

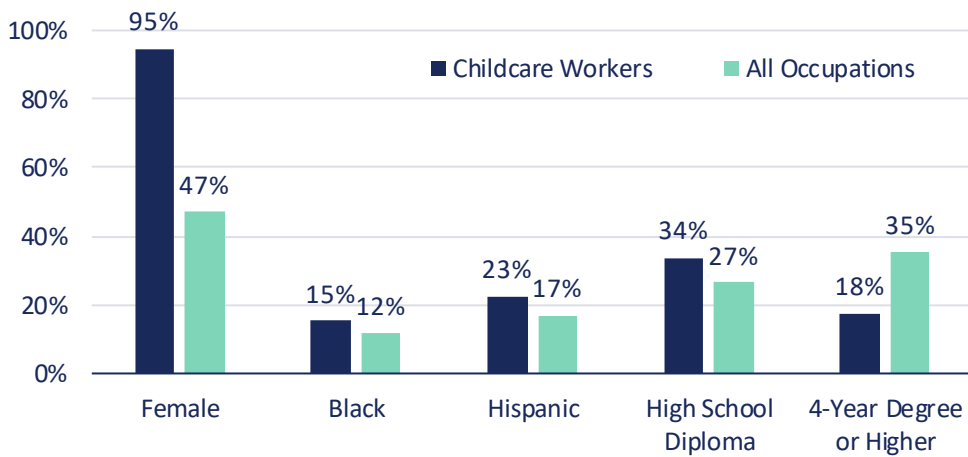
TRENDLINES

EMPLOYMENT AND TRAINING ADMINISTRATION
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EMPLOYMENT DYNAMICS IN CHILDCARE

Early childhood care and education (ECCE) plays an important role in our economy because ECCE centers provide safe, nurturing, and enriching environments for children, while providing flexibility to parents and caretakers to be able to pursue their own employment. From a labor market perspective, the ECCE industry has struggled with recovering employment from the COVID-19 pandemic, low-wages for staff, and high worker outflows. ECCE workers are also segregated by gender, race, and ethnicity. This month's Trendlines summarizes recent research on the ECCE workforce and provides context for the April 2023 [Executive Order on Increasing Access to High-Quality Care and Supporting Caregivers](#).

Characteristics of the ECCE workforce



Source: analysis of Current Population Survey data (2010–2022) by Fee (2024)

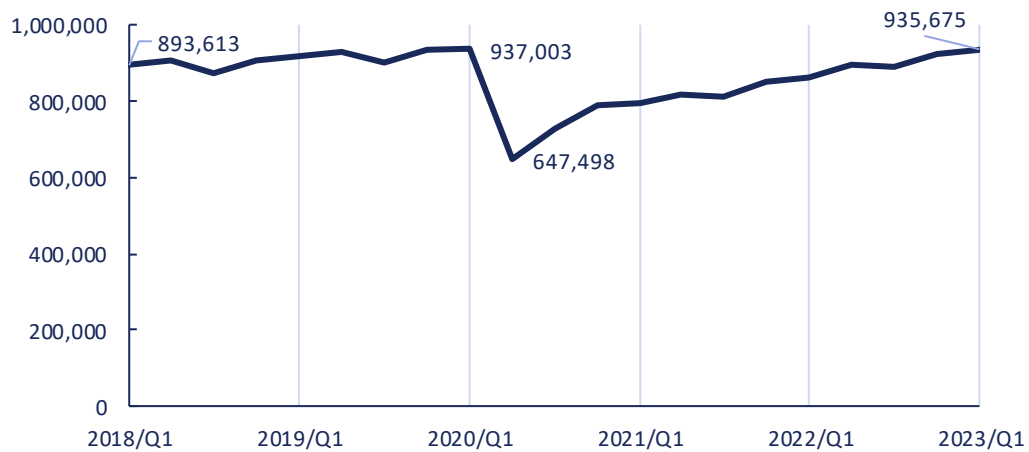
Occupational Segregation in the ECCE Workforce

There is severe occupational segregation in the ECCE field by gender and to a lesser extent by race and ethnicity. Childcare workers compared to workers overall are more likely to be women (95% vs. 47%), Black (15% vs. 12%), and Hispanic (23% vs. 17%). Childcare workers are also more likely to only have a high school diploma (34% vs. 27%).

