



EXPLORING THE EVIDENCE BEHIND INCREASED COMPENSATION & TURNOVER IN THE CHILD CARE SECTOR

APPLICATIONS TO THE KING COUNTY WAGE BOOST PILOT

YALE INCLUSIVE ECONOMIC DEVELOPMENT LAB

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AGENDA

I. Project overview

II. Analysis of research base

III. King County context

IV. Takeaways





I. PROJECT OVERVIEW



CONTEXT: KING COUNTY CHILD CARE WAGE BOOST PILOT

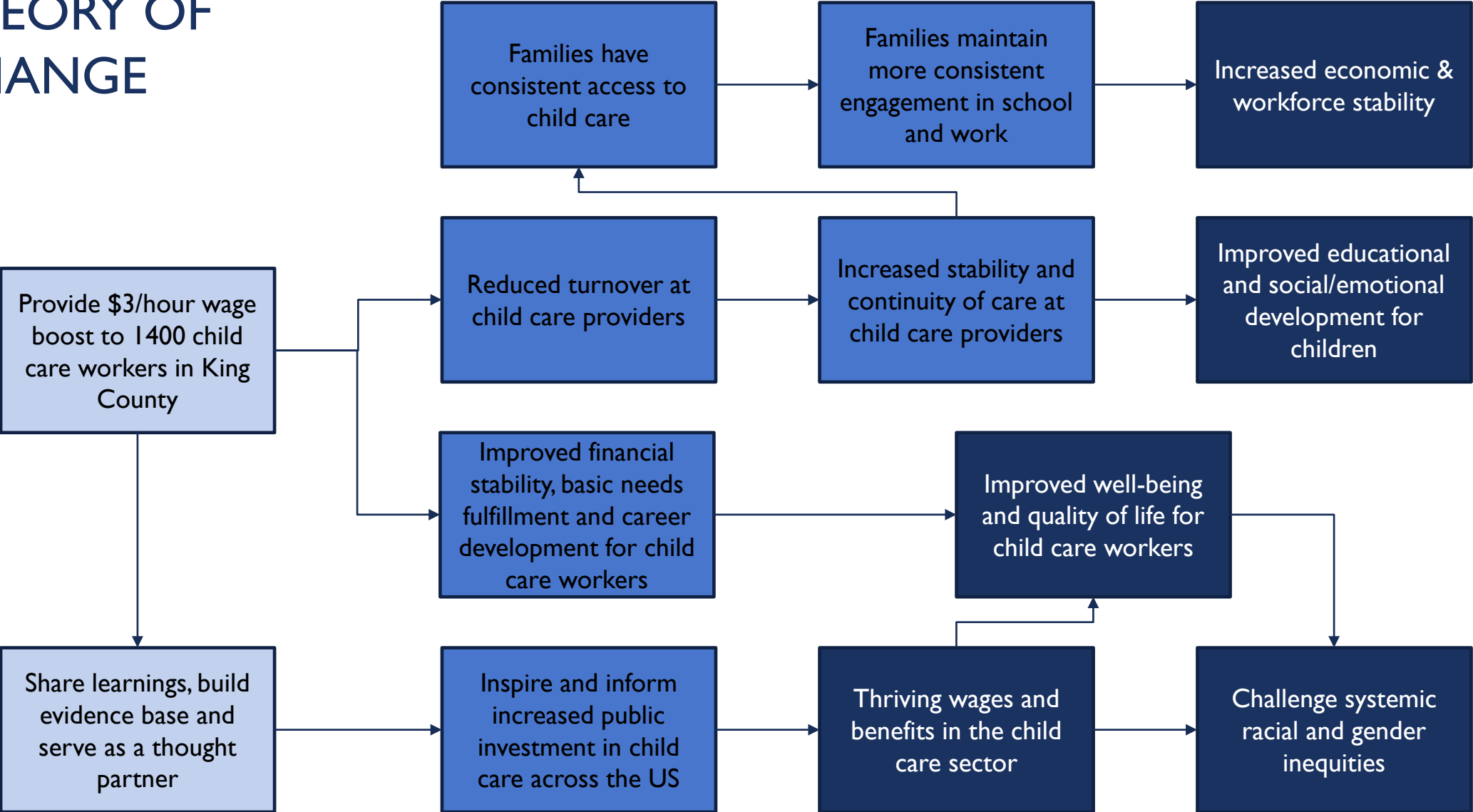
In Washington State,

- The **turnover rate** for child care workers is currently 43%;
- Workers earn in the **3rd percentile of wages**;
- 4 out of 5 child care providers report staffing shortages and cite low wages as the primary barrier to recruitment
- The child care workforce is disproportionately comprised of women of color

