West Central Minnesota Child Care Center Wage and Rate Survey Results

April 2021

West Central Initiative

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West Central Initiative

Executive summary

For more than 20 years, West Central Initiative (WCI) has hosted the West Central Minnesota Child Care Center Directors (WCMCCCD) group, made up of Rule 3[1] child care center directors who operate care facilities within WCI's region. Each month, group members gather to learn from each other, hear from guest speakers, meet with child care partners, learn about state policy changes, and offer support. We are unaware of any other group like this in Minnesota.

In 2016, WCI staff conducted a West Central Minnesota Child Care Center Wage and Rates Report on behalf of the WCMCCCD to better understand the local labor market. The data helped center directors and their boards adjust rates and wages and create a market baseline. In 2020, with the COVID-19 pandemic and continued staffing and financial struggles, the WCMCCCD group asked WCI to update the survey.

Results of the 2021 West Central Minnesota Child Care Center Wage and Rates Survey show an industry nearing its breaking point.

Data indicates a great financial burden on parents with young children. By analyzing regional average rates charged by child care centers against the median household income, we see parents paying a large portion of their income for the care of their young children.

Yet, child care center income relies almost exclusively on tuition payments—either directly from the parents, from Child Care Assistance, from Early Learning Scholarships, or from a combination of the three. In a typical center budget, after paying fixed expenses—such as lease or mortgage payments, food, utilities, administration, and fees—the remaining budget is left for personnel, usually 65 to 75 percent of the overall budget. This figure includes staff benefits.

The tight budget of the child care center business model means that centers rarely are able to offer staff wages that meet the "livable wage standard" for this area and that very few can offer benefits beyond paid time off and holiday pay. Low wages directly impact high turnover rates for the centers. Center directors consider retail stores and fast-food establishments as competition for staff, even though the center licensing regulations request lead teachers to hold a bachelor's degree—the same degree as kindergarten teachers.

The survey data provides evidence for why this region is experiencing a crisis-level child care shortage.

Communities often look at Rule 3 centers as a means to increase the local capacity of child care. Although expensive to build or remodel, a center could create space for 100 or more children. Parents are attracted to centers for the additional staff and extended hours of operation. Yet, the supply of qualified child care teachers is the true barrier.

To build capacity of child care centers, we need public investment in the child care workforce.

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1. A Rule 3 child care center is a state-licensed non-residential facility that provides care for 14 children or more. The license places parameters on the children-to-adult care ratio, based on the child's age and the education levels of the staff and their responsibility.

Introduction

The phrase "child care" means the act of professionally caring for and educating young children whose parents or caregivers work, go to school, or engage in some other economic activity that requires their attention away from the care of their children. The field has evolved over the past decades. Over this continuum, the early care and education sector has gained copious amounts of knowledge on brain development, the impacts of early childhood trauma, and the benefits of attachment for building resilience. As a society, we have tried to package this relationship into a fragile balance between high-quality care and education and affordable options for parents. This balance, as it sits, does not work.

Little prepares new parents for the financial shock of the true cost of child care and the shortage of options. Parents want their children in high-quality programs, but when the cost of care creates a barrier to obtaining adequate housing, food, health insurance, and other basic necessities, they are forced to make difficult decisions.

Child care centers understand the importance of high-quality care and education, caregiver-child attachment, and a nurturing environment where very young children can grow, develop, and thrive. They also understand the critical role they play in "building brains." However, ask any early childhood professional, and they will tell you they do it "for the love of children." We have learned that this love of children is not enough to keep our brightest and best-prepared teachers in the field. As presented in this report, centers compete with retail stores and fast-food restaurants because of more earning power, benefits, and advancements available from these competitors.

Child care is stuck. The average parent cannot afford to pay more, but our child care centers require higher fees to provide better wages for their staff and to provide a stable environment for our children. This imbalance has manifested in a critical child care shortage.