Slow Employment Recovery

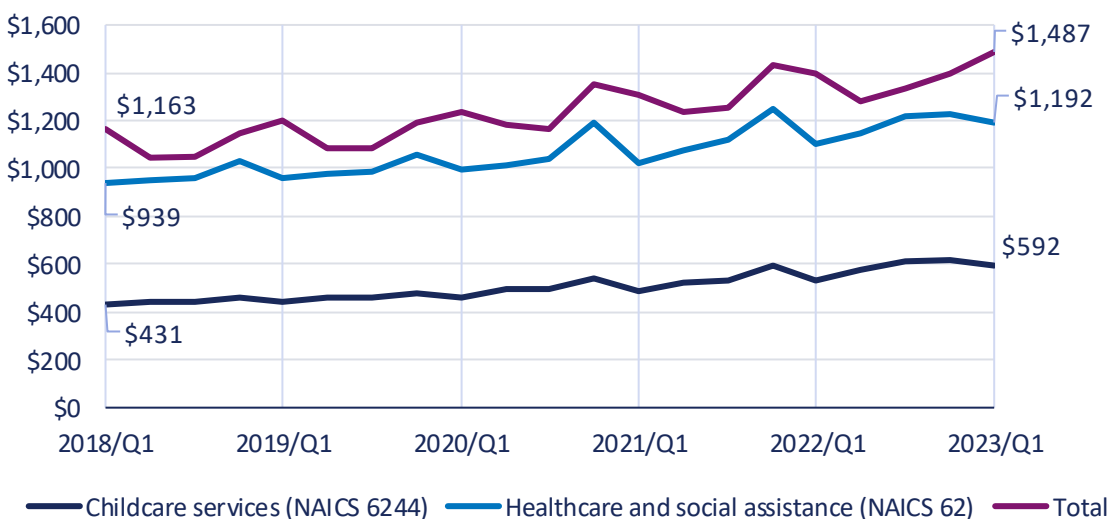
Emily Thomas, a division director in OPDR, and her BLS colleague Kevin Cooksey, [recently published an analysis](#) of wage and employment trends among ECCE establishments and workers. They find that employment in child daycare centers declined by 31% in the early days of the COVID-19 pandemic. By the first quarter of 2023, employment had nearly returned to pre-pandemic levels.

Quarterly employment in child daycare center establishments



Source: analysis of BLS QCEW data (2018–2023) by Cooksey and Thomas (2024)

Average weekly wages at child daycare centers



Source: analysis of BLS QCEW data (2018–2023) by Cooksey and Thomas (2024)

Low Wages

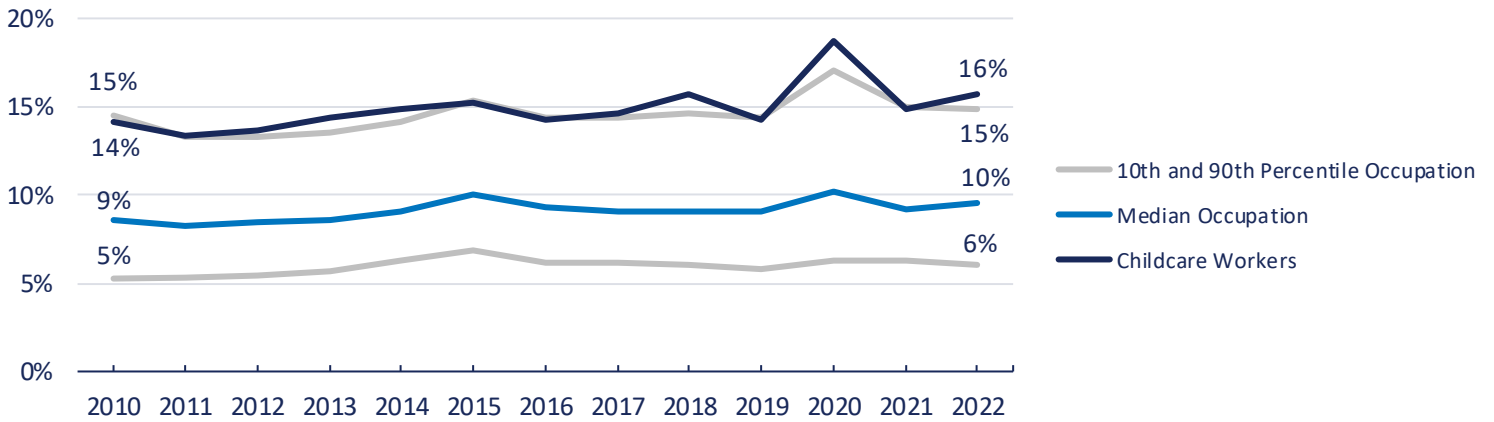
ECCE workers are some of the lowest-paid workers in the economy. In the first quarter of 2023, the average weekly wage of child daycare center workers (\$592) was half that of workers in healthcare and social assistance (\$1,192). It was 40% of the average weekly wage overall (\$1,487).

