

# A Public Investment in Quality Care for Kids

## An Evaluation of the Local Child Care Wage Initiative

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Center on Wisconsin Strategy

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### Overview

**F**rom the time they are born until they enter school, the vast majority of children and their families face the difficult burden of finding affordable, quality care. Our public investment in kids only really begins once they are in school; before that, families are on their own.

The situation is similar for the child care workforce. From the time they enter the field, teachers in child care settings generally earn poverty-level wages, gain little if any retirement security, and labor under the social disrespect extended to those who are “just babysitting.” The long-term career prospects are grim, and only the most devoted stay in the field. Though they provide a critical public service, these workers are on their own.

As a result, turnover of the child care workforce is high, and this has negative effects on the babies, toddlers and kids in care. In Dane County, more than one-third of child care teachers exit their positions each year, leaving behind confused and frustrated children who must rebuild relationships with the next teacher hired.

The City of Madison and Dane County have decided that high turnover in the child care field is not simply an individual problem, but a social problem. By developing the Local Child Care Wage Initiative, which has increased the income of more than 200 of the region's child care teachers and in-home providers, Madison and Dane County have sought to find a way that public investment in child care can help improve the quality of care that kids in our community get.

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This is an evaluation of that \$500,000 investment and its effect on the quality of care and the quality of jobs in child care. We find that this two-year initiative has had a very positive effect on the quality of care and the quality of jobs of the participating child care workforce. On the workforce side, teachers report strong and positive feelings about the Wage Initiative, noting that they feel acknowledged and supported by the community for the work they do. Children have felt the positive effects as well: independent evaluations of child care quality show improvement over the course of the Wage Initiative. Teachers and center directors report that the Wage Initiative has helped increase staff morale, staff commitment to training, and retention of good staff.

The Wage Initiative has demonstrated that it is possible to make a significant public investment in child care to improve the quality of child care. However, there are limitations to the approach as it currently stands. First and foremost, the current scale of the pilot — covering just one-tenth of the workforce — is too small. To truly influence the quality of care in the community would require substantial extension of the Wage Initiative. Second, participation in the Wage Initiative did not secure quality increases in family providers' homes. The Wage Initiative was a critical and valued resource for family providers, but other supports and assistance are needed to ensure quality improvement in this sector. Finally, the training incentive of the Wage Initiative is limited both because there is insufficient reward for incremental increases in training and because some staff at participating centers remain confused about the structure of the Wage Initiative.

To improve the Wage Initiative in the coming years, we recommend expanding the scope of the Wage Initiative to cover a greater share of the child care workforce. Such program extension will help improve the quality of care for more children, and provide incentive for more providers to make the investments in their own workforce and quality that would allow them to participate in the Wage Initiative. Second, we recommend greater attention to the unique problems faced by in-home care providers. We recommend continued investment in the Wage Initiative for them, but also extension of other quality improvement supports in order to increase quality of care in the in-home sector. Third, we recommend increased outreach efforts to participating centers, staff, and in-home providers about the structure of the Wage Initiative, and an increase in the bonus reward for staff who move the first step up the training ladder established by the State child care registry (a system of ranking child care workers by levels of training). It will be important to document whether such changes in outreach and incentive will increase the number of teachers who move up the training scale. Finally, further investigation of the Wage Initiative's effect on turnover rates is warranted, given ambiguous results from the first two years.

Note: Throughout this document, full-day group child care centers will be referred to as child care centers or centers, and the terms in-home care provider and family provider will be used interchangeably.

## Introduction

The premise of the Local Child Care Wage Initiative is simply this: improving the quality of care for children requires improving the quality of jobs for the people who take care of them.

The importance of the quality of child care can hardly be disputed. An extensive body of research has consistently found a positive association between higher-quality child care environments and outcomes ranging from the greater happiness of children, to better performance on standardized tests and improved school readiness, to better interactions between children and between children and caregivers.<sup>1</sup> Given the importance of quality child care in the social, emotional, and physical development of children, the issue of quality in child care cannot be overlooked.

The importance of child care staff is equally well established. One of the essential ingredients for child care that promotes the healthy development of children is the presence of “sensitive, consistent, well-trained, and well-compensated caregivers.”<sup>2</sup> Year after year, research studies have identified positive associations between the quality of child care jobs and the quality of care.<sup>3</sup>

Sadly, however, the critical work of child care is chronically underpaid. Jobs in the child care industry are often characterized by poverty-level wages, inadequate benefits, work-related stress, and long hours. In Dane County in 2000, the average wage was \$10.92 an hour for Lead Teachers and \$9.07 an hour for Teachers.<sup>4</sup> Low quality child care jobs, combined with the presence of more attractive alternative employment opportunities in other industries, create an environment that has dire effects on quality in child care.

Recent research documents the critical connection between turnover, wages, and poor quality care. An analysis of turnover rates and State licensing violations (see Table 1) revealed that in Dane County, child care centers with turnover rates of more than 50 percent were more likely to have at least one violation, had a higher average number of violations, and had lower wages than centers with medium (20-49 percent) and low (0-19 percent) turnover rates. (The average wage for Assistant Teachers was higher in high turnover centers than in medium turnover centers, but both were much lower than the average wage in low turnover centers.)