Imagine a typical child care center where parents pay an average of $10,000 each.

Total budget: $400,000

Source: Center for the Study of Child Care Employment, University of California, Berkeley

In 2016, center directors and their boards of directors in the WCI region used the West Central Minnesota Child Care Center Wage and Rates Report as a tool to adjust fee structures in an attempt to increase wages and retain staff. Five years later, with child care centers facing poor economic conditions that have been exacerbated by the COVID-19 pandemic, the directors asked WCI to repeat the survey. In this report, based on the results of that survey, we highlight the high cost of care for parents and the need for higher wages for child care staff.

Rates versus wages

We present the average rates in west central Minnesota as one full-time child care slot. Many working families require care for multiple children. In 2019, the Minnesota Department of Employment and Economic Development estimated that 78 percent of west central Minnesota children under the age of five had all available parents in the workforce. Prior to the COVID-19 pandemic, jobs were plentiful but the availability of high-quality child care was never able to meet the demand.

The following table, from Minnesota Compass, represents household income in WCI's region. The cost of child care is a major portion of families' income.

Income and Poverty

SHOW MARGIN OF ERROR

Household income (2019 dollars) 2015–2019		
Total households	**94,974**	**100.0%**
Less than $35,000	26,090	27.5%
$35,000–$49,999	12,541	13.2%
$50,000–$74,999	18,413	19.4%
$75,000–$99,999	14,145	14.9%
$100,000 or more	23,785	25.0%
Median household income (2019 dollars)	$60,559	100.0%

Child care centers rely almost exclusively on tuition for income in the form of direct parent payment, Child Care Assistance, Early Learning Scholarships, or a combination of the three. After paying fixed costs—such as facility expenses, food for the children, learning materials, and other fees and requirements—the remaining budget is left for personnel.

When we compare income to expenses, the outcome does not indicate a sustainable business model. Child care needs a significant public investment to address this inability to raise additional income. Without this investment, we have the potential to lose much-needed child care centers.

Background

In 2016, WCI staff worked with the WCMCCCD group to issue and collect Rule 3 child care center data on center staff wages, benefits, and parent fee rates. The geographic area of this survey includes centers located in the counties of Becker, Clay, Douglas, Otter Tail, Pope, Stevens, and Wilkin and White Earth Nation. Grant and Traverse Counties also are located in WCI's service area but do not have a Rule 3 center. The report on the survey created a tool for center directors and their board of directors to understand the local data on center wages and parent fees, allowing the centers to create a baseline to set or adjust their own rates and wages.

Late in 2020, the center directors asked WCI to repeat the survey. The COVID-19 pandemic had highlighted the importance of child care—and its fragility. The child care industry served a critical role by providing care to keep parents employed in essential work positions.

As non-essential workers kept their children at home, the centers' enrollment numbers and tuition revenue plummeted. The centers struggled to keep their doors open. The situation amplified how child care does not fit into a typical business model and requires ongoing financial support, much like the E-12 education system.

We hope this updated report serves as a call to action by sharing the story about a vital service that needs ongoing financial support—but not through added parental fees.

Methodology

The survey was distributed to 18 Rule 3 child care centers within WCI's nine-county service area and White Earth Nation. We identified these centers as providing year-round, full-time care. We received completed responses from 13 directors, representing 17 sites. Eight of the responding surveys were from outside the Moorhead metropolitan area. Five were located in Moorhead or Dilworth. We analyzed individual survey results using methods designed to protect individual center confidentiality.

Child care rates

Because some centers charge for different time periods, for comparison purposes, we converted all rates to a five-day week for a full-time child care slot. We also included the annual cost to better understand the expense for a parent.

Infant care

(age 6 weeks but less than 16 months old)

Nine of the thirteen centers provide infant care. The four centers that do not provide infant care are in the Moorhead metropolitan area.

