

# Childcare Services

(SIC 835)

## SIGNIFICANT POINTS

- Preschool teachers, teacher assistants, and childcare workers account for about 3 out of 4 wage and salary jobs.
- Training requirements for most jobs are minimal.
- Job openings should be numerous due mostly to high turnover—reflecting few benefits, low pay, and occasionally stressful working conditions.

### Nature of the Industry

Obtaining affordable, quality childcare, especially for children under age 5, is a major concern for many parents. Childcare needs are met in many different ways. Care in a child's home, care in an organized childcare facility, or care in a provider's home are all common arrangements for preschool-age children. Older children may receive childcare services when they are not in school, generally through before- and after-school programs. With the increasing number of women in the workforce, the provision of childcare services has been one of the most talked about and fastest growing industries in the U.S. economy.

This industry consists of establishments that provide paid care for infants, prekindergarten or preschool children, or older children in after-school programs. Formal childcare centers include nursery schools, preschool centers, Head Start centers, and group daycare centers. Self-employed workers in this industry often provide care from their home for a fee. Private household workers in this industry provide care for children in the child's home. This industry does not include occasional babysitters or persons who provide unpaid care in their homes for the children of relatives or friends. (Social services, except childcare is covered in a separate *Career Guide* statement.)

The for-profit sector of this industry includes centers that operate independently or are part of a local or national chain, whereas nonprofit childcare organizations include religious institutions, YMCA's, colleges, employers, public schools, social service agencies, and State and Federal Government agencies. For-profit establishments have grown rapidly in response to demand for childcare services. Within the nonprofit sector, there has been strong growth in Head Start, the federally funded childcare program designed to provide disadvantaged children with social, educational, and health services.

Childcare shifted in the past from unpaid to paid caregivers, particularly childcare centers. Center-based care has increased, substituting for unpaid care by relatives, as fewer families have access to relatives who were willing or able to keep their children.

Some employers offer childcare benefits to employees. They recognize that the lack of childcare benefits is a barrier to the employment of qualified women, and that the cost of the childcare is offset by increased employee morale and reduced absenteeism. Some employers sponsor childcare centers in or near the workplace; others offer direct financial assistance, vouchers, or discounts for childcare, after-school or sick childcare services, or a dependent care option in a flexible benefits plan.

### Working Conditions

Watching children grow, learn, and gain new skills can be very rewarding. Preschool teachers and childcare workers often improve their own communication, learning, and other personal skills by working with children. The work is never routine; new activities and challenges mark each day. However, childcare can be physically and emotionally taxing, as workers constantly stand, walk, bend, stoop, and lift to attend to each child's interests and problems. They must be constantly alert, anticipate and prevent trouble, deal effectively with disruptive children, and provide fair but firm discipline. Nonetheless, this is a relatively safe industry; in 1999, childcare services had an injury and illness rate of 2.6 per 100 full-time workers, compared with a rate of 6.3 throughout private industry.

The hours of childcare workers vary. Many centers are open 12 or more hours a day and cannot close until all the children are picked up by their parents or guardians. Unscheduled overtime, traffic jams, and other types of emergencies can cause parents or guardians to be late. Nearly half of the full-time employees in the childcare services industry work more than 40 hours per week. Self-employed workers tend to work longer hours than do their salaried counterparts. The industry also offers many opportunities for part-time work—around 40 percent of all employees work part time.

Many childcare workers are faced with stressful conditions, low pay, and few benefits. Turnover among childcare workers is high.

### Employment

About 712,000 workers held wage and salary jobs in childcare services in 2000. Also, about 487,000 self-employed persons worked in the industry. Most of the self-employed were family childcare providers, and some were self-employed managers of childcare centers. Employment estimates understate the total number of people working in this industry because family childcare homes run by relatives often are not counted, and because many other family childcare providers operate illegally without a license to avoid the expense of licensing and taxation.

Jobs in childcare are found across the country, mirroring the distribution of the population. Childcare operations vary in size, from the self-employed person caring for a few children in a private home to the large corporate-sponsored center employing a large staff. More than 2 out of 10 wage and salary jobs in 1997 were located in establishments with fewer than 10 employees. Nearly all have less than 50 workers (chart 1).

Opportunities for self-employment in this industry are among the best in the economy. More than 40 percent of all workers in the industry are self-employed, compared with only 8 percent in all industries. This reflects the ease of entering the childcare business.

The median age of childcare providers is 37.1 compared with 39.6 for all workers. About 20 percent of all care providers are 24 years of age or younger (table 1). More than 7 percent of these workers are below the age of 20, reflecting the minimal training requirements for many childcare positions.

