Gross Income, Expenses, and Net Income\*

Provider	Gross Income	Direct Business Expenses	Business Use of Home Deductions	Assistant's of Substitute's Salary	Respite Care	Net Income
Small	\$18,967	\$6,048	\$4,946	\$1,399	\$237	\$6,337
Large	\$38,599	\$12,200	\$6,347	\$6,715	\$1,066	\$12,271
Total	\$22,691	\$5,212	\$5,212	\$2,407	\$393	\$7,462

\*Data above were reported by the sub-sample of providers who answered all of the questions about expenses and income (n=58)

Sacramento are troubling, given that the national average was found four years earlier, and presumably has increased. Gross income, business expenses, assistants' yearly salaries, and net income were significantly higher for providers of large family child care homes than for providers of small homes.

Although we do not have a comprehensive picture of how Sacramento providers subsist on typically low incomes several findings shed light on this question. Most providers do not provide the sole income for their household. Eighty two percent of providers in Sacramento County are married or living with a partner who they report contributes at least some income to their household. Nonetheless, many providers' combined household incomes are quite low: almost one-third of the sample (29 percent) earn under \$29,000 annually.

Additionally, a surprising percentage of providers (9 percent) work a second job in addition to their child care job to supplement their income.

Close to one-third of providers (29 percent) claimed the Earned Income Tax Credit (EITC), a tax credit program available to low-income families with children. Even families whose incomes are too low to pay taxes are eligible to receive the EITC.

While most providers' income is low by any measure, many chose to offer scholarships to children in need. More than one-third of providers (35 percent) reported that they offered some scholarships, which may affect their incomes negatively, if not offset by fees that are high enough to cover the reduced tuition of families in need.

Income generated from owning and operating a family child care business varies but is modest at best. Eighty-six percent of family child care providers in Sacramento County net less than \$15,000 per year. Given these dire statistics, we were interested in whether child care providers receive public subsidies in addition to the Earned Income Tax Credit, described above. Only one percent of providers (N = 1) report receiving Temporary Assistance for Needy Families (TANF), the government assistance program that replaced AFDC. Another seven percent report receiving TANF or welfare assistance in the past. Eight percent currently receive public food subsidies, while 21 percent received public food support in the past. One respondent currently receives Medicaid or other publicly-supported health coverage. Twelve percent received Medicaid in the past. While virtually no providers in this sample currently rely on public assistance, some have in the past, which may signal a partial reliance on public subsidies to supplement low incomes.

*Health Insurance*

**FIGURE 18.** Providers' Health Care Coverage and Source

<b>All Sacramento County Providers</b>	<b>%</b>
No Coverage	22%
Providers with Health Coverage:	78%
Assistance with Health Coverage	49%
Spouse's employer pays 100%	31%
Spouse's employer pays amount	18%

No significant differences were found between small and large providers' levels or sources of health insurance coverage. Twenty-two percent of all providers report that they currently have no health insurance from any source. Of providers that do have health coverage, about half (49 percent) receive partial or full health benefits through a spouse's employer. About one third receive fully-paid health care for themselves and their dependents. About half (51 percent) must purchase their own insurance.

### *Social Security and Retirement Plans*

The federal Social Security system provides the only publicly-funded safety net for retirees. Forty-eight percent of providers contribute to Social Security, and a small percentage operating small homes (16 percent) and large homes (31 percent) contribute to a retirement plan other than Social Security. As low-income workers who probably have few financial assets, providers will be particularly in need of retirement income.

### *Business Policies*

Family child care providers often work in isolation from other adults. By caring for and educating young children in their own homes, they are performing a job which many see as a woman’s natural calling rather than as a skilled profession or formal business. As a result, providers often face an uphill battle in establishing standard workplace provisions such as vacation leave, sick pay, and standard hours of service.

Most family child care providers in Sacramento County (91 percent), as independent business operators, have a signed contract with parents that explains their fees and policies. Many also have policies in place to ensure continuity of their income. Eighty-two percent of providers receive full payment when children are absent for illness, holidays or vacation. Providers also close their businesses for holidays, vacation, sick days, or training.

Almost half (49 percent) of all providers have an ongoing arrangement with another person to serve as a substitute in case of illness or emergency.

**FIGURE 19.** Providers’ Policies

	<b>All Providers</b>
Receive payment when children are absent because of illness*	85%
Secure a signed contract with parents that explains fees	91%
Close for holidays, vacations, sick days, training or other days off (with or without payment)**	96%
Receive payment when children are on vacation	72%
Charge extra when children are picked up late or dropped off early	58%

\***When children are absent because of sickness:** 15 percent report that they charge no payment; 3 percent charge partial payment and 82 percent charge full payment.