- Average cost of infant care: $204/week ($184–$230)
- Average cost per year for one full-time infant slot: $10,453 ($8,856–$11,960)

Toddler care

(age 16 months but less than 33 months old)

Twelve of the thirteen centers provide toddler care.

- Regionwide average cost of toddler care: $207/week ($187–$243)
- Average cost per year for one full-time toddler slot: $10,201 ($8,124–$11,700)

Preschool-age care

(age 33 months to 5 years)

All thirteen center surveys report providing preschool-age care.

- Regionwide average cost of preschool care: $188/week ($155–$231)
- Average cost per year for one full-time preschool slot: $9,451 ($7632–$11,100)

School-age care

(for children attending kindergarten and older)

Eight of the thirteen centers provide school-age care. The five that do not provide school-age care are located throughout the region.

- Regionwide average cost of school-age care: $160/week ($95–$208)
- Because care for school-age children is based on days off from school and on care provided before and after school, the fee is inconsistent and not computed for an annual cost.

Part-time care

- Three centers provide part-time infant care, with an average cost of $52.06 per day.
- Five centers provide part-time toddler care, with an average cost of $51.62 per day.
- Five centers provide part-time preschool-age care, with an average cost of $42.44 per day.
- Two centers provide part-time school-age care, with an average cost of $27.25 per day.

Other fees reported

- Nine centers require registration fees, with the average cost of $56.25 per child ($15–$150). One center noted that they charge $5 per month for registration.
- Six centers require a deposit. The average rate is $100 per child. Two centers require a deposit of one week's fee per child: infants, $360; toddlers, $330; preschoolers, $310.
- Three centers charge a transportation fee. One rate is $2 per ride, another is $5 per day, and the third is listed as $50, with no time period specified for this rate.
- Four centers charge a fee to hold a spot for a child. This involves paying either the weekly rate, $100 per spot, $200 per spot, or two weeks of pay and a registration fee.