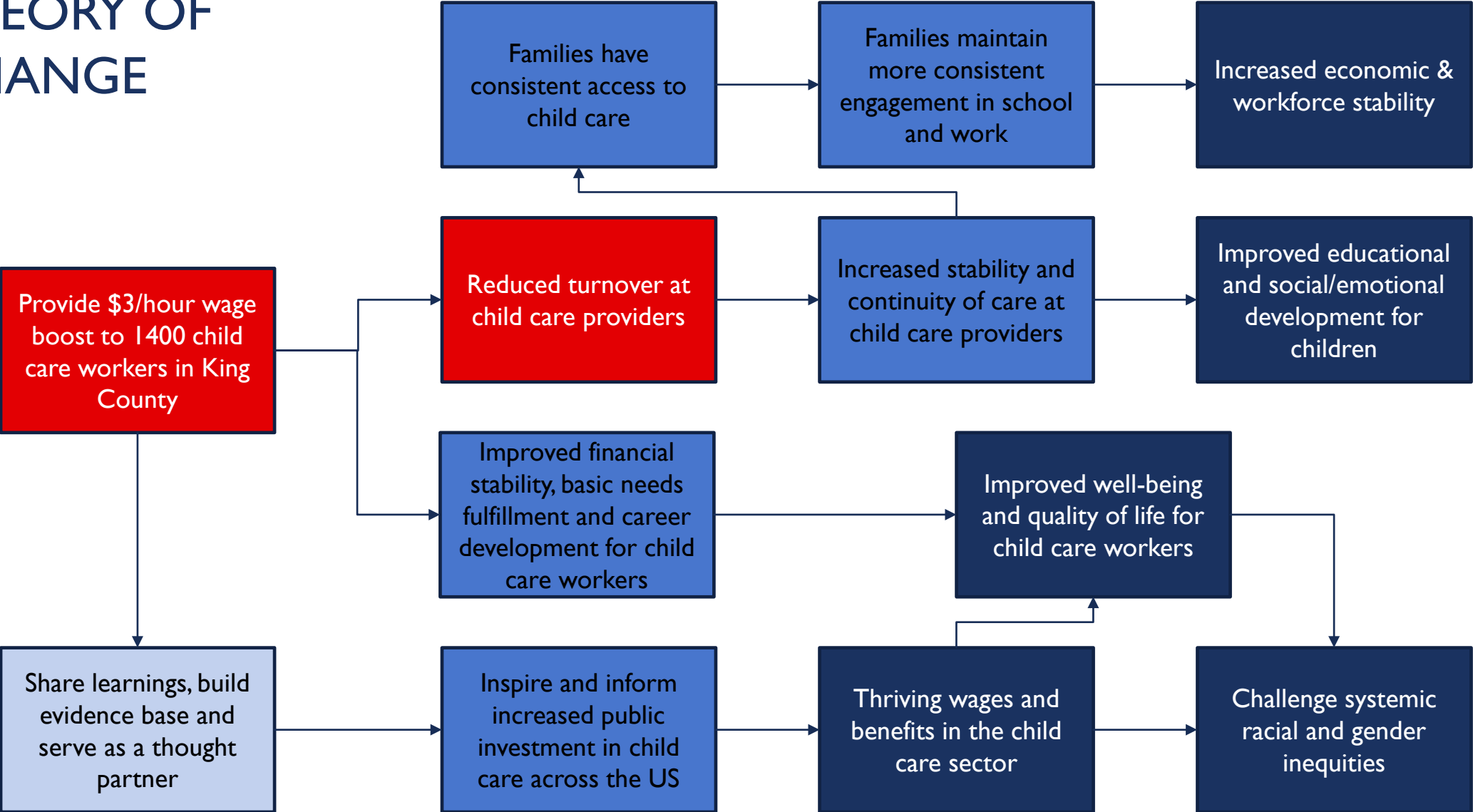
King County Best Starts for Kids Investment:

- **\$30 million** over 6 years
- **\$3/hour** wage supplement
- **1,400** child care workers (~10% of workforce)
- Licensed child care centers and family child care homes
- Funded by tax levy
- Enrollment will begin summer 2023

THEORY OF CHANGE



THEORY OF CHANGE



RESEARCH QUESTIONS

1. How strong is the causal relationship between increased wages for child care workers and reduced turnover at child care providers, based on existing research?
2. How well does the existing research base apply to this pilot in King County, given current labor market conditions and other relevant context?

