



U.S. DEPARTMENT OF LABOR

GUIDANCE ON SUPPORTIVE SERVICES FOR CHILD CARE AND LONG-TERM CARE

This resource is an excerpt from the [U.S. Department of Labor Guidance on Supportive Services for Child Care and Long-Term Care](#).

WHY RECIPIENTS OF FEDERAL FUNDS SHOULD CONSIDER CHILD CARE WORKER WAGES

Recipients of Federal funds establish standards for jobs through their community investments around the country. As investments are made to support workers' access to high quality, affordable child care, special attention must be paid to the working conditions of the child care workforce.

High-quality child care providers employ qualified staff who are well-compensated and supported to do the job of caring for children. Well-compensated child care workers and early care and education workers tend to stay on the job longer, gain critical skills and expertise necessary to do the job well, and can give children the focus and attention they need to thrive. High quality, stable child care is essential both for working parents, as well as the safety and healthy development of young children. Quality child care relies on nurturing relationships with trusted teachers and caregivers. For that reason, high-quality care is associated with better pay for the early care and education workforce.

The [Department of the Treasury](#) has outlined the failures of the child care market, which result in extremely low wages for the child care workforce. Revenue for the majority of child care businesses comes from parent tuition, and increased labor costs for those businesses result in increased prices for parents—making child care increasingly unaffordable and difficult to find for most families. To prevent costs and prices from rising beyond what parents can afford, child care providers are often driven to keep wages low and provide few benefits to their workers.

With an increasingly competitive labor market, the low pay and lack of benefits for the child care workforce has left the child care sector unable to fill critical caregiving jobs. Child care providers cannot operate without workers to care for the children. The child care sector has been among the slowest to stabilize after the COVID-19 pandemic and continues to face workforce challenges.^{1,2} Low wages for the child care workforce impede recruitment and retention of child care workers and contribute to high turnover and workforce shortages, particularly as wages have increased in other industries that compete for the same labor. Average weekly wages for the child care services sector were 54 percent below the national average for weekly wages in the third quarter of 2023 (\$609 compared to \$1,328).³ As child care employees are more likely to live below the poverty line than those in many other industries, attracting and retaining qualified staff has become increasingly difficult throughout the child care sector.

Child care businesses must find ways to improve job quality, including increasing wages and providing benefits for the early care workforce, if they are going to recruit and retain qualified individuals

prepared to care for children. Yet, they must do so without making care more expensive for parents and families. Because child care providers cannot open more slots for children without a workforce, they must find ways to capture new revenue in order to increase wages and attract more workers. To help solve these challenges, the child care sector needs creative strategies and investments from both the public and private sectors, including support from employers who rely on workers with children for their own workforce.⁴ Through intentional collaboration, recipients of Federal funds can help lead the way by developing innovative strategies that ensure child care providers have the resources they need to pay staff and provide high quality, affordable child care for families.

Actions Recipients of Federal Funds Can Take

To ensure a viable and successful child care plan, recipients of Federal funds should account for how their child care plan advances living wages and family-sustaining benefits for the child care workers providing care for the children of workers on their projects. Strategies include:

- Identifying the child care needs of your workforce.
- Exploring a wage enhancement strategy for the early care and education workforce with the state or local government where you are working.
- Partnering with child care providers and child care coalitions that have a strong commitment to providing a living wage to their employees/workers.
- Investing in flexible child care that fits your workers' needs, such as addressing needs for nonstandard hour care and backup care, and ensuring these individuals and providers are also paid a living wage.
- Helping identify and provide child care stakeholders with prevailing wage research for similar occupations for child care workers in the area to remain competitive in the labor market.