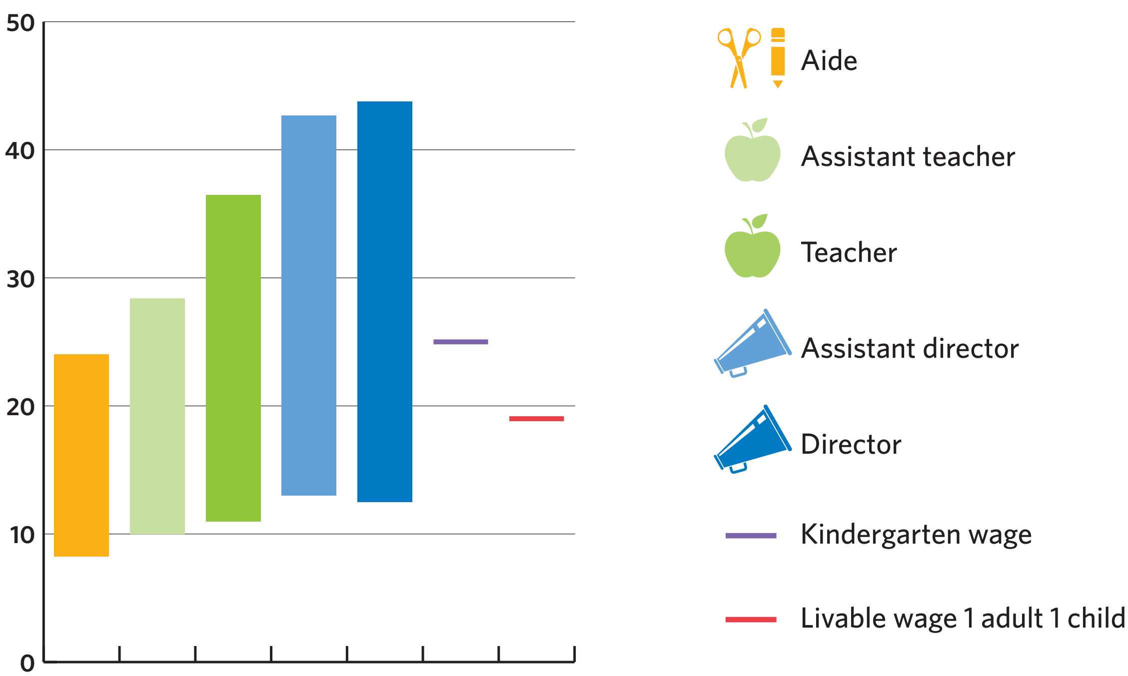
Child care staff wages

All responses related to wages are compiled into regionwide data. Because wages were reported in different time periods, for comparison purposes, all were converted to both an hourly rate and an annual wage, based on a full-time, year-round position.

Child care staff wages

Position	Wages, average low	Wages, average high	Hourly range	Annual range (full-time positions)	Centers responding
Aide	$10.27	$11.91	$8.25—$15.77	$17,160—$32,801	13
Assistant teacher	$12.39	$13.82	$10.00—$18.39	$20,800—$38,251	11
Teacher	$14.44	$17.38	$11.00—$25.48	$22,880—$52,998	13
Assistant director	$13.00	$20.70	$13.00—$29.67	$38,188—$43,056	6
Director	$19.35	$23.27	$12.50—$31.25	$26,000—$65,000	12

Hourly wage by position



Of the 13 centers responding, most employ a blend of full-time and part-time aides and assistant teachers. Programs that are affiliated with a college noted that they employ students as aides and that turnover is normal as students move through their college experience. Four centers noted that they employ other staff, including cooks, janitorial staff, bus drivers, substitute teachers, site coordinators, and support staff.

Difficulty of hiring and retaining qualified educators

Formalized child care centers began in the United States during World War II when fathers were serving in the military and mothers stepped into the workforce, leaving families of young children in need of a care facility. The military understood the importance of high-quality, reliable care and provided military families with low- to no-cost care and employed qualified, well-prepared teachers to care for and educate the young children. In the 1960s, this model led to the development of the Head Start program, designed as wraparound early care and education for children experiencing poverty.

Two longitudinal studies on the positive impacts of high-quality child care are the Perry Preschool Study and the Abecedarian Project. Both studies focus on children from single-parent households, low-income families, and other economically disadvantaged situations who attend high-quality child care. The studies follow the children into adulthood, making a direct correlation between the care received as very young children and the positive outcomes later in life—such as the lack of needed interventions in school, higher graduation rates, advanced college degrees, and overall life satisfaction.

From these early models, we understand the importance of high-quality early care and education and its direct impact on children's well-being and working parents' stress levels. As an American society, we want and expect this level of care, yet the financial burden to pay for care falls primarily on parents. This limited income is where our model breaks down. The components of a high-quality child care program are directly correlated to teachers' education, their experience, and the stable environment the center provides. Yet when centers cannot afford to pay their staff livable wages, they leave, and the components of quality break down.

"Research links high-quality early care and education to positive child outcomes, including school readiness, reduced spending on remedial education, positive social behaviors and increased earnings over a lifetime," reports Jennifer Palmer of the National Conference of State Legislators. "This is especially true for children from low-income neighborhoods and for dual-language learners. For many families, however, high-quality early care and education is financially out of reach and difficult to access due to a lack of providers—particularly in rural areas and for parents with non-standard work hours—and limited enrollment opportunities."[2]

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2. Palmer, J. "Building a Qualified and Supported Early Care and Education Workforce," National Conference of State Legislators, December 19, 2018.

According to the U.S. Department of Human Services and the U.S. Department of Education, "Despite research recognizing the importance of high-quality early education to healthy child development, and research that indicates that high-quality providers and educators are the single most important factors in these early experiences, too many individuals within the early learning workforce earn low wages—sometimes at or near the federal poverty line—even when they obtain credentials and higher levels of education."[3]

Survey results are testimony that the center directors are cobbling together a care schedule rather than assigning the best qualified staff.