METHODS

- Reviewed existing compilations of research (e.g. Chapter 4 of the Economic Report to the President) and citations to identify relevant studies
- Reviewed studies and summarized key measures, context, findings and limitations
- Conducted informational interviews with child care and workforce policy and research experts (King County Workforce Development Council, Urban Institute, Home Grown Child Care, Central Consulting)
- Reviewed King County internal materials (Wage Boost Logic Model, Child Care Task Force Report, child care provider focus group data, Memo on Evaluation Activities, LOI) and conducted informational interviews with staff

II. ANALYSIS OF RESEARCH BASE

Research Question I: How strong is the causal relationship between increased wages for child care workers and reduced turnover at child care providers, based on existing research?

OVERVIEW OF RESEARCH BASE

- 2 retrospective regression analyses of national survey data (2021, 2022)
- 6 evaluations of child care workforce salary supplement programs
 - 1 randomized control trial (2021)
 - 1 quasi-experimental study (2007)
 - 4 non-experimental evaluations using survey and administrative data (2011, 2019, 2022, 2023)

KEY TERMS & METRICS

Wage/Salary Supplement

- All program evaluation data based on a bonus or stipend design; infrequent or one-time payments
- Stipends ranged from \$1,000-\$3,000
- Eligibility requirements varied; many related to site tenure and educational attainment

Turnover

- Measured over time periods ranging from 7 months to 2 years
- Primarily measured at the site level; one study tracked individuals leaving the child care sector

FINDINGS

All studies found evidence of correlation between **increased pay** for child care providers and **decreased turnover** at the site level, supporting the validity of King County's theory of change.

- In most cases, causal relationships could not be proven due to non-experimental study design
- Program evaluations were limited to a single-state context
- Available data is mostly pre-pandemic



NATIONAL SURVEY DATA ANALYSIS



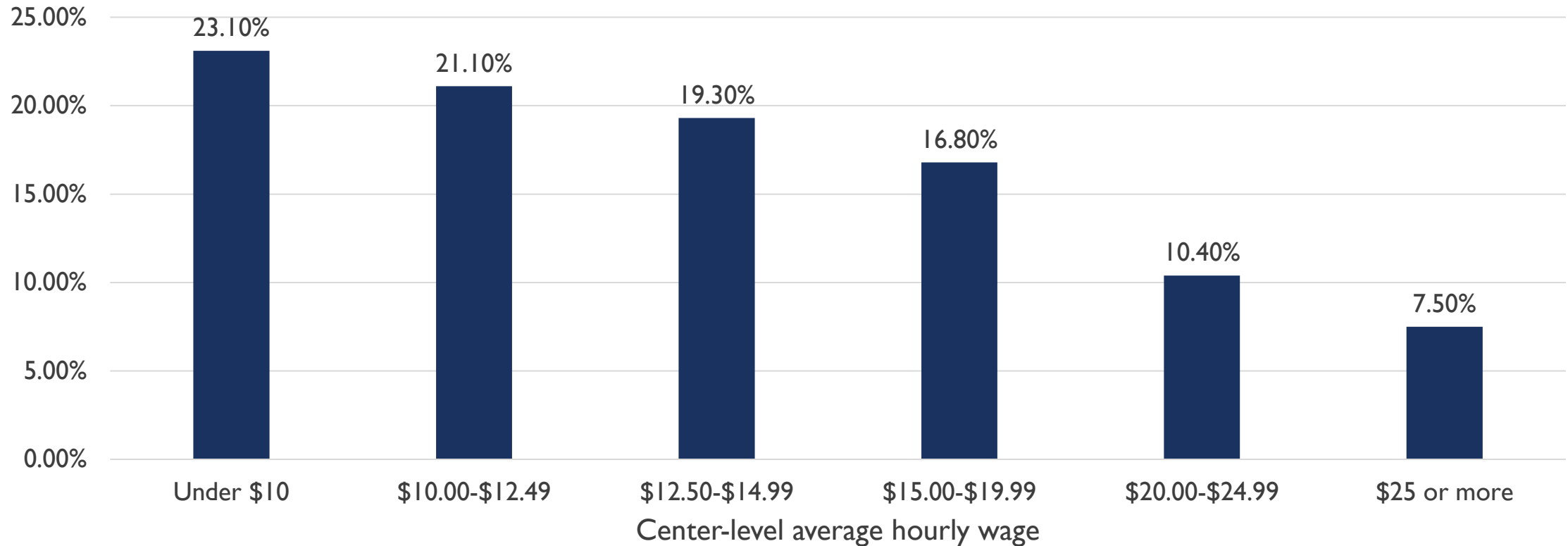
SPOTLIGHT: NATIONAL SURVEY OF EARLY CARE & EDUCATION (NSECE) DATA

- Retrospective regression analyses of nationally representative survey data (collected in 2012 and 2019)
- **Wages** were the **strongest predictor of turnover rates** across child care centers
- **Higher wages** associated with **lower turnover rates**

