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## FISCAL IMPACT REPORT

SPONSOR Vigil DATE TYPED 2/21/05 HB HM22

SHORT TITLE Child Care Worker Wage and Benefit Study SB \_\_\_\_\_

ANALYST Dunbar

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
	NFI				

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Children Youth and Families Department (CYFD)

NM Public Education Department (NMPED)

Health Policy Commission (HPC)

### SUMMARY

#### Synopsis of Bill

House Memorial 22 requests that the Interim Legislative Health and Human Services Committee study the value and impact of providing supplemental wage support and benefits to child care workers identify methods to finance such wage supports and benefits and report its findings and recommendations to the second session of the forty-seventh legislature.

### Significant Issues

Childcare and preschool programs have difficulty attracting and keeping good individuals to work with young children. PED indicates a third of program staff leave the field each year, primarily due to the lack of adequate compensation-low salaries, few benefits and difficult working conditions. Research has clearly shown that the skill and commitment of the adults in early childhood programs directly affects the quality of care and education given to children.

The T.E.A.C.H. Early Childhood® Project gives scholarships to childcare workers to complete course work in early childhood education and to increase their compensation. In 1990, Child Care Services Association in North Carolina created the Teacher Education and Compensation Helps (T.E.A.C.H.) Early Childhood® Project to address the issues of under-education, poor compensation and high turnover within the early childhood workforce. The T.E.A.C.H. Early Childhood® Project is an umbrella for a variety of different scholarship programs for teachers, directors and family childcare providers working in regulated childcare programs in North Carolina and other states across the country. All T.E.A.C.H. Early Childhood® scholarships link continuing education with increased compensation and require that recipients and their sponsoring childcare programs share in the cost. In 2003, 22 states were implementing T.E.A.C.H. programs, including: Alabama, Colorado, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Kansas, Michigan, Minnesota, Missouri, Nebraska, New York, North Carolina, Ohio, Oklahoma, Pennsylvania, South Carolina, Virginia, Washington and Wisconsin.

### **FISCAL IMPLICATIONS**

The bill does not contain an appropriation.

### **OTHER SUBSTANTIVE ISSUES**

Source: NM Department of Labor LASER website

- OES Wage Survey Data for 2001 indicates that child care workers in NM, on average, earn an estimate of \$14,200.00 annually. Experienced child care workers earn around \$15,040.00 annually.

Source: United Way website

- Child care workers rarely receive paid leave.
- The state offers reimbursements for child care, but these are often not sufficient to cover the total cost.
- The cost of child care is expensive – between \$4,000 to \$10,000 annually.

Source: US Department of Labor, Bureau of Labor Statistics website

- Openings for child care services are frequently available while working conditions, benefits and wages often do not meet the expectations of workers in this field.
- The child care industry is growing rapidly and is in demand due to an increasing number of women involved in the workforce.
- Employers may be supportive of child care, since it has the following benefits:
  - Reduces absenteeism
  - Increases morale
  - Reduces barriers to employment
- The annual turnover rate for child daycare workers is higher than the average for all oc-

cupations.

- Child care workers make up approximately 25% of child day care services wage and salary jobs.

HPC points out that child care is essential to keep parents employed in the workforce and also serves as an avenue to prepare children for school; it could be harmful to society not to explore current issues concerning the high rate of turnover in this field of work. Increasing compensation and benefits, HPC notes, to child care providers could have a positive impact on the quality of child care delivered to children in NM, but at the same time, may affect the pricing of child care services.

BD/yr:lg