Table 1

### Turnover Rates, Violations, and Wages in Dane County Child Care Centers, 1999

Turnover Rate Range	Percent of Centers with State Licensing Violations	Average Number of Violations Per Center	Average Wage for Lead Teachers	Average Wage for Teachers	Average Wage for Assistant Teachers
Centers with High Turnover (50% or more)	58 %	2.27	\$ 8.74	\$ 7.74	\$ 7.08
Centers with Medium Turnover (20 to 49%)	44	1.81	8.97	8.19	6.91
Centers with Low Turnover (0 to 19%)	16	.35	10.65	9.12	7.73

**Source:** COWS Analysis of Community Coordinated Child Care Inc. (4-C) Data and State Licensing Violation Information.

Responding to concerns about care quality in the region, the City of Madison and Dane County have together invested in the Local Child Care Wage Initiative, in order to demonstrate public commitment to improving the quality of care our kids receive by improving the quality of jobs of the child care workforce. The Wage Initiative seeks to improve the quality of care kids receive by improving the quality of their caregivers' jobs through providing monetary awards, in the form of annual bonuses distributed quarterly, with reward levels based on training and tenure in the field. The investment is explicitly designed to build stronger children, a stronger workforce, and a stronger society:

With better child care jobs, workers get:

- better wages and benefits, improved work environments, and increased opportunities for training, learning, and skills development,

while children get:

- stable and strong relationships with care providers, and good social, emotional, and intellectual development,

and the community gets:

- children who are ready for school, and children, youth, and adults who contribute to our community and economy.

In this evaluation, we offer evidence on the effectiveness of the Wage Initiative.

### **Structure and Participants in the Wage Initiative**

Twenty-four centers and 45 family providers were accepted to participate in the first two years of the Wage Initiative. In order to participate, centers and family providers had to meet two basic requirements. First, in order to ensure that low-income children benefited from the Wage Initiative, at least ten percent of the children at any participating center or family provider had to be from low-income families. Second, in an effort to reward centers and family providers that already had taken, or were in the process of taking, steps toward ensuring quality care, participating centers were required to be either accredited (either by the City or nationally) or willing to begin the accreditation process. Likewise, only family providers that were licensed by the State or willing to begin the licensing process were included in the Wage Initiative.

In addition to the two basic requirements for participation outlined above, bonus points were awarded to centers and applicants that were already taking steps to invest substantially in their own workforce. Specifically, bonus points were awarded to centers and family providers that invest more than 75 percent of revenues in staff wages and that have a wage scale that rewards training and experience. Finally, bonus points were also awarded to centers and family providers in which more than 10 percent of the children were from low-income families.

The acceptance of a child care center or family provider into the Wage Initiative did not ensure that all the workers at that particular facility would be eligible to receive the Wage Initiative grant payments. In order to encourage retention, only full-time teaching staff, program directors, and family providers with a minimum of six months of tenure were eligible. In the first year of the Wage Initiative, bonus payment amounts were based solely on registry level. The bonus levels were \$750 for registry levels 1 through 4, \$1,500 for registry levels 5 and 6, and \$2,000 for registry levels 7 and above.

In the second year of the Wage Initiative two changes were made: a longevity bonus was added and permanent part-time employees were included. The longevity bonus was an effort to encourage tenure in the industry, in addition to incentives for training already in place. The longevity bonus amounts for participants, based on longevity in their current job, were \$400 for two to five years, \$800 for five to ten years, and \$1,200 for more than ten years.

In order to encourage part-time employees to remain in the industry and improve their training, permanent part-time employees who had been employed at a participating center or family provider for at least one year and who worked at least 15 hours per week were eligible for a bonus. The bonus amounts, based on registry level, were \$375 for registry levels 1 through 4, \$750 for registry levels 5 and 6, and \$1,000 for registry levels 7 and above.

Overall, the Wage Initiative covered one-tenth of the total child care workforce in Dane County, roughly 12 percent of all the kids in centers in Dane County, and almost eight percent of all the kids cared for by family providers.

## **Evaluation Approach and Data Sources**

To evaluate the first two years of the Wage Initiative, we rely on four primary data sources. The first data source is the care quality rating scales. These quality rating scales, designed to provide reliable assessment of classroom quality, are divided into three separate scales, one for infant and toddler rooms, one for early childhood rooms, and one for family providers. A selection of child care classrooms and family providers participating in the Wage Initiative were rated at two points in time.

The second data source used in evaluating the Wage Initiative is data gathered and prepared by Community Coordinated Child Care Inc. (4-C). 4-C is the resource and referral agency for child care in Dane County and collects information about centers and family providers in an annual "Wages and Rates" survey. In addition to wage and rate information, the survey obtains information on staff characteristics of child care programs in Dane County, including educational background, child care training, and turnover rates.

The third data source used in this evaluation is interviews conducted with 50 child care workers, center directors, and family providers at 14 participating centers and nine participating family providers. These one-on-one, hour-long interviews were designed to obtain information about the effect of the first year of the Wage Initiative on the quality of care.