Caven et al. (2021) & Grunewald et al. (2022)

SPOTLIGHT: NATIONAL SURVEY OF EARLY CARE & EDUCATION (NSECE) DATA

Average turnover decreases as wages increase



SPOTLIGHT: NATIONAL SURVEY OF EARLY CARE & EDUCATION (NSECE) DATA

- Nonwage benefits and PTO for professional development were **not associated** with turnover rates
- **Black workers** were more likely than workers of other races/ethnicities to work in **low-wage centers**
- Non-school sponsored **centers serving children ages 0-5** have highest turnover and lowest average wages
- Centers serving **children whose families have subsidies** have higher turnover and lower average wages



PROGRAM EVALUATIONS



WAGE SUPPLEMENT STRUCTURE

- King County's pilot design differs from previous programs in the **magnitude** of financial support and the **frequency** of payments.

Program	Wage supplement
2022 RB5 Program (VA)	\$2,000 bonus
2022 WAGE\$ Program (NC)	Average \$1,600 over 6 months
2019 Teacher Recognition Program (VA)	\$1,500 bonus
2013-2018 R.E.E.T.A.I.N. Program (MN)	Average \$2,350 bonus
2002-2006 Workforce INcentive Project (WIN)	\$500-\$2,500 biannual bonus
2001-2004 California Childcare Retention Incentive (CRI)	Not disclosed
King County Wage Boost Pilot	\$3/hour increase (~\$6000/year for full-time staff)

OBSERVED REDUCTION IN TURNOVER

- All evaluations showed evidence of reduced turnover
- Difficult to separate program effects from selection effects in non-experimental studies
- Self-reported survey or interview data used as a qualitative measure

Program	Observed turnover rate	Self-reported impact on decision to stay
2022 RB5 Program (VA)	-	40%
2022 WAGE\$ Program (NC)	6% lower than child care workforce average (14% vs. 21%)	96%
2019 Teacher Recognition Program (VA)	Program led to an 11% reduction in turnover (25% vs. 14%)	-
2013-2018 R.E.E.T.A.I.N. Program (MN)	-	55%
2002-2006 Workforce INcentive Project (WIN)	16% lower than comparison group after 20 months (30% vs 46%)	-
2001-2004 California Childcare Retention Incentive (CRI)	6% lower than 2000 state child care workforce average (24% vs. 30%)	-

SPOTLIGHT: FIRST EXPERIMENTAL EVIDENCE FROM VIRGINIA

- 2019 Teacher Recognition Program (since renamed RecognizeB5)
- Limited funding in Fairfax County, VA enabled randomization via a lottery system
- \$1,500 stipend provided to 338 child care workers; total study sample of 568
- Eligibility criteria:
 - Must work directly with children ages 0-5 at least 30 hours/week
 - Must remain at same site for 8 months
- 85% center-based, 15% school-based; no home-based providers in the evaluation
- Racially diverse workforce: 19% Black, 24% Hispanic or Latino, 26% White, 31% other/two or more races

SPOTLIGHT: FIRST EXPERIMENTAL EVIDENCE FROM VIRGINIA

- Childcare workers who received the financial incentive were **11% more likely to still be employed at the same site** after 8 months than those in the control group
- Effect was most pronounced for workers at **center-based providers** (vs. school-based) and for **assistant teachers** (vs. lead teachers)

Treatment and Control Group Turnover Rates

	Stipend	No stipend
All childcare workers	14%	25%
Center-based workers	15%	30%
Assistant teachers	16%	40%

SPOTLIGHT: FIRST EXPERIMENTAL EVIDENCE FROM VIRGINIA

- **98%** of participants reported that the program made them feel like their **hard work was valued**
- **95%** reported that the program made them **more excited** for the work they do
- **97%** reported that the program **helped them meet their financial needs** at least a little
 - **89%** reported that the payments helped with **personal or family needs** (e.g. housing, food, bills, household supplies) at least a little (57% said they helped “very much”)