**Table 1. Percent distribution of employment in childcare services by age group, 2000**

Age group	Childcare services	All industries
Total .....	100.0	100.0
16 to 19 .....	7.4	5.4
20 to 24 .....	12.9	9.9
25 to 34 .....	24.4	22.6
35 to 44 .....	26.6	27.1
45 to 54 .....	17.6	22.0
55 to 64 .....	8.0	10.1
65 and older .....	3.2	3.0

### Occupations in the Industry

There is far less occupational diversity in the childcare services industry than in most other industries. Three occupations—*preschool teachers*, *teacher assistants*, and *childcare workers*—account for 74 percent of all wage and salary jobs (table 2).

*Preschool teachers* make up the largest occupation in the childcare industry, accounting for about 39 percent of wage and salary jobs. They teach pupils basic physical, mental, and developmental skills in public or private schools. *Teacher assistants* account for 13 percent of employment. They give teachers more time for teaching by assuming a variety of tasks. For example, they may set up and dismantle equipment or prepare instructional materials.

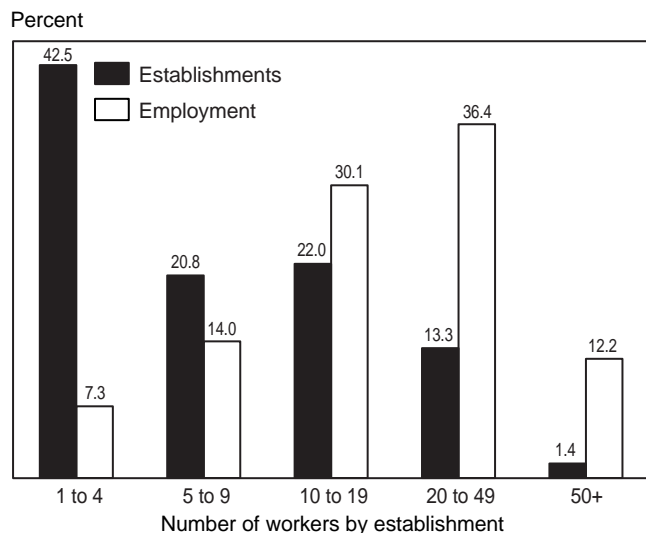
**Table 2. Employment of wage and salary workers in childcare services by occupation, 2000 and projected change, 2000-10**

(Employment in thousands)

Occupation	Employment, 2000		Percent change, 2000-2010
	Number	Percent	
<b>All occupations</b> .....	712	100.0	41.9
<b>Management, business, and financial occupations</b> .....	59	8.3	45.7
Education administrators .....	19	2.7	53.0
General and operations managers .....	13	1.8	44.5
<b>Professional and related occupations</b> .....	422	59.3	37.0
Social and human service assistants .....	6	0.9	53.0
Child, family, and school social workers .....	7	1.0	53.0
Preschool teachers, except special education .....	280	39.3	28.7
Kindergarten teachers, except special education .....	9	1.3	53.0
Elementary school teachers, except special education .....	6	0.8	53.0
Other teachers and instructors .....	5	0.7	59.3
Teacher assistants .....	96	13.4	53.0
<b>Service occupations</b> .....	194	27.3	51.4
Cooks, institution and cafeteria .....	16	2.3	40.8
Janitors and cleaners, except maids and housekeeping cleaners .....	7	1.0	53.0
Child care workers .....	148	20.8	53.0
<b>Office and administrative support occupations</b> .....	26	3.6	37.7
Financial clerks .....	6	0.8	30.9
Office clerks, general .....	7	0.9	53.0
Secretaries and administrative assistants .....	7	1.0	31.0
<b>Transportation and material moving occupations</b> .....	8	1.2	52.5
Bus drivers, school .....	5	0.8	53.0

NOTE: May not add to totals due to omission of occupations with small employment.

### Most wage and salary jobs in child-care services are in establishments with fewer than 20 workers



Source: U.S. Department of Commerce, *County Business Patterns*, 1997

*Childcare workers* account for about 21 percent of wage and salary jobs. Large proportions of the self-employed who keep children in their homes also are childcare workers. In a home setting, they are known as *family childcare providers*. Some parents hire *private household workers*, such as *nannies*, to care for their children in their own home. Regardless of the setting, these workers feed, diaper, comfort, and play with infants. When dealing with older preschoolers, they attend to the children's basic needs and organize activities that stimulate physical, emotional, intellectual, and social development.

*Managers*, who account for about 8 percent of wage and salary workers, establish overall objectives and standards for their center and provide day-to-day supervision of their staff. They bear overall responsibility for program development as well as for marketing, budgeting, staffing, and all other administrative tasks.

In addition to the above occupations, childcare centers also employ a variety of *office and administrative support workers*, *building cleaning workers*, *cooks*, and *bus drivers*.

### Training and Advancement

Most States do not impose training requirements for family childcare providers. However, many local governments offer

training and require family childcare providers to obtain licenses. Home safety inspections and criminal background checks are usually required of an applicant. In the case of childcare centers, however, staffing requirements are imposed primarily by the States and by insurers. Although requirements vary, in most cases a minimum age of 18 is required for teachers, and directors or officers must be at least 21. In some States, assistants may work at age 16, and in several States, at 14.