The fourth data source used in this evaluation is survey data gathered using the “Wage Initiative Child Care Workforce Survey,” the “Wage Initiative Center Directors Survey,” and the “Wage Initiative Family Providers Survey.” These three surveys were mailed to all Initiative participants in the spring of 2002 and focused on questions about the Wage Initiative and the child care industry more generally. Response rates for these surveys were 61 percent for center workers, 87 percent for center directors, and 89 percent for family providers.

### **The Positive Impact of the Wage Initiative: Evidence from the First Two Years**

The four data sources outlined above form the foundation of this evaluation, investigating the effect of the first two years of the Wage Initiative on the quality of care and the quality of jobs. The relationship between quality of care and quality of jobs is complex, and there are numerous ways in which care quality and job quality affect one another. The evaluation that follows is an effort to identify key elements in both the quality of care and job quality, to explore how they are related, and to specifically assess the impact of the Wage Initiative on both the quality of care kids receive and the quality of child care jobs.

In an effort to pinpoint some of the key connections between quality of care and quality of jobs, this evaluation identifies ten ways that the Wage Initiative made a difference in participating centers and family providers in Dane County. These ten areas are:

- Observations by participants of improvement in the quality of care children receive
- Increases in classroom care quality ratings
- Improvements in retention and hiring
- Reductions in turnover
- Encouragement for child care providers to increase training and education
- Stress relief for many participants
- Reductions in child care “burn-out”
- More connections between caregivers and the broader community
- Improvements in staff morale and job satisfaction
- Assistance with business expenses for family providers and reductions in the likelihood that family providers will go out of business

In the sections that follow we offer a detailed analysis of each of these ten positive effects. We follow this discussion with an examination of several limitations of the Wage Initiative and some recommendations for the future.

## 1. Participants credit the Wage Initiative with improvement in the quality of care

Many caregivers, when asked about the impact of the Wage Initiative on the quality of care kids received, responded that they provided good care before the Wage Initiative and will continue to provide good care. Despite the overwhelming sentiment that caregivers are already doing a good job, many child care workers, center directors, and family providers said the Wage Initiative had a positive impact on the quality of care in their child care program.

- 77 percent of child care workers, 60 percent of center directors, and 83 percent of family providers who responded to surveys said that the Wage Initiative had at least some positive impact on the quality of care children received.

## 2. Classroom Care Quality Increased Over the Course of the Wage Initiative

The care quality rating scales provide key data for the evaluation of the Wage Initiative. The scales for early childhood rooms, infant and toddler rooms, and family providers are all important for efforts to determine whether the Wage Initiative has had a measurable impact on the quality of care that children receive.

The care quality rating scales are designed to examine the developmental appropriateness and quality of child care classroom environments. These three scales have been evolving as measures of quality since 1980 when the first early childhood rating scale was published. The care quality rating scales are reliable measures of quality in child care environments due to the rigorous training of field testers and the comprehensiveness of the questions asked. The measurement of quality itself has received greater attention with the development of the National Association for the Education of Young Children's Accreditation program in 1984, and the three scales used to evaluate the Wage Initiative are now the most widely used and cited scales in research on quality and child care.

The care quality rating scales are an important part of efforts to evaluate the effect of the Wage Initiative on the quality of care children receive, for two reasons. First, the reliability of the measures makes possible accurate comparisons over time. With ratings for two points in time, it is possible to gauge whether environmental quality has improved over time. Second, the care quality ratings provide the possibility of comparison with other studies at the state and national levels.

In March 2001 and March 2002, the Wisconsin Child Care Improvement Project sent trained field testers to rate all of the classrooms at a selected group of centers and family providers participating in the Wage Initiative. A total of 39 early childhood rooms and 31 infant and toddler rooms (all the rooms at the 24 participating centers) were rated in year one and year two, and ten of the 45 participating family providers were rated in both years. (A total of 12 family providers were rated in year one of the Wage Initiative, but two of them went out of business and could not participate during year two.) It is important to note that recommendations for improvements were not made after the first year of the ratings, although participants did have access to ratings results.

The care quality rating scales use a series of questions within subcategories. Each question is rated on a seven-point scale, ranging from 1 (inadequate) to 7 (excellent). The scores for each question are then averaged to produce subcategory scores, and the subcategory scores are averaged to produce overall scores.

The results of the care quality rating scales for Initiative classrooms show an overall positive trend in improvements during the course of the Wage Initiative.

- Overall average scores for early childhood rooms and infant and toddler rooms improved at participating centers between the first and second years of the Wage Initiative (see Table 2).
- Scores improved in five of the seven sub-categories for infant and toddler rooms, and all seven of the subcategories for early childhood rooms, between the first and second years of the Wage Initiative (see Table 3).