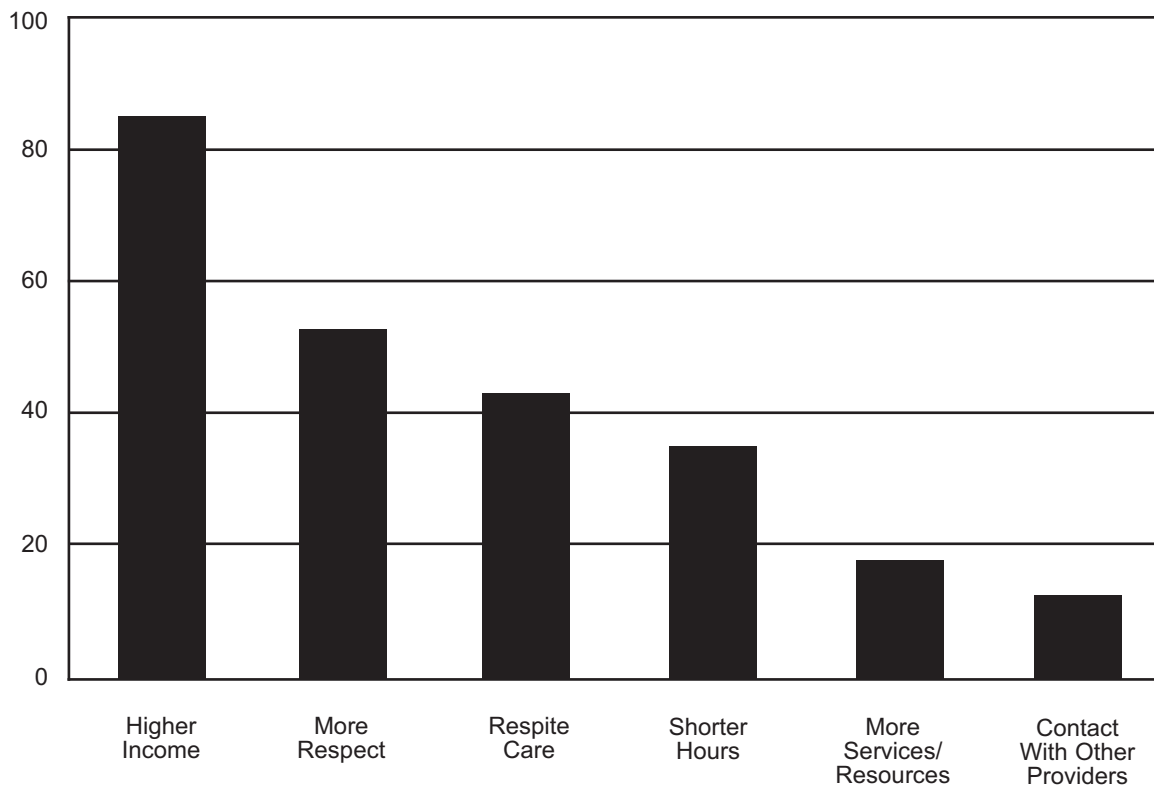
\*\***When closed because of holidays and providers’ other days off:** 16 percent charge no payment; 39 percent charge partial payment; and 45 percent charge full payment.

### *Commitment to Family Child Care*

On average, providers in Sacramento County report having been in operation for eight years, but their long-term commitment to the profession is uncertain. Over two-thirds (66 percent) say that they do not know how long they will continue to provide family child care. Of those who indicate that they know how much longer they will provide care, the average response is six years.

Most providers say that economic improvements would encourage them to remain in the field of early childhood education. More than three-quarters of the overall sample (85 percent) say that a higher income would motivate them to continue. More respect (53 percent) and respite care (43 percent) are also rated by providers as factors that would encourage more commitment to their occupation.

**FIGURE 20.** What Sacramento providers say would encourage them to remain in the field



## **Summary**

Family child care providers in Sacramento do not earn a family-sustaining wage that provides sufficient income, health insurance coverage or retirement benefits. Providers of small homes earn significantly lower wages than are found nationally in this already very low-paying field. Public and private investments in family child care are greatly needed to ensure a family-sustaining wage and a stable supply of providers. Investments might take the form of increased reimbursement rates for subsidized children, more financial assistance and training to providers working with full-fee families, and economic rewards for providers who complete training.