FAIRFAX COUNTY VS. KING COUNTY

	Fairfax County, VA	King County, WA
Median household income ¹	\$133,974	\$106,326
Average childcare sector wage	~\$37,500 ²	~\$35,000 ³
Minimum wage ⁴	\$12	\$15.74
Living wage (no children) ⁴	\$22.42	\$22.77
Racial demographics¹		
White (not Hispanic/Latino)	49.1%	56.1%
Black/African-American	10.8%	7.2%
Asian	20.7%	20.9%
Hispanic/Latino	16.6%	10.3%

¹ US Census Bureau

² Salary.com

³ Workman & Capito, Understanding the true cost of child care in the City of Seattle and King County (2023)

⁴ MIT Living Wage Calculator

III. KING COUNTY CONTEXT

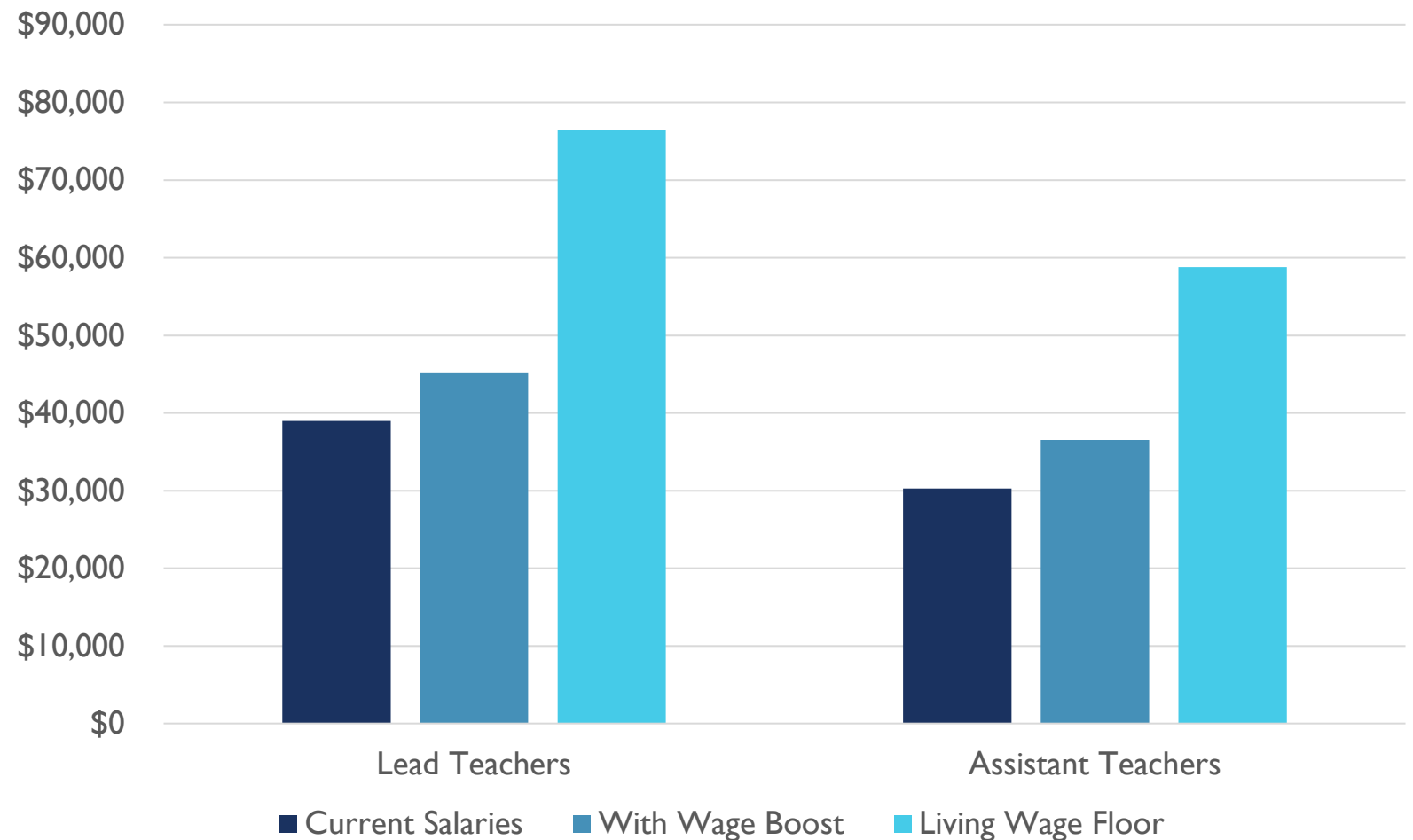
Research Question 2: How well does the existing research base apply to this pilot in King County, given current labor market conditions and other relevant context?

