Access to affordable high-quality childcare has become a barrier to employment for many Montana parents. The number of childcare slots in Montana only meets about 41% of the estimated demand, ranking Montana 40th in the nation for childcare availability. A shortage of childcare limits the number of parents who can participate in the workforce, thus exacerbating the state’s workforce shortage. However, childcare providers face the same challenges as other businesses looking to expand – lack of an available workforce. This article explores the employment and wages of childcare workers, who are a critical component in addressing the state’s workforce shortage.

Childcare Workers’ Employment and Wages

There are about 4,700 caregivers working in licensed childcare facilities across the state. Some of these caregivers work in large childcare centers, while others care for only a handful of children in their homes. At the median, childcare workers earn about $9.84 per hour, which translates to about $20,460 a year when working full-time. However, their wages vary depending on where they work.

There are four types of licensed childcare providers in Montana – childcare centers, group home providers, family home providers, and licensed family, friend, and neighbor (FFN) care. About 65% of caregivers work for a childcare center, which is the largest type of childcare provider. Another 27% work for group home providers, and the remaining 8% of caregivers work in a family home setting, or as an FFN provider. Figure 1 shows the capacity limits for each provider type, the distribution of childcare providers by type, and the percentage of caregivers employed by each provider type.

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2. Number of caregivers reported by DPHHS CCUBS data as of 3/1/19. A caregiver is anyone in a licensed childcare facility working directly with children.
Across all provider types, the average childcare worker made about $13,000 in wages in 2018. These wages reflect the payroll wages reported in the state's unemployment insurance administrative wage data, which includes part-time and temporary employment. Childcare workers in larger facilities made slightly more. Caregivers in childcare centers made almost $14,000 in 2018, whereas caregivers in group homes made $9,000 in the same year. Childcare workers in small family home providers, or who are FFN caregivers are often self-employed and do not have payroll wages; therefore, their wages are not captured in this analysis.

Across all provider types, many childcare workers hold multiple jobs. About 21% of all childcare workers employed by a licensed childcare facility hold more than one job, making them more likely than the average Montanan to work multiple jobs. Working multiple jobs helped to raise childcare workers total wages to approximately $15,700 in 2018. However, this wage still falls below the federal poverty line for a family of two.

Childcare workers are more likely than the average Montana worker to hold multiple jobs. Almost a quarter (21%) of childcare workers hold multiple jobs, compared to only 8% of the Montana workforce.
Childcare Worker Occupations

There are five different jobs caregivers can hold in a childcare facility – director, early childhood (EC) lead teacher, EC teacher, EC assistant, and substitute provider. Each one of these occupations have different responsibilities and their wages vary accordingly. Figure 2 describes each of these jobs and shows how caregivers’ wages grow as they progress in their career.

FIGURE 2
Childcare Worker Occupations

 Directors of childcare facilities make the most, earning about $34,000 in 2018. Directors are responsible for managing the daily operations of the childcare facility. They manage personnel, develop curricula in coordination with teachers, communicate with parents, and sometimes manage the facility budget. Of the 4,700 childcare workers in Montana, about 780 (17%) work as directors. Directors work primarily in childcare centers and group home settings. Those working in centers make an average of $36,000, compared to only $23,500 for group home directors. Childcare centers are larger than group homes, and therefore directors of childcare centers have more staff to manage. Centers are also more expensive than group homes for parents, so the additional resources for centers could lead to higher wages. Figure 3 shows childcare worker wages by occupation at childcare centers and group homes.

5 Occupational titles for childcare workers are defined in DPHHS CCUBS data and are titles given to caregivers by their employers.

EC lead teachers are the next highest paid, making approximately $20,000 in 2018. Lead teachers manage the day-to-day activities of their classroom. They are responsible for lesson planning, supervising the children’s activities, ensuring child health and safety, and communicating with parents about their child’s development and wellbeing. Lead teachers work in childcare centers and often supervise assistant teachers in their classrooms. About 28% of childcare workers in Montana are working as lead teachers.

Like lead teachers, EC teachers are responsible for managing the day-to-day activities of their classroom. They implement curriculum and oversee the children's activities, insuring their health and safety, and monitoring their development. EC teachers work primarily in group homes, with smaller class sizes. Because of the smaller class sizes, EC teachers are often the only teacher in the classroom. In 2018, EC teachers made approximately $10,000, which is about half the wages reported by lead teachers.