## Conclusion

These studies of child care center staff and family child care providers reveal many similarities between the two groups of workers. Regardless of setting, child care workers earn low incomes and have limited health benefits. Although center-based staff have attained more education than family child care providers, on average, neither group is adequately compensated for the investment they have made in their education or in specialized child development training. Many childcare workplaces lack supportive working conditions and policies. The main consequence of low pay and poor working conditions is a high turnover rate for center-based teaching staff and a doubtful level of long-term commitment to the job among family child care providers.

Efforts to financially reward teachers and providers for attaining more education would be an important step toward stabilizing the child care workforce in Sacramento County. Yet teachers and providers who have already completed high levels of education should also be rewarded for this educational investment and for their ongoing professional development. Plans to place welfare recipients in child care jobs must take into account the limited incomes typically earned by family child care providers and entry-level assistants and teachers. Only by receiving more intensive training and support are welfare recipients likely to access the relatively few child care jobs which pay a family-sustaining wage.

Improving child care jobs would mean improving the stability and quality of child care services that are so essential to parents' ability to work, children's readiness for school, and the well-being of the communities of Sacramento County. The answer, however, is not simply to raise child care fees for families; rather, publicly-funded investments should be explicitly targeted to building a skilled and stable child care workforce, one that will be able to provide the quality of services that young children and their families need and deserve.

# Notes

1. A written survey published by the Center for the Child Care Workforce, formerly the Child Care Employee Project.
2. The sample includes center programs that administer multiple sites. Data were sampled and collected by site, but analyzed by program.
3. All findings reported are significant at the .05 level or greater.
4. Annual salary is calculated on the basis of a 35-hour week and 50-week year, the average work schedule found for child care center staff in the National Child Care Staffing Study Whitebook, Howes & Phillips. *Who Cares? Child Care Teachers and the Quality of Care in America*. Washington, D.C.: Center for the Child Care Workforce, 1990.
5. Sacramento County School District.
6. Information is not available on the number of hours per work week for support staff, and we are thus unable to accurately estimate their annual salary.
7. The Self-sufficiency Standard wage, a minimal wage required for an individual or family to live without any form of public assistance, is \$6.13 in Sacramento County. A family of three, comprised of one adult, one preschool age child and one school age child require a self-sufficiency wage of \$13.37 per hour. D. Pearce and J. Brooks. *The Self Sufficiency Standard for California*. Washington, D.C.: Wider Opportunities for Women, 1997.
8. *Worthy Work, Unlivable Wages: The National Child Care Staffing Study, 1988-1997*, M. Whitebook, C. Howes, D. Phillips, Washington, D.C.: Center for the Child Care Workforce, 1998.
9. Directors were asked only about the benefits they offer to full-time employees.
10. "Tracking Small-Firm Coverage, 1989-1996," P. Ginsburg, J. Gabel and K. Hunt. *Health Affairs*, January/February 1998, Vol. 17, No 1.
11. Cost, Quality and Child Outcomes in Child Care Centers Study, 1395; *Who Cares? Child Care Teachers and the Quality of Care in America*, 1990
12. *Who Cares! Child Care Teachers and the Quality of Care in America*, 1990.
13. Directors were asked only about the working conditions of full-time employees.
14. *Who Cares! Child Care Teachers and the Quality of Care in America*, 1990.
15. Model Work Standards for Teaching Staff in Center-Based Child Care, Washington, DC: Center for the Child Care WorkForce, 1998.
16. These turnover rates are lower than those reported in 1991 which were 55 percent for teachers and 56 percent for assistants. The disparity in turnover may reflect the different study samples, or may, in fact, signal a slight downturn in staff turnover.
17. *Worthy Work, Unlivable Wages: The National Child Care Staffing Study, 1988-1997*. 1998.
18. *Characteristics of Stayers, Movers and Leavers: Results from the Teacher Follow-up Survey: 1994-95*, U.S. Department of Education, National Center for Education Statistics, May 1997.
19. This survey instrument was developed and published by the Center for the Child Care Workforce.
20. All findings reported are statistically significant at the .05 level.
21. Another 30 percent of providers report moderate annual household incomes between \$20,000 and \$39,999. Thirteen percent fall between \$40,000 and \$49,000, and 17 percent report an income of \$50,000 or more.

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22. Galinsky et al. found that 22 percent of providers had less than a high school degree, 22 percent were high school graduates, and 38 percent had an AA degree or some college units. Seventeen percent had a BA degree or higher.
23. The calculation of the hourly wage is providers in the study), and assumes that the average provider works 50 paid weeks per year.
24. Little is known about the longevity of family child care businesses nationally. And, in fact, in this study we know only how long providers estimate that they will continue to operate a family child care business, which cannot be interpreted as a reliable indicator of provider retention. More research on this topic would be valuable.