The Child Care Workforce Requires a Baseline Living Wage

To recruit and retain a skilled child care workforce, child care providers should ensure that all workers are making at least an adequate wage to support themselves and their families. While there are many definitions of a living wage, the International Labor Organization [defines](#) it as “the wage level that is necessary to afford a decent standard of living for workers and their families, taking into account the country circumstances and calculated for the work performed during the normal hours of work.” There is also no single baseline wage level for child care workers that is appropriate across the country. Appropriate baseline wages will be impacted by local cost of living, in addition to state and local credential or degree requirements for child care workers, which may set minimum standard qualifications or compensation levels of the child care workforce.⁵ Wages should take into account increases for staff with high qualifications, including credentials, degrees, and relevant experience. Child care teachers and education staff, for example, should be paid on par with local elementary school teachers with the same qualifications.

At a minimum, child care wages must consider living wage thresholds and reduce pay disparities between child care workers and other professions. At a national level, child care wages should be between at least \$15.00 and \$25.30 per hour (compared to the current median hourly wage for child care workers of \$14.60).⁶ This range considers a national average but does not account for geographic differences, and careful analysis must be done to adapt living wages to the local context.

There are several tools that can help guide calculations of living wage thresholds for a given geographic area, each using a different methodology and considering different factors (see Appendix

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for more information). The table below provides a sample of living wage estimates from different tools and for different states, demonstrating the range of possible outcomes and the need to carefully consider the baseline wage level necessary for child care providers to remain competitive and child care workers to meet their families’ needs. These levels can be considered a basic floor for all child care staff, whereas to be competitive with teacher salaries in public schools with similar degrees and experience, for example, early care and education workers’ wages will often need to be higher.

Family size ⁷	Living wage tool	AZ	GA	ID	MI	MN	NY	OH	OR	TX
2 workers, 1 child	ALICE Essentials Index	\$17.00	\$21.00	\$18.00	\$21.00	\$19.00	\$25.00	\$17.00	\$22.00	\$19.00
	Living Wage Calculator	\$19.54	\$20.96	\$18.70	\$20.46	\$19.67	\$22.75	\$18.92	\$21.26	\$18.88

Sources: United For ALICE. (2023). “ALICE Essentials Index: 2023 National Report.” [UnitedForALICE.org/Essentials-Index](https://www.unitedforalice.org/essentials-index); Amy K. Glasmeier, “Living Wage Calculator,” Massachusetts Institute of Technology, 2024. Accessed on March 28, 2024, <https://livingwage.mit.edu/>.

Beyond a baseline living wage, the early care and education workforce needs access to family-sustaining benefits, such as health insurance, a retirement plan, and paid leave.⁸ In 2019, 18 percent of center-based early care and education teachers (ECE) were uninsured, compared to 13 percent of all U.S. working aged adults. Center-based ECE teachers were also far less likely to have access to employer-provided private insurance compared to overall U.S. working aged adults (23 percent vs. 63 percent).⁹ Those working in the service sector, including child care workers, are less likely to have access to paid leave than workers in other occupational groups.¹⁰

Resources and Tools for Estimating the Living Wage in a Specific Geographic Area

- **ALICE (Asset, Limited, Income Constrained, Employed) Essentials Index:** The ALICE Essentials Index tracks changes in the cost of essential goods and services required to live and maintain employment (e.g., housing, child care, transportation). This information defines the ALICE Threshold: the average income a household needs to afford the basic necessities.
- **Economic Policy Institute:** The Economic Policy Institute proposes a number of comparison points that should be used to establish an industry standard prevailing wage for child care, including using a minimum standard living wage, reducing wage penalties facing care work and associated with racial and gender discrimination, and incorporating international and domestic care economies.
- **Living Wage Calculator:** The Living Wage Calculator, developed in 2004 at the Massachusetts Institute of Technology, incorporates data on households’ estimated minimum expenditures on basic necessities and effects of payroll and income taxes. The living wage reflects a household’s minimum employment earnings necessary to meet a family’s basic needs while also maintaining self-sufficiency.
- **Self-Sufficiency Standard:** A project of the University of Washington Center for Women’s Welfare, the Self-Sufficiency Standard is a budget-based living wage and economic security measure that determines the amount of income required for working families to meet basic needs at a minimally adequate level, taking into account family composition, ages of children, and geographic differences in costs. This tool provides county-level estimates.