CONTEXTUAL FACTOR #1: REGIONAL CONTEXT

- Regional context poses potential threats to the validity of the wage boost pilot's theory of change
 - **Housing and displacement risk** for providers: rising rental costs and termination of pandemic renter protections
 - Staff displacement as region **gentrifies**
 - Insufficiency of boost given **high and rising cost of living**
 - Increased wages in **alternative industries** (e.g. fast food and retail)

CHILD CARE SECTOR WAGES IN KING COUNTY

	Current Salaries	With Wage Boost	Living Wage Floor
Lead Teachers	\$38,992	\$45,232	\$76,443
Assistant Teachers	\$30,289	\$36,525	\$58,802



CONTEXTUAL FACTOR #2:

INCLUDING HOME-BASED PROVIDERS

Insights:

- Lowest earnings in the sector
- Often ineligible for or did not receive pandemic relief funding
- Regulatory systems do not recognize the strengths of home-based care and often alienate providers
- Immigration status can impact engagement in public/formal systems

Recommendations:

- Importance of trust-based networks
- Recognize administrative burden

HOME-BASED PROVIDERS: TURNOVER

NSECE data show a 25% decrease in licensed home-based providers from 2012-2019

Understanding turnover in the context of home-based childcare

- Higher barriers to both entry and exit
- Turnover often means business is shut down, although 67% of former home-based providers stayed in the ECE field after closing their businesses (Bromer et al.)
- Prior evaluations have omitted home-based providers from short-term measurement of turnover

Why are home-based providers exiting the sector?

- **Unsustainable business economics**, including lack of benefits and unstable enrollment (63%)
- Challenges with **ECE systems**, including inequitable subsidy payment policies, costly and time-consuming licensing requirements, and center-centric regulations (80%)
- Difficult **working conditions**, including working long hours alone and managing a business in one's home (53%)

CONTEXTUAL FACTOR #3: NO-STRINGS-ATTACHED PAY INCREASE

King County is at the vanguard of a growing movement toward no-strings-attached pay initiatives, decoupled from professional development or quality indicators.

- Professionalization of the childcare sector often pushes out BIPOC providers
- Historically, workers' investments in education and certifications do not result in pay increases large enough to justify their cost

Professional development is still an important factor in attraction & retention.

- Career pathways and professional development opportunities are of particular interest to younger workers
- There are significant barriers to entering the field; limited seats at community colleges artificially limits the supply of workers
- Balance between stabilizing the sector and supporting economic mobility of individual workers

IV. TAKEAWAYS



TAKEAWAYS



Despite the insufficiency of the wage boost to bring childcare provider compensation up to a living wage, there is strong evidence that even smaller compensation boosts had a significant impact on worker retention



Demographic, economic and cost of living similarities between Fairfax County, VA and King County indicate the applicability of experimental research findings to King County's wage boost



Relatively small size of research base and lack of causal evidence offers opportunity for King County evaluation to be additive to the field at large



While wages are likely the most important factor influencing turnover, other factors including professional development opportunities and burdensome regulatory requirements will also impact retention

OPPORTUNITIES OF KING COUNTY EVALUATION

- Assess impact of a regular wage boost (vs. a one-time stipend)
 - Biweekly payments allow workers greater flexibility and consistency, (greater **utility**) but may have less **salience** than a large one-time bonus
- Contribute to evidence base advocating for more sustainable funding sources, as pandemic-era federal relief funding subsides
- Provide proof of concept and operationalization to state legislature
- Educate public on low wages in the sector and the system-wide benefits of wage boost

