

Richmond Fed

# The Staffing Challenge in Schools and Caregiving

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It's that time of year again. I don't mean the sudden crispness in the air nor the return of football season. It's back-to-school time, and once again we are talking about challenges in K-12 staffing.

This scramble for teachers and staff coincides with the recent news that the overall U.S. economy has recovered 100 percent of the jobs lost during the pandemic. It's a reminder that the jobs recovery has been unequal across sectors, leaving segments of our economy behind.

The economy is not just missing K-12 staff. It is short nurses, child care workers and elder care providers, too — all jobs that are essential in supporting the development and participation of workers in our economy.

Taking a historic lens, these occupations were some of the pathways most readily available to women before they began entering the workforce in larger numbers. Take nursing, for example. In 1950, almost 100 percent of nurses were women. In public education, over 60 percent of the 1950 workforce was female. Today, these remain majority woman careers. Almost 90 percent of nurses are still women, and local public education is over 70 percent women. Child care and elder care staffing is over 80 percent women.<sup>1</sup> Some have observed that the history of the labor supply for these critical jobs has left their compensation misaligned with the societal value they create.

Why are these jobs lagging the overall economic recovery today? Blame the pandemic for exacerbating existing challenges and introducing new ones:

**Hard jobs got harder.** Even prior to the pandemic, these roles were demanding. Caregivers and educators are constantly on their feet. They have to be agile, patient and empathetic as they deal with unique needs from individuals who often don't want to be there in the first place. They endure a high-stakes environment, with lives, well-beings and futures on the line.

The pandemic turned the heat up further. Workers had to implement and enforce ever-evolving safety regulations. And they did so while putting their own health at risk, while others worked from home. The stress continued once lockdowns lifted, as those they cared for suffered their own health issues, children returned with learning loss and behavioral issues, and families expressed varying views of appropriate protocols.

And, of course, increased turnover and hiring challenges meant all the burden — old and new — strained those who remained.

**Low wages got (relatively) lower.** At the start of the pandemic, average hourly earnings for workers at child care facilities were just \$16.27. At nursing and residential care facilities, that number was \$19.39. Compare those to the economy's overall average earnings of \$28.56.<sup>2</sup>

During the pandemic, wages went up across the board — including for these roles. But competition has remained fierce. Take child care. Wages improved in that sector — up almost \$3 to \$19.09 — but not as much as wages increased elsewhere. A child care worker could leave the sector for warehousing and storage and see average hourly earnings increase another \$3. So, this harder work got relatively less well paid.

Even in jobs with higher relative wages, pandemic disruptions shaped new incentives. We first saw an increase in traveling nurses as COVID-19 hit different areas of the country on a rolling timeline. But the increased use and compensation of travel nurses has incentivized more to look at traveling as a higher wage alternative to the traditional career path.

**Stable jobs got a jolt.** Prior to 2020, many of these jobs could have been thought of as more secure than other occupations. They are the original essential workers. But in 2020, when nonurgent care was postponed, hospitals furloughed staff. When lockdowns were put in place, day care centers shut down. Schools remained virtually open but suddenly required a whole new set of skills.

At the same time, other jobs became more attractive. They grew. Their compensation increased. Work from home opportunities blossomed. Workers took note. The traditionally low quits rate for health care and social assistance and for state and local education hit series highs in 2021 and 2022.

### **Employers are struggling to respond.**

Some of these positions can't reprice easily. Local governments face constrained budgets and often need support from multiple stakeholders to adjust K-12 pay. The child care sector suffers from razor-thin margins. Health care and elder care capacity depend on funding decisions from Medicare and Medicaid.

Additionally, inflexibility is built into these roles. Most of these positions are in person and work set hours. With the tight labor market offering an increase in hybrid jobs, it may be hard for employers to overcome the allure of less commuting and fewer challenging interpersonal interactions.

Across these occupations, employers often need certified and trained workers, and the pipeline is not always wide enough to accommodate their needs. For example, there are limits on how many nurses can be trained at a time, and their training takes exactly that — time.

These obstacles aren't keeping communities and employers from trying. Some states are introducing legislation to raise the minimum salary for teachers or child care workers. Some school districts are offering affordable housing options for educators and staff. And hospitals and elder care facilities are exploring new incentives like signing bonuses, flexible scheduling and tuition reimbursement.

Whether it's due to the demanding nature of these jobs, their inflexible wages or the notion that the grass may be greener in other sectors, it's clear that there are real obstacles to the recovery of these critical occupations. Perhaps the normalization of the economy will lessen employers' stress by reducing the attractiveness of alternative careers. But we will have to do some learning of our own this back-to-school season. Will supply and demand naturally come back into balance? Will employer creativity on the work environment and benefits make these fields more attractive? Or will more funding — be it from governments, consumers or others — be made available to reprice these jobs? Given the importance of these jobs to the economy today and tomorrow, we need a path forward.

*Data on nurses is drawn from the 1950 U.S. Census occupation data and the 2019 American Community Survey (ACS) 1-Year data. Public school data is drawn from the 1950 U.S. Census industry data and 2019*

*Current Employment Statistics data. Child care and elder care data is drawn from the 1950 U.S. Census industry data and 2020 ACS 5-Year data.*

<sup>2</sup> *The nursing and residential care facilities sector includes but is not limited to nursing care facilities and community care facilities for the elderly. Earnings data is from June 2022. Bureau of Labor Statistics via Haver Analytics.*