Table 2

### Overall Average Scores, Years 1 and 2 of the Wage Initiative

	Early Childhood Quality	Infant & Toddler Quality
Year 1	5.73	5.86
Year 2	6.07	6.02

**Source:** COWS Analysis of Data from Wisconsin Child Care Improvement Project.

Table 3

### Subcategory Scores for Early Childhood and Infant and Toddler Rooms, Years 1 and 2 of the Wage Initiative

	Early Childhood Quality		Infant & Toddler Quality		
	Year 1	Year 2	Year 1	Year 2	
Space and Furnishing	5.52	5.91	Furnishing and Displays	5.72	6.21
Personal Care	5.70	5.87	Personal Care	5.97	5.92
Language and Reasoning	6.04	6.31	Listening and Talking	6.50	6.74
Activities	5.30	5.78	Learning Activities	5.37	5.62
Interactions	6.21	6.45	Interactions	6.66	6.78
Program Structure	6.26	6.58	Program Structure	6.10	6.48
Parent and Staff	5.92	6.19	Adult Needs	5.57	5.42

**Source:** COWS Analysis of Data from Wisconsin Child Care Improvement Project.

### 3. The Wage Initiative Improves Retention and Hiring

Surveys with child care workers, center directors, and family providers provide evidence that the Wage Initiative did have a positive impact on retention and hiring. Time and again, child care workers reported that the Wage Initiative made a difference in their career choice. *"This bonus just might keep me around longer,"* said one child care worker, while another said of the Wage Initiative, *"It has increased my morale and my willingness to stay in the field."*

- A center director said, *"I'd say that there are people who may have left during periods of high stress who didn't because of the stipends and now that they stuck it out, they're glad they did."*
- *"I feel like I can go on teaching in this field and be able to live like other people do,"* said a child care worker. *"It [the Wage Initiative] makes me want to come to work every day knowing that if I can continue to do this work maybe someday I will be able to get caught up and be financially comfortable."*
- *"It has been very positive. I have decided to stay in the field,"* said another child care worker.

In addition to increasing the possibility that many child care workers will stay in the field, the Wage Initiative has also been of some help in hiring new child care workers. Typically a problem, hiring child care workers is a task that many center directors are working on constantly. As one director said, *"It's harder to find qualified teachers. It's getting harder and the pay isn't getting any better. Our teacher assistants could go to McDonald's and make more money and get good benefits."*

- Another center director said, *"When I think about the good people who aren't going into the field...they look at it and think they aren't going to make money."*

The Wage Initiative has served as a hiring tool, and, as one center director said, has led to *"much more consistency in staffing and the ability to attract highly qualified staff."* *"Applicants' faces light up when we discuss it [the Wage Initiative],"* echoed another center director.

- It is even the case that people who left the field are returning. As one worker said, *"People who left the field are returning left and right in hopes of future inclusion and due to the positive changes as a result of the Wage Initiative."*

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*This bonus just might keep me around longer.*

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*Before the Wage Initiative, I was seriously thinking that I have to get out because I can't pay my bills.*



#### 4. The Wage Initiative Helps Reduce Turnover

Survey responses overwhelmingly indicate that the Wage Initiative has had a positive impact on turnover and the rate of staying in business for participating child care centers and family providers.

- 62 percent of center directors said the Wage Initiative had at least some positive impact on turnover.
- 70 percent of the workers surveyed said the Wage Initiative led to at least some positive change in turnover at their center.
- Between March 2001 and March 2002, the rate of going out of business was seven percent for family providers participating in the Wage Initiative compared to 22 percent for family providers that were not a part of the Wage Initiative, and 38.2 percent of participating family providers said the Wage Initiative had at least some positive impact on the likelihood that they would stay in business.
- One worker said, on the issue of retention, *"Before the Wage Initiative, I was seriously thinking that I have to get out because I can't pay my bills...the Wage Initiative gave me hope that one day I'll make enough."*
- One center director said, *"The main thing [the Wage Initiative] has affected is the staff in wanting to stay; our turnover is low and I see a direct relation to the Wage Initiative."*

#### **Inconclusive Turnover Rate Information**

In addition to testimony by participants about the impact of the Wage Initiative on turnover, turnover rates, collected by Community Coordinated Child Care Inc. in the annual "Wages and Rates" survey, potentially offer another means to determine whether or not the Wage Initiative helped reduce turnover. Unfortunately, the comparison of turnover rates, as collected by 4-C for the first two years of the Wage Initiative, offers little conclusive evidence on the effect of the Wage Initiative on turnover rates for participating child care centers.

Accurate turnover data are difficult to obtain due in large part to the fact that the information is reliant on self-reporting on surveys. 4-C was able to gather turnover rates for 16 of the 24 centers participating in the Wage Initiative in the first two years. The turnover rates for these 16 centers show an overall increase in the turnover rates from 33% to 40% between year one and year two of the Wage Initiative.

(For more discussion of these inconsistencies, see the Limitations of the Wage Initiative section below.)