Several survey responses noted that the COVID-19 Emergency Peacetime Allowance waivers give them more flexibility to qualify staff as "teachers" so they can fill in during this difficult time as substitutes and early morning or late afternoon teachers, when attendance is lower. As one director describes, "We are currently staffed at just the amount needed. There is very little room for anyone to get sick or to want a day off. We hire continuously as there is never 'enough' staff."

Eight centers have assistant teachers (11 assistant teachers total) and lead teachers (12 lead teachers total) on a licensing variance.

Centers seek a variance from the Minnesota Department of Human Services Licensing Division when an employee may be able to fill an assistant or lead teacher position but does not have the education or experience to qualify for that position and no other qualified applicant is available. The center appeals to their state licensor to accept the employee's past college coursework, experience, or education programs in progress, such as the Child Development Associate (CDA) credential, while also working under supervision. Based on the strength of the employee's appeal, the state either approves or denies the variance.

Pay and benefits disparity is a major contributor to the hiring and churn difficulties.

As reported by Lakes Country Service Cooperative, the education cooperative serving the same nine-county region as WCI, the average salary, not including benefits, for a kindergarten teacher in our region is $51,996. We use this salary as a comparison because the bachelor's degree required to teach kindergarten is also the degree asked of a lead teacher in a Rule 3 child care center.

Taking the salary range from the surveys, lead teachers in WCI's region, based on a 40-hour week, would have the annual earning range of $22,880 to $52,990, with an average annual salary of $36,150. That is almost $16,000 less per year for doing essentially the same important work of building brain architecture and forming the

3. "High-Quality Early Learning Settings Depend on a High-Quality Workforce: Low Compensation Undermines Quality," U.S. Department of Human Services and U.S. Department of Education," taken from Palmer, J., "Building a Qualified and Supported Early Care and Education Workforce," National Conference of State Legislators, December 19, 2018.

foundation for lifelong learning, behavior, and health. The wage disparity is even greater when factoring in that early educators generally work 12 months out of the year and very few receive health or retirement benefits. Kindergarten teachers get time off over the summer months and receive the school district's benefits package.

Minnesota demographics data shows an overall aging workforce in west central Minnesota. Many E-12 educators are retiring, allowing the limited number of potential early childhood lead teachers with bachelor's degree to find and fill positions within school districts and the Head Start programs, which offer higher pay, better benefits, and more job security.

Daphna Bassok, a researcher at the University of Virginia and lead author of a study on Louisiana's early childhood data system, indicates that ***nearly half** of child care lead teachers are leaving their classrooms every single year.* (This data was collected before the pandemic.) The crisis is worst for infant and toddler teachers.

Bassok explains, "For comparison, public school teachers have an average turnover rate of only 16 percent, and fully half of those are simply moving to a different school. Whereas, the early childhood lead teachers are simply leaving the field altogether." Though the study focuses on Louisiana's data, Bassok believes the findings are "applicable" to other states, even if the precise turnover percentages may vary.

Based on a 2019 Minnesota statewide assessment, several issues compound the lack of supply of early childhood educators, according to Christa Anders from Transforming Minnesota's Early Childhood Workforce:

- In 2019, 332 new Minnesota graduates attained a bachelor's degree in early childhood education, and 209 received an associate's degree.
- To understand the demand for these new graduates, if Minnesota adopted a Universal Early Childhood Education policy—which has been proposed in recent legislative sessions—we would need, based on the number of children with all available parents in the workforce and on current care ratios, 19,308 lead teachers.

Yet:

- Two Minnesota-based institutes of higher education are closing their early childhood degree programs due to low numbers of applicants. The reason behind this low number is the prospect of low wages for their graduates.
- Anecdotally, high school students interested in the early childhood education field are being counseled out of their choice by well-meaning advisors who make the case that they will not be able to pay back student loans following graduation or to support their own families.