Endnotes

- ¹ “Employment, Hours, and Earnings from the Current Employment Statistics survey (National), All employees, thousands, child care services, seasonally adjusted.” *Current Employment Statistics, U.S. Bureau of Labor Statistics*, Series ID: CES6562440001, Accessed 10 Apr. 2024, <https://beta.bls.gov/dataViewer/view/timeseries/CES6562440001>.
- ² “Table B-1. Employees on nonfarm payrolls by industry sector and selected industry detail, [in thousands].” *U.S. Bureau of Labor Statistics*, 3 Feb. 2023, <https://www.bls.gov/webapps/legacy/cesbtab1.htm>.
- ³ “Private, NAICS 6244 Child care services, All Counties, 2023 Third Quarter, All establishment sizes.” *Quarterly Census of Employment and Wages, Employment and Wages Data Viewer, U.S. Bureau of Labor Statistics*, 7 Sep, 2022, https://data.bls.gov/cew/apps/table_maker/v4/table_maker.htm#type=1&year=2023&qtr=3&own=5&ind=6244&supp=0.
“Private, 10 Total, all industries, All Counties, 2023 Third Quarter, All establishment sizes.” *Quarterly Census of Employment and Wages, Employment and Wages Data Viewer, U.S. Bureau of Labor Statistics*, 7 Sep, 2022, https://data.bls.gov/cew/apps/table_maker/v4/table_maker.htm#type=1&year=2023&qtr=3&own=5&ind=10&supp=0.
- ⁴ Pandemic investments in the child care sector showed the powerful impacts of reliable access to affordable child care. As stabilization funds allocated by the American Rescue Plan Act (ARP) were distributed, the child care sector stabilized, and mothers’ labor force participation increased. See <https://www.whitehouse.gov/wp-content/uploads/2023/11/Child-Care-Stabilization.pdf>.
- ⁵ Federal and state minimum wages should also be considered, though the Federal minimum wage and many state minimum wages have not kept up with inflation and the cost of living, and may not be representative of a living wage. For more information about Federal and state minimum wages, see the Department of Labor’s Wage and Hour Division’s website: <https://www.dol.gov/agencies/whd/minimum-wage>.
- ⁶ “Occupational Employment and Wages, May 2023, 39-9011 Childcare Workers.” *Occupational Employment and Wage Statistics, U.S. Bureau of Labor Statistics*, 3 Apr. 2024, <https://www.bls.gov/oes/current/oes399011.htm>.
- ⁷ Living wage calculations are based on family composition. For ease of reading and simplicity, we have focused on families with 2 adults and 1 child, though the living wage will change depending on family size and number of wage-earning adults in the family.
- ⁸ “Department of Commerce and Department of Labor Good Jobs Principles.” *The Good Jobs Initiative, U.S. Department of Labor*, Accessed 10 Apr. 2024, <https://www.dol.gov/general/good-jobs/principles>.
- ⁹ Amadon, Sara, et al. “Health Insurance Coverage of the Center-Based Child Care and Early Education Workforce: Findings from the 2019 National Survey of Early Care and Education.” *Office of Planning, Research, and Evaluation, Administration for Children and Families, U.S. Department of Health and Human Services*, Nov. 2023, <https://www.acf.hhs.gov/sites/default/files/documents/opre/2023-293%20Health%20Insurance%20Coverage%20Snapshot.pdf>.
- ¹⁰ “Access to Leave.” *Women’s Bureau, U.S. Department of Labor*, Accessed 10 Apr. 2024, <https://www.dol.gov/agencies/wb/data/leave-job-flexibilities/leave-access#Access-to-Leave>.