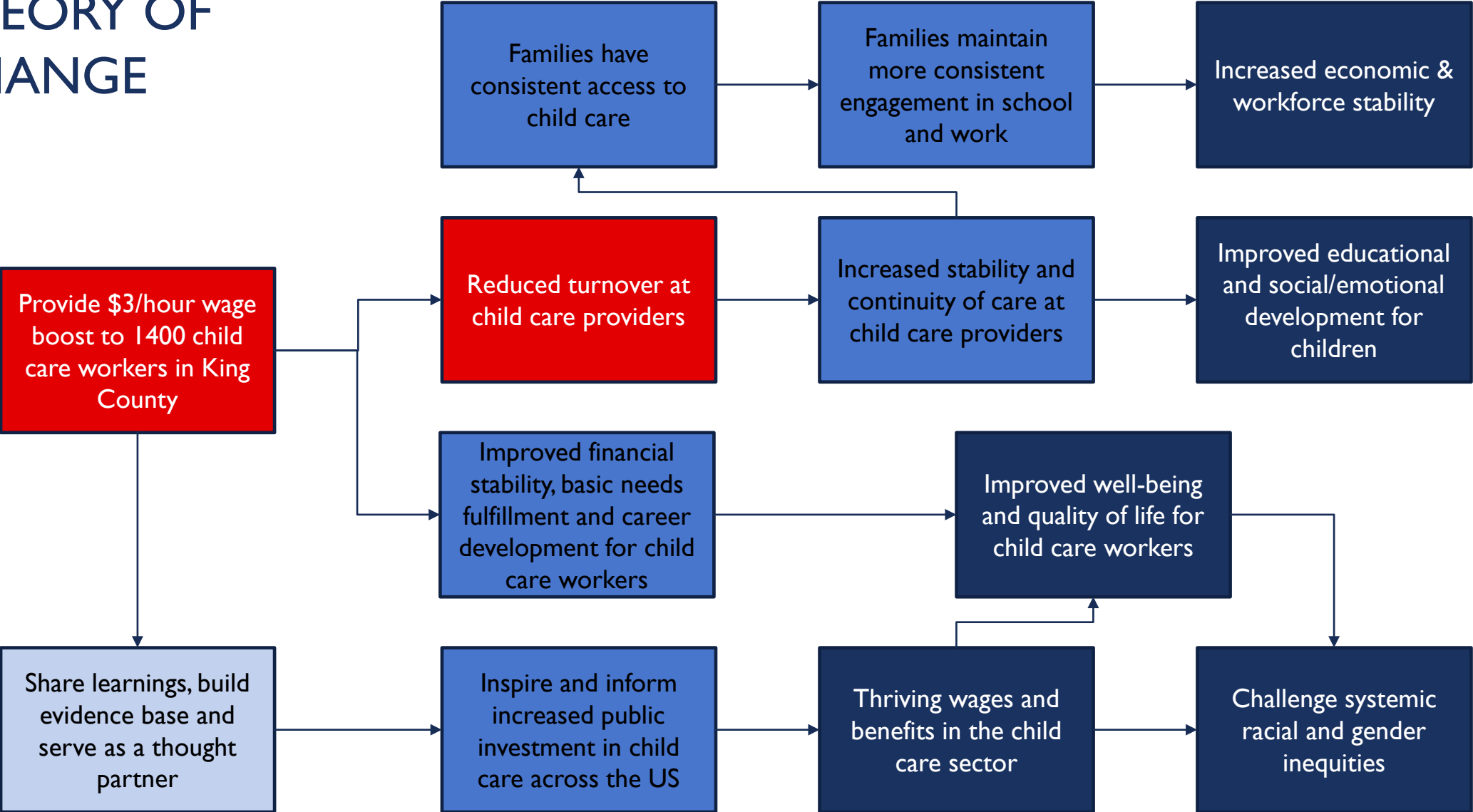
RECOMMENDATIONS

1. Incorporate interviews with workers on their use of funds and decisions to stay at or leave employers
 - Center worker voice and experience
 - Address question of causation if randomized study design is not feasible
2. Evaluate the impacts of key differentiators of King County's program
 - If / how biweekly payments impact workers differently than one-time stipends
 - Impact on center workers who do not work directly with children
 - If / how program impacts home-based child care workforce differently than center-based
3. Incorporate qualitative case studies with perspectives from a variety of stakeholders beyond workers (e.g. families)