WCI and its partners, including the center directors, have worked to create programs to increase the availability of qualified early childhood staff. Many of these programs focus on obtaining the CDA certification—the minimum qualifications of a lead teacher without a variance. Teachers who earn the CDA credential have a solid foundation in early childhood development and teaching. Yet, the CDA coursework can take anywhere from six to nine months to complete, and centers unfortunately do not have the luxury of time or financial investment to offer the program to their staff. For CDA participants, enrolling in the program requires a personal commitment of working at the center during the day and attending classes in the evenings.

The table below shows the large number of position vacancies. These figures, along with the number of assistant and lead teachers who are currently working under a variance, reveal that the availability of qualified staff is tight. According to the centers, the single biggest challenge to hiring is finding and retaining lead teacher staff who have the required educational background.

Shared by a center director:

"I am so concerned about the state of our field. We cannot find staff who will work for these wages or stay for these wages. Only the most dedicated teachers, oftentimes dependent upon other support, spouses, second jobs, or assistance programs, are able to stay. Our businesses are funded entirely on parent tuition, and THEY can barely afford us. To raise the minimum wage threatens our budgets because then we would and should follow suit with commensurate increases, but WE can't afford that. Everything about our business is funded by parent tuition. To pass that cost along to parents would break them and send them to much lesser quality and surely less educational care."

Open positions

In the 12-month period from November 2019 to October 2020, as compiled from all 13 reporting centers, the number of staff reported as having left a position and the number of positions being hired are as follows:

Child care staff wages

Position	Left the position	Hired into position	Current open positions
Aide	75	81	1
Assistant teacher	38	41	12
Teacher	46	42	12
Assistant director	1	1	0
Director	0	0	0
Other positions *(cook/floats/drivers/janitorial/ substitutes)*	13	24	2

The numbers indicate that if all these positions turned over at a steady rate (not considering promotions), the WCI region would be replacing more than three staff per week. However, vacancies tend to cluster during the period from late spring to early fall, based on the school year, creating even more dire staffing scenarios at centers.

The Minnesota Department of Employment and Economic Development states that the early care and education industry has higher turnover than many other industries, a situation reflected in the table for the WCI region. Turnover is costly for businesses and problematic for children, for whom consistency of care and bonding is an important part of their development.

Shared by a center director:

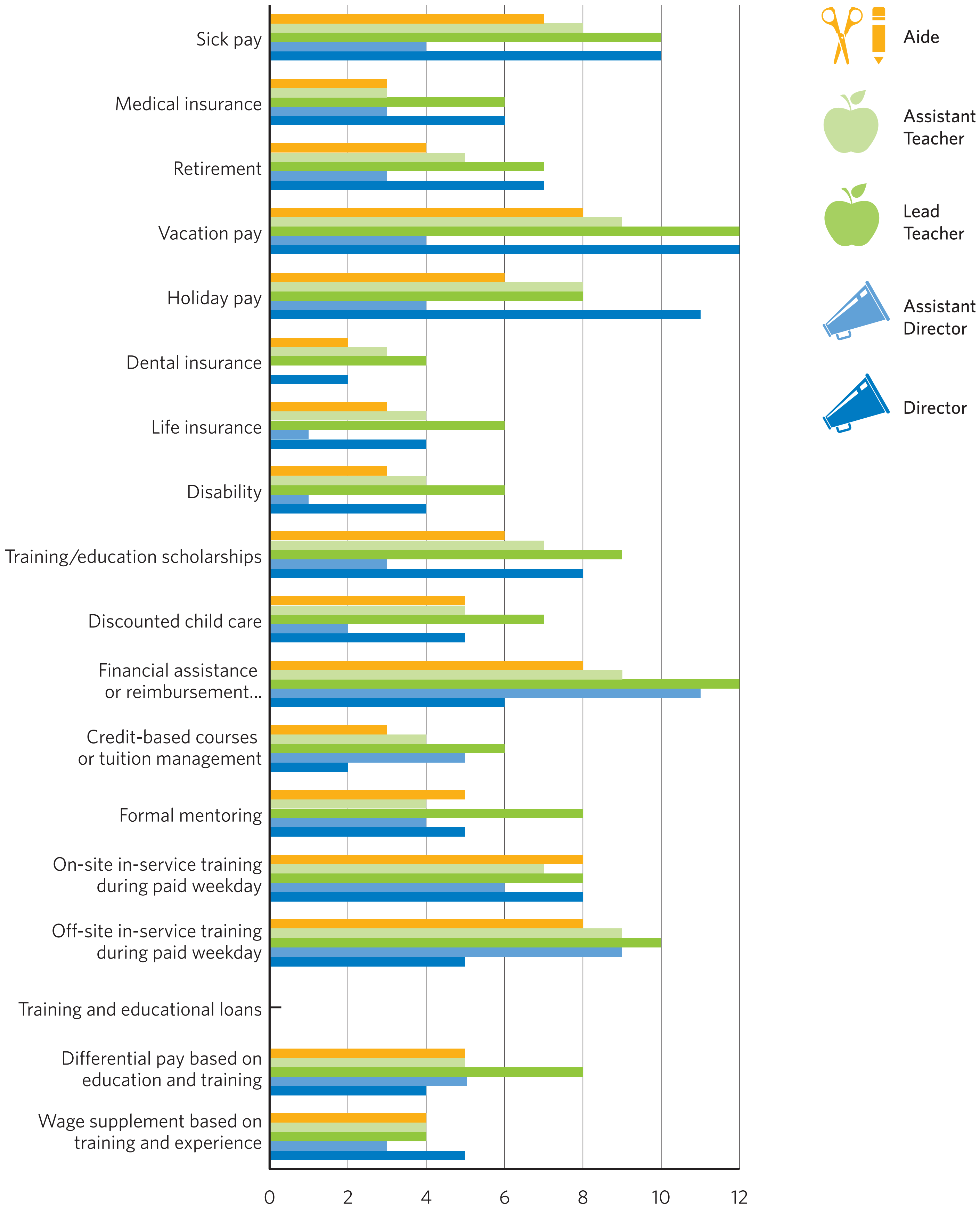
"The starting pay for Target is $13/hour, no education. The starting pay for McDonald's is $13/hour, no experience. Starting pay at Walmart is anywhere from $13-15/hour. Meanwhile we start at minimum wage that was raised to $10.08 for a large employer in Minnesota as of Jan. 1. We also have certain education requirements like bachelor's degrees and associate degrees but we cannot afford to pay them that much so our pool of applicants is way lower than most because: (A) They can work at Walmart for more, and (B) They can work at the school and get higher pay and benefits. Until they subsidize childcare so that we can afford to pay our workers a living wage, nothing will change."

Child care staff employment benefits

The following table, based on the 13 centers reporting, shows the number of centers that provide certain benefits for specific staff positions.

	Aide	Assistant teacher	Teacher	Assistant director	Director
Sick pay	7	8	10	4	10
Medical insurance	3	3	6	3	6
Retirement	4	5	7	3	7
Vacation pay	8	9	12	4	12
Holiday pay	6	8	8	4	11
Dental insurance	2	3	4	0	2
Life insurance	3	4	6	1	4
Disability	3	4	6	1	4
Training/ed. scholarships	6	7	9	3	8
Discounted child care	5	5	7	2	5
Financial assistance or reimbursement for off-site workshops, conferences, and other training.	8	9	12	11	6
Credit-based courses or tuition management	3	4	6	5	2
Formal mentoring	5	4	8	4	5
On-site in-service training during paid weekday	8	7	8	6	8
Off-site in-service training during paid weekday	8	9	10	9	5
Training and educational loans	0	0	0	0	0
Differential pay based on education and training	5	5	8	5	4
Wage supplement based on training and experience	4	4	4	3	5