## 5. The Wage Initiative Encourages Child Care Providers to Increase Training and Education

One of the primary goals of the Wage Initiative was to encourage workers to seek more training and education as a way to raise wages, increase job stability, encourage workers to make child care their career, and improve the quality of child care. Many child care workers find it difficult to improve their education and training levels due to inadequate resources or shortages of time. Although many classes and training sessions are offered at night and on the weekends, the other responsibilities in many child care workers' lives make attendance close to impossible. In addition, most training and education classes are expensive, and with little money to spare many child care workers simply cannot afford them. Survey results show that:

- 87.5 percent of child care center workers and 94.3 percent of center directors that responded said that the Wage Initiative had at least some positive effect on the likelihood that they will enroll in training courses.

With Initiative bonuses tied to education and training levels, as well as to longevity and experience, workers have incentive to seek more training and education to increase their bonus levels. Many workers indicated in surveys that they not only were encouraged to seek more training and education, but that they used the Wage Initiative money to pay for the expenses.

- As one worker said, the Wage Initiative *“paid for more training and education to raise my registry level.”*
- Another worker said that the Wage Initiative enabled her *“to go to classes that I wouldn't have been able to do,”* and yet another worker, a family provider, said the Wage Initiative *“got me to stop procrastinating taking some MATC child care courses.”*

In addition to boosting pay, continuing training and education for many child care workers is a means to learning more about children, learning new activities, expanding their abilities, and getting a “fresh approach” to their work.

- One family provider stated a feeling echoed by many other survey respondents, that the Wage Initiative made her *“more willing to go to classes to learn more activities to do with the children.”*
- A worker in a child care center said that the Wage Initiative *“inspired [me] to raise my competence in my position”* and has *“made me want to continue my education and improve my teaching.”*

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*[The Wage Initiative made me] more willing to go to classes to learn more activities to do with the children.*

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*Lack of money causes many teachers to work another job to make ends meet.*



## 6. The Wage Initiative Relieves Stress For Many Participants

*“Lack of money causes many teachers to work another job to make ends meet,”* one child care worker explained, and the reality of working two jobs is not uncommon among child care workers. This employment situation is less than ideal for both the worker and the children in their care. Child care work requires large amounts of emotional, physical, and mental energy, energies which are drained when caregivers have to worry about finances and work at another job. For their second jobs, many child care workers are employed in other low-wage work which is also stressful, such as retail, restaurant and food service, and in other child care work such as babysitting, in-home child care, and special-needs child care.

The Wage Initiative enabled some participants who worked two jobs to quit their second job and focus their energies on their child care work.

- 27 percent of survey respondents reported that they worked a second job, with an average of 12 hours per week worked at the second job, earning an average of \$11.66 an hour.
- *“When I started getting the [Wage Initiative] bonuses I quit my second job,”* said one participant in the Wage Initiative.

Many child care workers have little or no time off from their jobs. Time off can be essential to any worker, as time away from the workplace allows workers to not only recharge, but spend time with friends, family, or just relaxing from the stress of daily work. Vacation days are particularly important in child care work, as time away from the children can be essential in maintaining the energy required to consistently provide high quality care.

- *“I am less stressed 'cause I take more time off. After 20 years, I deserve three weeks paid vacation. Now I can take it,”* said one family provider.
- Another child care worker said, *“The money helped pay for our first ever BIG family vacation.”*

Child care providers, when happier with their job and when relieved of some of the stress from outside worries (particularly financial), pass on their positive mood to the kids they work with.

- As one family provider said, *“I think my brighter mood [resulting from the Wage Initiative] has been passed down to the children.”*
- *“I think it [the Wage Initiative] has been positive,”* said another child care worker. *“Teachers are able to concentrate on the warm feeling that they want in their classroom because we are not as concerned all the time about how to make ends meet.”*

## 7. The Wage Initiative Reduces Child Care “Burn-Out”

Child care can be a source of physical and emotional stress for workers. Stress associated with the physical work environment is a concern, and many child care workers cite health hazards ranging from the physical strain of lifting kids to moving furniture to working with materials and equipment, as reasons for leaving the industry. In addition to physical stress, emotional stress from the challenge of mediating conflicts between children and ensuring that each child’s needs are met can take a toll on child care workers. Physical and emotional stress, combined with low pay and a lack of vacation time, can lead many child care workers to become burned out. Numerous participants applied their Initiative bonus payments to measures aimed at reducing their risk of burn-out.

- One family provider said, “[the Wage Initiative] *has allowed me to take well deserved breaks, so that I don’t burn out.*”
- “*I feel that the money I have used for respite has given me some breathing room. Keeping up with quality care is very time consuming,*” said a family provider.
- “*With a little more money, I feel like some of the pressure is off, and I can handle the stress of the work a bit better,*” said another child care worker.

“

*[The Wage Initiative] has allowed me to take well deserved breaks, so that I don’t burn out.*

”

## 8. The Wage Initiative Connected Caregivers to the Broader Community

The Wage Initiative was an important step toward connecting child care workers and their surrounding communities. Often child care workers feel like they are isolated from other business and community activity that goes on around them. Feelings of disconnect can arise from a shortage of direct interpersonal connections to other people or other agencies involved in similar work. Regular meetings and workshops, mentor and apprentice programs, and publications and informational materials were all part of the Wage Initiative and all helped strengthen the amount of connection between child care workers and their communities.