Most States have established minimum educational or training requirements. Training requirements are most stringent for directors, less so for teachers, and minimal for childcare workers and teacher assistants. In many centers, directors must have a college degree, often with experience in childcare and specific training in early childhood development. Teachers must have a high school diploma and, in many cases, a combination of college education and experience. Assistants and childcare workers usually need a high school diploma, but it is not always a requirement. Some employers prefer to hire workers who have received credentials from a nationally recognized childcare organization, including the Council for Professional Recognition.

Many States also mandate other types of training for staff members, such as health and first aid, fire safety, and child abuse detection and prevention. In nearly all States, licensing regulations require criminal record checks for all childcare staff. This screening requirement protects children from abuse and reduces liability risks, making insurance more available and affordable.

State governments also have established requirements for other childcare center personnel involved in food preparation, transportation of children, provision of medical services, and other services. Most States have defined minimum staff-to-children ratios. These vary depending on the State and the age of the children involved.

### Earnings

In 2000, hourly earnings of nonsupervisory workers in the childcare services industry averaged \$8.69, much less than the average of \$13.74 for all industries combined. On a weekly basis, earnings in childcare services averaged only \$258 in 2000, compared with the average of \$474 for all industries. Weekly earnings, in part, reflect hours worked—salaried workers in childcare services averaged 29.7 hours a week, compared with about 34.5 throughout private industry. Earnings in selected occupations in childcare services in 2000 appear in table 3.

**Table 3. Median hourly earnings of the largest occupations in childcare services, 2000**

Occupation	Childcare services	All industries
General and operations managers .....	\$ 15.92	\$ 29.41
Executive secretaries and administrative assistants .....	11.49	14.95
Social and human service assistants .....	11.36	10.74
Child, family, and school social workers .....	11.09	15.13
Office clerks, general .....	8.25	10.16
Preschool teachers, except special education ...	8.16	8.56
Bus drivers, school .....	8.12	10.05
Janitors and cleaners, except maids and housekeeping cleaners .....	7.66	8.26
Cooks, institution and cafeteria .....	7.52	8.22
Childcare workers .....	6.74	7.43

Employee benefits often are minimal as well. A substantial number of childcare centers offer no healthcare benefits to any teaching staff. Reduced childcare fees for workers' children, however, is a common benefit. Wage levels, employee benefits, and resulting turnover depends in part on the type of childcare center. Nonprofit and religiously affiliated centers generally pay higher wages and offer more generous benefits than for-profit establishments.

Only about 3.5 percent of all workers in childcare services are union members or are covered by union contracts, compared with 15 percent of workers in all industries.

### Outlook

Wage and salary jobs in the childcare services industry are projected to grow 42 percent over the 2000-10 period, compared with the 15 percent employment growth projected for all industries combined. An unusually large number of job openings will also result each year from the need to replace experienced workers who leave this industry. Turnover is very high, reflecting the low wages and relatively meager benefits. Faster than average employment growth, when coupled with high turnover should create numerous employment opportunities.

The rising demand for childcare services reflects demographic trends. Over the 1988-98 period, the population of women of childbearing age (widely considered to be ages 15 to 44) increased by almost 2 million, accompanied by a rise in their labor force participation. As a result, the number of women in the labor force with children young enough to require childcare increased very rapidly. These demographic changes are projected to slow over the 2000-10 period, so projected employment growth in the childcare services industry will slow down accordingly. Although the number of women of childbearing age is expected to grow very slowly, the number of children under age 5 still will increase during this period.

The demand for childcare services will remain high. As the labor force participation of women between the ages of 16 and 44 increases, more parents of preschool and school-age children will seek suitable daycare arrangements. As more parents work during weekends, evenings, and late nights, the demand will increase significantly for childcare programs that can provide care during nontraditional hours. School-age children, who generally require childcare only before and after school, increasingly are being cared for in centers.

Center-based care should continue to expand its share of the industry as government increases its involvement in promoting and funding childcare services. Increased funding for Head Start and other national childcare programs would result in more children being served in centers. Demand for preschool teachers could increase if many States implement mandatory preschool for 4-year-old children. Another factor that could result in more children being cared for in centers is the greater involvement of employers in funding and operating daycare centers. Welfare reform legislation requiring more welfare recipients to work also could contribute to demand for childcare services.

### Sources of Additional Information

For additional information about careers in early childhood education, contact:

- National Association for the Education of Young Children, 1509 16th St. NW., Washington, DC 20036-1426. Internet: <http://www.naeyc.org>

State Departments of Human Services or Social Services can supply State regulations concerning childcare programs, childcare workers, teacher assistants, and preschool teachers.

Detailed information on the following key occupations in the childcare services industry appears in the 2002-03 *Occupational Outlook Handbook*:

- Childcare workers
- Teacher assistants
- Teachers—preschool, kindergarten, elementary, middle, and secondary