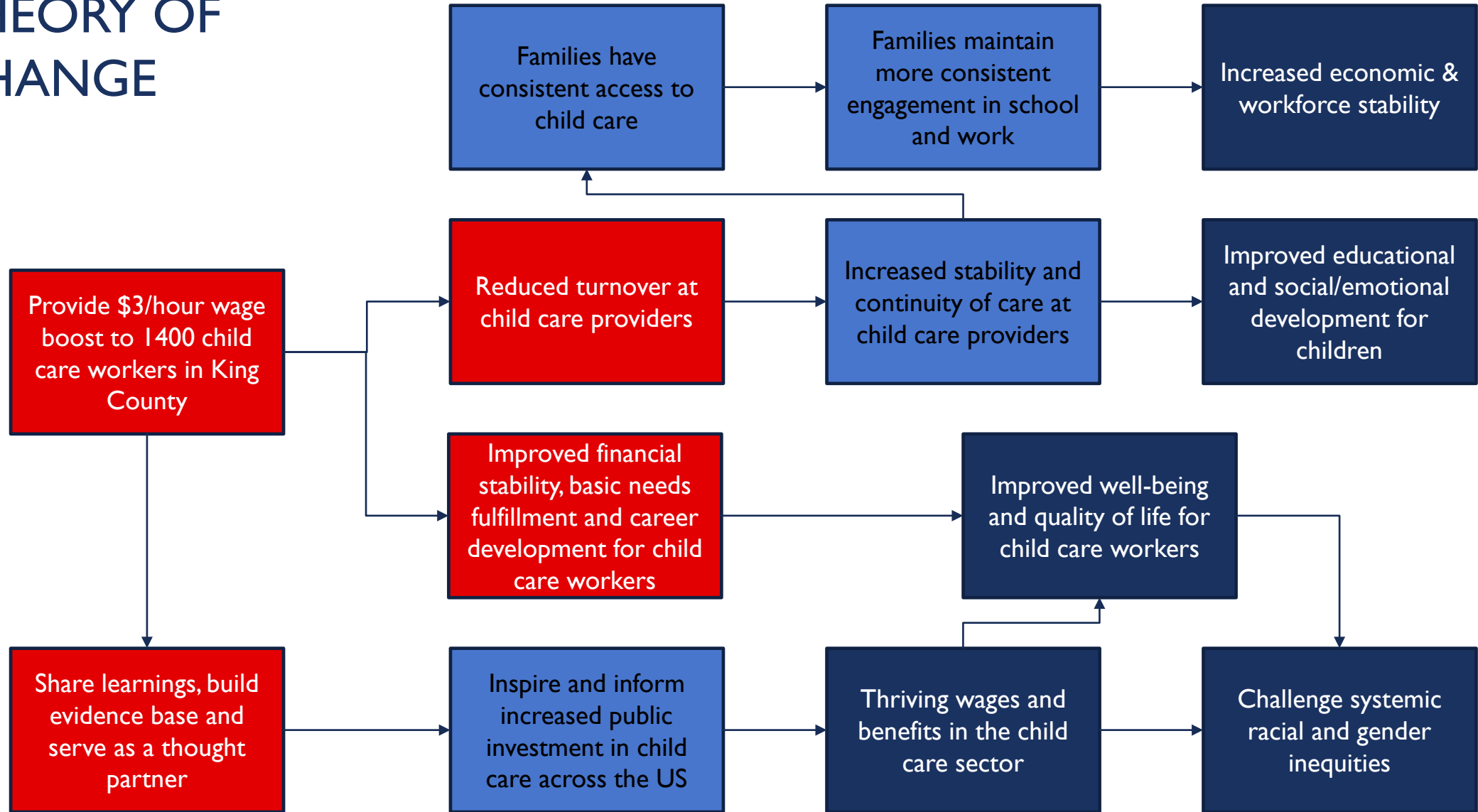
RECOMMENDATIONS

4. Keep administrative burden on providers as low as possible (implementation and evaluation)
5. Consider partnerships with the WDC and community colleges to provide resources and pathways for professional advancement in the sector
6. Collective action mindset: given that the wage boost on its own does not achieve living wage levels, prioritize partnerships with policy advocacy organizations and others to advance broader systems change
7. Create content explaining wage boost theory of change to the greater public
 - High cost of child care can obscure reality of low wages from families' perspective

THEORY OF CHANGE



THEORY OF CHANGE



DIRECTIONS FOR FURTHER RESEARCH

What is the impact of continuity of care on children's educational, social and emotional development?

Strong evidence base

What is the impact of stability at child care providers on parents' consistent engagement in school and work?

What is the impact of increased wages on workers' financial stability, basic needs fulfillment and career development?

Growing research base on guaranteed income programs; more research needed

What level of public investment would be sufficient to achieve thriving wages and benefits in the sector?

Cost of care model; consider wage boost pilot's role within the broader landscape

How are similar initiatives currently underway evaluating themselves?

How can King County best share learnings, build an evidence base and serve as a thought partner to inspire and inform other investments in childcare across the state and nation?



THANK YOU!



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