- As one worker said, “*I would say it [the Wage Initiative] lifted our spirits and made us feel like our job is recognized by the community.*”
- A family provider offered a similar viewpoint, saying that the Wage Initiative “*actually made me feel that someone out there cares about us and wants us to stay in the business.*”
- Another child care worker expressed the opinion that “*staff have finally felt that the community is respecting their profession as vital, important, and worthy of financial recognition.*”
- “*It is a gratifying feeling to know that others are working and advocating for people like me and my center. It makes me feel more connected with the community in a valuable way,*” said one child care worker.



Morale soars after the distribution of the bonus checks.



## 9. The Wage Initiative Contributes to Improvements in Job Satisfaction and Morale

Improvements in staff morale and job satisfaction are an important indicator of improvements in the quality of child care jobs and are also important elements in encouraging retention in the child care workforce. After two years of Wage Initiative bonus payments, the percentage of workers who felt that morale was high in their center and that there was good team spirit increased from 52 percent to 86.4 percent. The change from half to three-fourths of workers reporting high morale and team spirit in their center is significant.

- In addition, 94.7 percent of workers, 88.2 percent of center directors, and 57 percent of family providers who responded to surveys felt that the Wage Initiative had at least “some positive” effect on staff morale at their center.
- A child care worker summed up the effect of the Wage Initiative on staff morale when she said, “*The Wage Initiative has improved staff morale and it helps pull everyone together to come up with a better working environment.*”

Improvements in staff morale and job satisfaction are associated with a more general sense among participants that there has been an increase in the levels of respect and appreciation for child care work. Before the Wage Initiative began, only ten percent of child care workers surveyed felt that their work was respected and valued by society, but by the second year of the Wage Initiative this proportion had risen to 31 percent. As one worker explained, “*It encourages us to know that our jobs are valued — it feels good.*” Feeling better about their jobs is important for the quality of child care jobs for two reasons:

- If workers feel better they are more likely to remain at their jobs, and
- If workers feel better about their jobs, the overall working environment is improved. As one worker said, “*I feel good that we get it [Wage Initiative bonuses], it helps and makes work better and seems to lighten the load.*”

Increased amounts of respect and appreciation for the work they do make child care workers feel good.

- In the words of a child care worker, “*It feels like someone outside of our center appreciates and recognizes what goes into being a child care professional.*”
- The difference in the work environment due to the Wage Initiative is noticeable. As one center director pointed out, “*I think that the staff are feeling more appreciated and it shows in their work.*”

By boosting morale, the Wage Initiative improves care quality, explained one child care worker, who said “*The teachers are happier and more energetic and that gives the children more positive energy.*”

- As a result of the Wage Initiative, said another family provider, “*children have a more ‘fun’ and ‘relaxed’ provider to spend their days with.*”

## 10. The Wage Initiative Helps Family Providers With Business Expenses and Helps Family Providers Stay in Business

Family providers face a unique set of challenges due to a combination of the pressures of running a small business and the nature of the child care industry. All family providers are small businesses and like many small businesses, the possibility of failing is constant and very real. In addition, the shifting demand for child care services, as families move and children age, enter school, or move on to other care arrangements all make it difficult for family providers to rely on a steady clientele and steady income. Finally, the management of the business is difficult and takes a considerable amount of time and effort, commodities that are often in short supply among family providers. Evidence from data gathered in the first two years of the Wage Initiative suggests that the Wage Initiative helped family providers in two significant ways.

The area in which the Wage Initiative had the largest positive impact on participating family providers and the children in their care was in providing extra money to be used for increasing the investment in activities, materials, and equipment. Unlike many centers, family providers often do not have a budget that allocates a certain amount of funds for activities such as field trips. Trips away from the care facility can be an enriching addition to child care and allow children to see and learn about places that they may not otherwise come into contact with. Unfortunately, the reality that many family providers face is that field trips are an extra expense and money for these outings frequently must be taken from other areas. By investing bonus payments in activities and materials, family providers have taken direct steps to improve the quality of care they offer the children.

- *"I think that we are doing more activities that I wouldn't have been able to do had I not had the [Wage Initiative] money,"* reported one family provider.
- *"The children love to have new things to play with and enjoy new experiences. The money has helped me make them happy,"* said another family provider. *"I bought a lot more educational toys [with the Wage Initiative money]."*
- One family provider said, *"I think it [the Wage Initiative] has had a positive effect, I can get extra things for my classroom...multiple toys of one kind means less fighting among children."*

Evidence suggests that the Wage Initiative also helped family providers stay in business. The average family provider in Dane County has five children in their care, and the loss of even one child, let alone three or four, can push family providers to the brink of going out of business. Fluctuations in demand are regular occurrences for family providers, and as a result the rate of going out of business is high.