Number of staff receiving benefits



A report by the Center for the Study of Child Care Employment at the University of California, Berkeley[4], provides evidence on child care staff using public benefits as a result of low pay, "Based on the American Community Survey, the Current Population Survey, and program administrative data, between 2014 and 2016 more than one-half (53 percent) of child care workers, compared to 21 percent of the U.S. workforce as a whole, were part of families enrolled in at least one of four public support and health care programs: the Federal Earned Income Tax Credit (EITC); Medicaid and the Children's Health Insurance Program (CHIP); Supplemental Nutrition Assistance Program (SNAP), also known as "food stamps"; and Temporary Assistance for Needy Families (TANF).

Nearly two-thirds (60 percent) of child care workers whose families participated in public support and health care programs worked full time, and roughly one in eight (12 percent) held a bachelor's degree. Nearly one-quarter (24 percent) of these families were single parents with children, and nearly one-third (29 percent) were married couples with children. Participation rates were higher among the families of black, Hispanic, and multiracial child care workers, compared to those who are white or Asian."

As best described from one of the responding center directors:

"Never before has the issue of Quality, Compensation, and Affordability come to the forefront as this time during the pandemic. Early Childhood Educators, and they ARE educators, have been open and available to families and, in turn, essential employees and businesses but have had little to show for it. They are working at $14.50–18.00 hourly, without the benefit of health care themselves, and in very trying times for children, staff, and families alike. They ARE the primary caregiver for young children birth to five for 10 hours a day. Many opt out of the field. I have lost three teachers this year to other professions. We MUST do better than this. My son started as an intern in the field of architecture making more than I did as a 20-year veteran and administrator of a program."

4. Whitebook, M., McLean, C., Austin, L.J.E., & Edwards, B. "Early Childhood Workforce Index – 2018." Berkeley: Center for the Study of Child Care Employment, University of California, Berkeley, 2018. Retrieved from https://cscce.berkeley.edu/topic/early-childhood-workforce-index/2018/.

Conclusion

As one center director summed up the future of child care in the region, “As an educator and administrator in the field of early care and education I am worried, but also hopeful. Our profession is gaining credibility at the state and national level, and I am grateful. But, will the money to keep us solvent be available? It will require deep commitment from budgets outside our own. We cannot keep going the way we are without exodus in our programs and then where will business, government, and public education be? Let’s partner together to come up with a system that supports and sustains early education.”

In 1971, the Comprehensive Child Development Bill passed through both houses of the U.S. Congress with little opposition but was vetoed by President Nixon. This bill would have provided high-quality care for any child, regardless of their parents’ income, and set up a system to provide for the education of early care providers and early childhood educators. President Nixon, in explaining his veto, argued that equal access to child care could have potential “family-weakening implications.” Fifty years later, we continue to grapple with the high cost of care for parents and the stress it creates related to finding and affording child care within a system that is greatly weakened because of the limited income available to pay staff the wages they deserve. The actions of fifty years ago have added insurmountable stress to our young families.

For too long, we have approached child care as a business, with its product being a child care “slot.” We need to shift our paradigm to look at child care as an infrastructure service, such as health care or the E-12 education system. “Child care is part of the basic economic infrastructure we need, just like transportation and housing,” Minnesota Senator Tina Smith said at a recent news conference and reported by Minneapolis Star Tribune. “It is a system that is just not functioning the way it needs to.”

Child care and specifically the child care centers are at a breaking point. It is time for our society to invest in the care and education of our youngest citizens, creating a stable, nurturing environment for children and consistent care that enables their parents to work.

West Central Initiative

West Central Initiative
PO Box 318
Fergus Falls, MN 56538-0318
Location: 1000 Western Avenue

218-739-2239
800-735-2239

wci@wcif.org