EC assistant teachers work in childcare centers under the direct supervision of a lead teacher. Assistant teachers help lead teachers implement curriculum, and monitor the health, safety, and development of the children in their care. In 2018, assistant teachers reported approximately $7,000 in wage earnings. Often assistant teachers’ positions are part-time, which leads to a dramatic drop in wages between EC lead teachers and assistant teachers. Over 1,200 caregivers in Montana are working as assistant teachers, making up about 28% of all caregivers in the state.

Substitute providers work in both childcare centers and group homes to help fill in for teachers who are absent from work. Substitute providers work temporarily at a childcare facility, and the inconsistency of their work leads to lower wages. In 2018, substitute providers reported only $4,500 in wages. Those working in childcare centers make slightly more than those working in group homes, as shown in Figure 3. About 13% of all caregivers in Montana are working as substitute providers.

Childcare worker wages fall within the bottom twenty-five percent of wages in Montana. However, wages vary by occupation, and as a childcare workers progress in their careers, they have opportunities for wage growth.

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Childcare Worker Experience

Continuity of care is an important element of providing high-quality childcare. A child’s familiarity with their caregiver can impact their ability to learn and grow. In addition to the benefits for the child, retaining highly-qualified staff in the same childcare facility over-time can help improve wages for childcare workers. The more experience an individual has within their facility, the higher their wages.

Figure 4 shows the years of experience of Montana’s childcare workforce with their current employer. About a quarter of the state’s childcare workforce has been working for their current childcare provider for less than a year. Another third of childcare workers have one to three years of experience. Those childcare workers with one or two years of experience earned about $15,700 in 2018, which is $2,700 above the average for all childcare providers. Childcare workers who were able to stay in their facility for three or four years earned $19,500 in 2018, which is $3,800 above those with one or two years of experience. Retention for three years or more also has important implications for continuity of care because children are often in the same classroom for at least two years. Therefore, retaining an EC teacher for more than two years helps ensure children stay with the same teacher throughout their time in a classroom.

Just over a quarter of childcare workers in Montana have been working at the same childcare facility for at least five years. Those with this additional experience earned $23,600 in 2018, which is about $4,000 more than those with three or four years of experience. Helping childcare workers build their experience within the same facility through a supportive work environment can have an impact on their long-term earnings and career progression.

Regional Discrepancies in Childcare Worker Wages

Childcare worker wages vary by county. Figure 5 shows the county-level discrepancies in the median wage of childcare workers. Counties with lower median wages for childcare workers are rural counties. However, not all rural counties have lower wages for childcare workers and not all urban areas of Montana have higher wages. The counties reporting higher wages for childcare workers are both urban and rural, and are located throughout the state. There are eight counties whose median wage for childcare workers is above the statewide median – Hill, Lake, Lincoln, Park, Lewis and Clark, Richland, Silver Bow, and Flathead Counties. The reason these counties report above average wages for childcare workers isn’t immediately clear. More research is needed to determine whether there is an underlying factor generating the county-level variation in childcare worker wages.

Even within urban centers of the state, there are some significant differences in childcare worker wages. Hill County, where Havre is located, pays childcare workers the highest wages of any county in Montana. Childcare workers in the Havre area made almost $20,000 at the median in 2018, compared to childcare workers in Gallatin County who made just over half that amount. While the Bozeman area has some of the highest wages for all workers in the state, childcare workers earned only $10,600 in 2018.

One possible explanation for the difference in wages in Gallatin and Hill Counties is the difference in demand for childcare services in those areas. Across the state, childcare capacity falls well below demand. Only 41% of childcare demand can be met with the existing capacity at licensed childcare facilities in Montana. However, Hill County providers are only able to meet about 23% of childcare demand, which may explain higher wages to providers. Access to childcare is slightly improved in Gallatin County, with capacity meeting about 34% of demand. It is possible that childcare providers are offering higher wages in counties where there is more unmet demand for childcare in order to attract workers. However, more research is needed to determine the relationship between childcare demand and wages.

Conclusion

Increasing access to affordable high-quality childcare is a priority for parents and business leaders alike. Childcare providers looking to expand often face similar barriers as other growing businesses in Montana – a lack of an available workforce. Increasing the number of childcare workers in Montana will allow more parents to participate in the workforce. Childcare workers are critical to addressing the state’s workforce shortage and allowing the Montana economy to continue to grow.