- As noted earlier, between March 2001 and March 2002, seven percent of family providers participating in the Wage Initiative went out of business, compared to 22 percent for family providers that were not a part of the Wage Initiative.
- One family provider said, *"Having one or two openings is a major financial shortfall. The [Wage Initiative] money helped in the interim."*



*Multiple toys of one kind means less fighting among children.*



**The Wage Initiative and Family Care Quality Ratings: Mixed Results**

Despite the positive impact of the Wage Initiative, the quality of care in family providers remains variable. The care quality rating scores for family providers that were part of the Wage Initiative decreased overall between the first and second years of the Wage Initiative. Furthermore:

- The overall average care quality rating score for family providers in the Wage Initiative (which decreased from 5.09 in the first year to 4.86 in the second year) is well below the average care quality rating scores for early childhood rooms and infant and toddler rooms in child care centers.
- Declining care quality rating scores for family providers in specific areas such as Basic Care (from 4.78 to 4.21), Learning Activities (from 4.94 to 4.69), and Social Development (from 5.8 to 5.1) are cause for concern.

Decreases in the care quality rating scales for family providers must be read with some caution for two reasons. First, only 12 family providers were rated overall, two of which went out of business, so the overall average scores are for 10 family providers, out of a total of 45 that participated in the Wage Initiative. Care quality ratings for a larger number of participating family providers may have changed the overall findings. Second, the care quality rating scales are done in single visits to a classroom. With an average of five children per family provider, and with the problems of fluctuation in enrollment, it may have been the case that the ratings in the first year and the second year are for a completely different set of children. The absence of one difficult child or the presence of a sick child can really alter a care quality rating for family providers. (For more on the limitations of the Wage Initiative for family providers and recommendations to improve the Wage Initiative's impact on family providers, see the next two sections.)

## Limitations of the Wage Initiative

Despite the successes of the Wage Initiative and the very positive feedback from participants, as outlined above, our evaluation has identified the following limitations and areas for further work.

### 1. Limited Scale Means Not Enough Kids Benefit

Evidence discussed above suggests that the Wage Initiative had a positive impact on the quality of care for children in participating centers and homes. These successes, although important, are limited by the fact that the problems of care and job quality exist much more broadly in the child care industry in Dane County. While positive steps were made within most participating centers and family providers, the Wage Initiative only covered one-tenth of the workforce and children that are involved with child care in Dane County.

### 2. Family Providers Need More Than Just Checks

The second limitation of the Wage Initiative is that it makes clear the broader range of challenges that family providers confront. The threat of going out of business, shifting schedules of children and families, and the problems with business management all create constant difficulties for family providers. These business difficulties were not addressed by the Wage Initiative, and while bonus payments were very helpful, they were not enough to conclusively generate quality increases.

### 3. Rewards for Incremental Increases in Training at the Bottom End are Insufficient

The Wage Initiative was designed to encourage and reward increases in training of the child care workforce. With bonus payments tied to registry levels, the logic was that as workers moved up the registry, they would get more money and also become more committed to staying in the child care industry. The major points at which bonus payments increase are between registry levels 4 and 5 and between levels 6 and 7.

The points at which bonus participants realize higher bonus amounts are difficult to attain. To move from registry levels 1 through 4 to registry level 5 requires the completion of an Associates degree. An Associates degree requires the equivalent of two years of full-time schooling and is simply out of the question for all but those who only need one or two classes to finish the degree. Likewise, the move from registry level 6 to level 7 requires the completion of a Bachelor of Arts degree, which is the equivalent of two additional years beyond the Associates degree, or four full years from start to finish.

The registry levels and bonus amounts are designed to reward people who already have completed certain amounts of training and education, but they offer little incentive to move up, particularly at the lower end. Realistically, the jump from level 1 to level 2, from meeting the basic requirements of the position held to earning a variety of child care training certificates, is significant for both the quality of care provided and a workers' commitment to the child care field.

#### 4. Insufficient Information to Staff Leaves Some Confused

While all bonus recipients liked to receive the Wage Initiative bonus, there was some confusion about the reward levels, about eligibility, and about the requirements for participants. In several cases, bonus recipients working side by side received different amounts and did not know why. In several other cases, some workers in a center received bonus payments while other did not, and some confusion followed, including tensions among workers. In addition, there were several times that child care workers did not immediately know they were eligible to receive the bonus and only found out after bonus payments were made to co-workers. All of these problems are the result of insufficient information to child care staff.

### Improving the Wage Initiative

Based on our review of these data, we recommend the following changes to the Wage Initiative in the future.

#### 1. Extend the Wage Initiative

The first recommendation for the future is to extend the Wage Initiative to include more centers and family providers, thus improving care quality for more children in the region. Though we should aspire to use the Wage Initiative as a means of improving the quality of care for all kids in the region, financial and program constraints recommend incremental expansion of the program over time. Two criteria should be retained as the Wage Initiative expands. First, to ensure that these public dollars continue to focus on improving quality for children who need it most, the money should continue to be targeted to providers with at least ten percent low-income children in their care. Hopefully such a requirement will also encourage more centers to recruit and enroll low-income children. Second, to ensure that the bonus checks encourage organizations' commitment to and investment in their workforce, the city should continue to require that participating organizations already invest more than 75 percent of revenues in wages. This helps reward organizations that are already clearly committed to their workforce and encourages others to increase their investment in workers so that they too can qualify for the Wage Initiative program.

