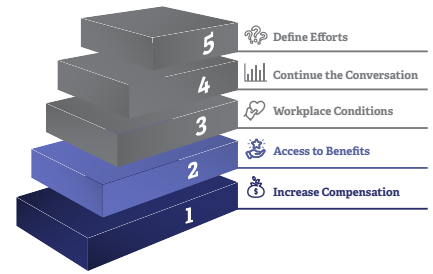


# 2023 IOWA CHILD CARE WORKFORCE STUDY

## Brief 2: Overview of Compensation



### Recommendations

The child care system is only as strong as its workforce, but low wages have created an unstable system for Iowa. Recommendations #1 and #2 from the 2023 Child Care Workforce Study identified increases in compensation and access to benefits as the top priorities needed to address the current gaps in child care for Iowa's children. Across all data collection efforts, compensation was the primary concern for sustaining our child care workforce; low wages and lack of benefits are inhibiting workforce supply and stability, which is directly reducing program capacity to enroll children.

### Wages are not enough

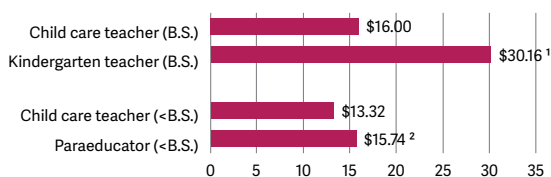
Higher wages are one of the main needs that providers require to stay in the workforce long term.

MEDIAN HOURLY WAGE OF CHILD CARE PROVIDERS BY EDUCATION LEVEL AND PROVIDER TYPE

	Median hourly wage	Associate's degree or more	Some college but no degree	High school or less
Whole Sample (N=2,270)	\$14.00	\$15.50	\$13.50	\$12.38
Home-based owners (N=289)	\$9.09	\$10.00	\$9.54	\$7.27
Center Based (N=1,981)	\$14.25			
Director	\$19.00	\$20.00	\$17.78	\$17.00
Assistant director	\$16.82	\$18.25	\$15.00	\$15.00
Teacher	\$14.70	\$16.00	\$14.00	\$13.00
Assistant teacher	\$12.50	\$13.00	\$12.50	\$12.00

Teachers and assistant teachers in child care programs have significantly lower wages than teachers with their same level of education providing care in the K-12 system.

MEDIAN HOURLY WAGE BY EDUCATION LEVEL COMPARED TO OTHER EDUCATORS



<sup>1</sup> Median hourly rate in 2020 of kindergarten teachers. Retrieved from: Center for the Study of Child Care Employment. (2020). Early Childhood Workforce Index 2020, Iowa. University of California, Berkeley. <https://cscce.berkeley.edu/workforce-index-2020/states/iowa/>

<sup>2</sup> Mid-range hourly wage in 2021-2022 for elementary paraeducators in a large suburban school district. Retrieved from: Iowa City Community School District. (2022). Paraeducator Benefits 2021-2022.

### Facts at a Glance

**22%** of providers report they are having financial difficulties.

**17.5%** of providers report having a second job to make ends meet.

**52%** of providers that left the field say they would have stayed if compensation and benefits were higher.

**53%** have an annual income under \$50,000 per year, which is less than 200% of the federal poverty level for a family of 3 (the average household size for a child care provider in Iowa).

**Over 80%** of unmarried providers make less than 200% of the FPL, with 55% making less than \$30,000/year.

# Benefits and Use of Public Supports

Benefits such as insurance and retirement funds are a key part of an employee's compensation package, and yet they are woefully lacking for the child care workforce.

PERCENT OF PROVIDERS REPORTING ACCESS TO BENEFITS THROUGH THEIR JOB

	Center	Home
Health insurance	44.1%	13.2%
Dental insurance	33.6%	7.1%
Retirement	39.6%	16.5%

Because of the combination of low wages and lack of benefits, many providers rely heavily on other public services to meet their needs. 36.8% of providers are currently accessing one or more public benefits (e.g., Medicaid, child care assistance, supplemental nutrition assistance) to support their household, with unmarried providers and home-based providers being the most likely to report using public services.



1 in 2 providers report they have used at least 1 public benefit to support their family



1 in 3 providers are currently receiving Medicaid

“ I am almost there [retirement] obviously, being in it for 34 years. Here's the flip side to staying in the field...I have not a very large retirement go to, I don't have insurance. I will be doing it probably for another 20 years. It's kind of scary because you will be in 80's. I love the job enough; I am going to do it. ”

## Solutions

Addressing low wages is key to addressing Iowa's child care crisis. To create a truly stable child care workforce, both competitive pay and benefits are needed. Raising wages will reduce reliance on public assistance programs for child care workers and increase retention in the field. These, in turn, create better access to quality learning environments for children.

Findings from this statewide workforce study suggest a multi-pronged approach is needed to solve this problem. Here are six actionable, sustainable ways to address child care compensation issues in Iowa:

1. Strive towards pay that is similar to the K-12 system for teachers with equal qualifications.
2. Professionalize the early care and education workforce.
3. Use cost of care information rather than market rate to inform Child Care Assistance (CCA) reimbursement rates.
4. Re-envision revenue streams for child care services, including supplementing family tuition with per child funding similar to the K-12 system.
5. Move away from parent pay only models towards cost per child models similar to the K-12 system.
6. Consider statewide approach to implement benefits packages including insurance and retirement.