EMPLOYMENT DYNAMICS IN CHILDCARE (CONTINUED)

High Worker Outflows

In a new report, Cleveland Federal Reserve researcher Kyle Fee uses month-to-month linkages in the Current Population Survey (CPS) to examine worker outflows — the mobility of workers to other occupations or labor force statuses (i.e., unemployment or not in the labor force). He finds that, historically, the outflow rate of childcare workers has been high and peaked during the COVID-19 pandemic. While the peak is largely attributable to workers becoming unemployed during the pandemic, outflow rates have remained elevated. On average in 2022, 16% of childcare workers exited the occupation, and the report finds that nearly 50% of those exiters left the labor force altogether. For comparison, the gray lines indicate the 10th and 90th percentile outflow rates among occupations.

Outflow rates: percent of workers leaving an occupation

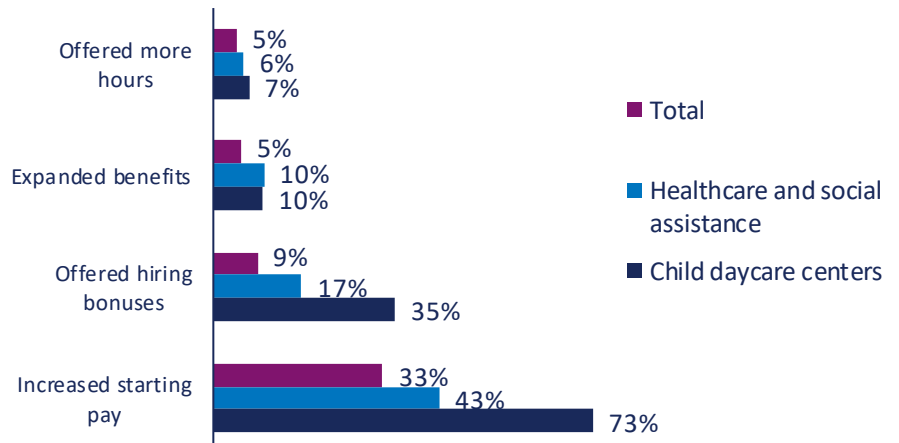


Source: analysis of IPUMS-CPS (2010–2021) and IPUMS-ACS (2019) data by Fee (2024)

Recruitment Strategies

Because of challenges with attraction and retention, businesses are searching for strategies to recruit new workers in the child daycare industry. Nearly three-quarters (73%) of surveyed businesses have increased starting pay, more than a third (35%) are offering hiring bonuses, and one-tenth (10%) have expanded benefits. These strategies and more will be essential to strengthening the ECCE workforce in the years to come.

Compensation methods for attracting new hires by U.S. establishments that hired at least one new employee in July 2022



Source: analysis of BLS Business Response Survey (2022) by Cooksey and Thomas (2024)

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LABOR MARKET METRICS



3.7% IN JAN 24

Unemployment Rate
No change from Dec 2023

9.0M IN DEC 23

Job Openings
▲ 101K from Nov 2023

62.5% IN JAN 24

Labor Force Participation
No change from Dec 2023

4.4M IN JAN 24

Part Time—Econ. Reasons
▲ 211K from Dec 2023

218K WK END FEB 3

Initial UI Claims
▼ 9,000 from prior week

353K IN JAN 24

Increase in Nonfarm Payroll Employment