#### 2. Do More For Family Providers

The unique set of challenges that family providers face extend well beyond the Wage Initiative. Improving quality of care in this sector is likely to take a broader range of strategies. Over the next year, we recommend further research into the needs of family providers and the unique means of improving quality of care in that sector. Focus groups of Initiative participants should be used to identify barriers to quality improvement among family providers. Further investments should likely be made on the basis of the results of that research.

### 3. Change Reward Structure

In response to the limitations of the reward structure discussed above, the Wage Initiative in the future should provide more incentive for caregivers to make the move from Registry level 1 to level 2. This step, the difference between fulfilling the basic requirements of the position (level 1) and completing one of a variety of child care training courses (level 2), is very important for both ensuring improvements in the quality of care children receive and securing and retaining workers.

Providing increases in the bonus amount as caregivers move from registry level 1 to level 2 shifts some of the incentives in the Wage Initiative further down in the pay scale. Increases in bonus payments between levels 1 and 2 would also serve as an additional hiring and recruitment tool and would also possibly reduce some of the turnover in the highest turnover positions.

### 4. Provide More Information to Participants

Shortages of clear information on who was eligible for participation in the Wage Initiative and on who received bonus payments and how the award amounts were decided all were limitations of the first two years of the Wage Initiative. To address these shortcomings, we recommend that letters (from the City and County) regularly go out to participants. Additionally, materials should be developed to help remind people about the Wage Initiative and encourage people to get training in order to increase their reward level. Examples of such materials could include a poster describing the Wage Initiative and a brochure for new hires at participating centers.

### 5. Continue Evaluation, With More Focus on Family Providers and Turnover Data

It is important to note that turnover data from the first year of the Wage Initiative is inconclusive in terms of the effect of the Wage Initiative. One of the primary goals of the Wage Initiative was to lower turnover rates by improving a variety of factors associated with job quality and by providing incentives through quarterly bonuses. Turnover data collected by Community Coordinated Child Care Inc. (4-C) indicate that turnover rates for centers participating in the Wage Initiative fluctuated from 35 percent in 1998 to 33.2 percent in 1999 to 40.3 percent in 2000 (see Table 4).

In these data, turnover rates are up quite dramatically from 1999 to 2000. It is also important to note that, as hoped, the increase for Initiative centers was slightly lower than the turnover increase for centers outside the Wage Initiative. Data from 2001 will be critical to this picture (these data for the industry are still coming in). We recommend more detailed investigation of these turnover trends once 2001 turnover data for the industry are available.

Table 4  
**Turnover Rates for Reporting Child Care Centers, 1998–2000**

	1998	1999	2000
Initiative Centers	35.0 %	33.2 %	40.3 %
Non-Initiative Centers	35.1	32.2	43.1

**Source:** COWS Analysis of Survey Data from 4-C.

## Conclusion

The City and County have undertaken a critical initiative in improving the quality of care for babies, toddlers and children throughout the region. Throughout this evaluation we have seen that the Wage Initiative did have a positive impact on the quality of care children received, leading to improvements in the care environment, increases in the amount of materials, toys, and activities for children, more relaxed and rested caregivers, a more consistent and stable workforce, and better trained and educated caregivers. The Wage Initiative also had a positive impact on the quality of child care jobs, improving retention and assisting with hiring, reducing the stress associated with low pay and inadequate benefits, improving job satisfaction and staff morale, and fostering more connections between the child care workforce and the broader community.

Improvements in the quality of care and in the quality of jobs in the child care industry are a very large and important accomplishment, and make a big difference in the present and future lives of more than one thousand kids and more than 200 caregivers.

## Endnotes

1. M.E. Lamb, "Nonparental Child Care: Context, Quality, Correlates, and Consequences," in W. Damon et al., eds., *Handbook of Child Psychology, Vol. 4: Child Psychology in Practice* (New York: John Wiley, 1998); Lynn Karoly et al., "Investing in Our Children: What We Know and Don't Know About the Costs and Benefits of Early Childhood Interventions" (Rand: California, 1998); Cost, Quality, and Child Outcomes Study Team, *Cost, Quality and Child Outcomes in Child Care Centers Public Report* (Denver: Economics Department, University of Colorado-Denver, 1995).
3. M. Whitebook et al., *Unworthy Work, Unlivable Wages: The National Child Care Staffing Study, 1988–1997* (Washington, D.C.: Center for the Child Care Workforce, 1998).
4. M. Whitebook et al., *NAEYC Accreditation as a Strategy for Improving Child Care Quality: An Assessment* (Washington, D.C.: Center for the Child Care Workforce, 1997); NICHD Early Child Care Research Network, "Child Outcomes When Child Care Center Classes Meet Recommended Standards of Quality," *American Journal of Public Health* 89 (1999): 1072–1077; M. Whitebook et al., *Then and Now: Changes in Child Care Staffing, 1994–2000* (Washington, D.C.: Center for the Child Care Workforce, 2001).
5. Source for wages reported by Community Coordinated Child Care Inc. (4-C).