

Early Childhood Workforce Compensation Strategies 101



Presentation Overview

- Review the current compensation landscape
- Identify current barriers and opportunities to higher compensation for the early childhood workforce
- Provide overview of current compensation strategies and their strengths and challenges
- Examine a few former compensation strategies
- Consider possible areas for action

ECE Compensation in the Headlines

- Early Childhood Educators Woefully Underpaid – *U.S. News and World Report*
- Small Children, Small Pay: Why Child Care Pays So Little – *The American Prospect*
- It Doesn't Pay To Be An Early Childhood Teacher – *National Public Radio*
- Child Care Teachers: Underpaid and Underappreciated – *New America*
- Parents' child-care costs doubled. But teachers still earn poverty wages – *The Washington Post*

Compensation—Why Does It Matter?

- Economic justice
- Turnover's effect on young children
- Need for an educated workforce
- Classroom and program quality
- Teacher's health and well-being
- Professionalization of the workforce

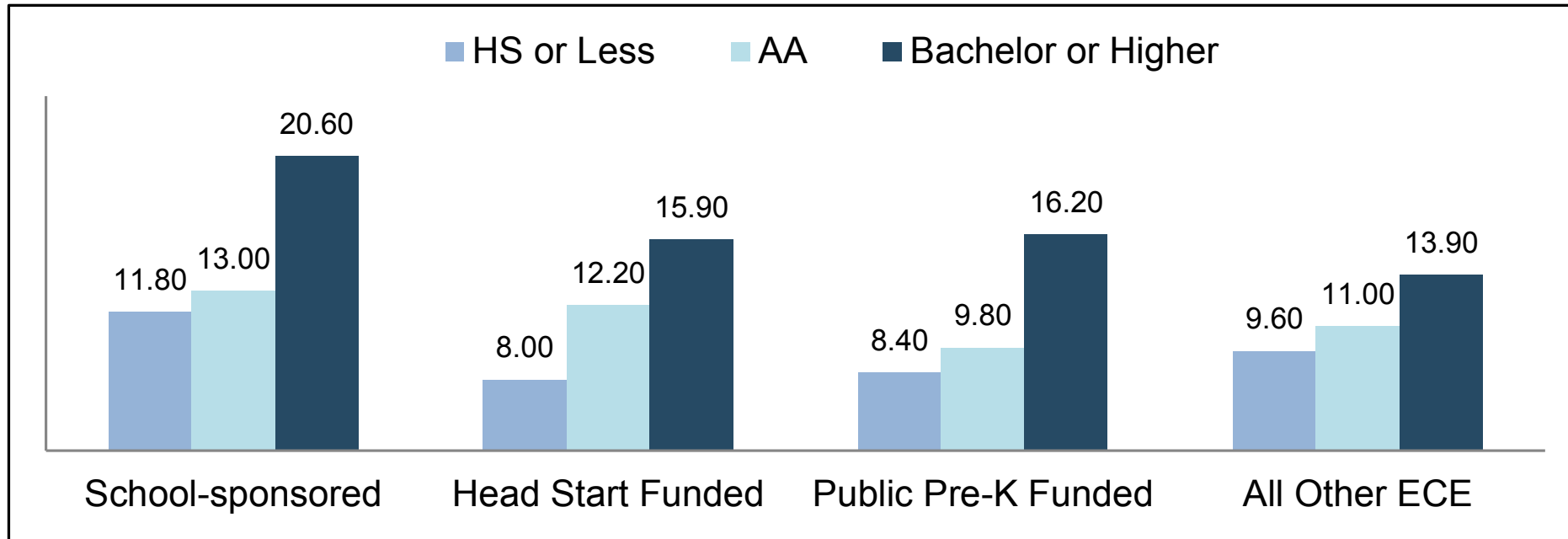


National Study of Early Care and Education (NSECE)

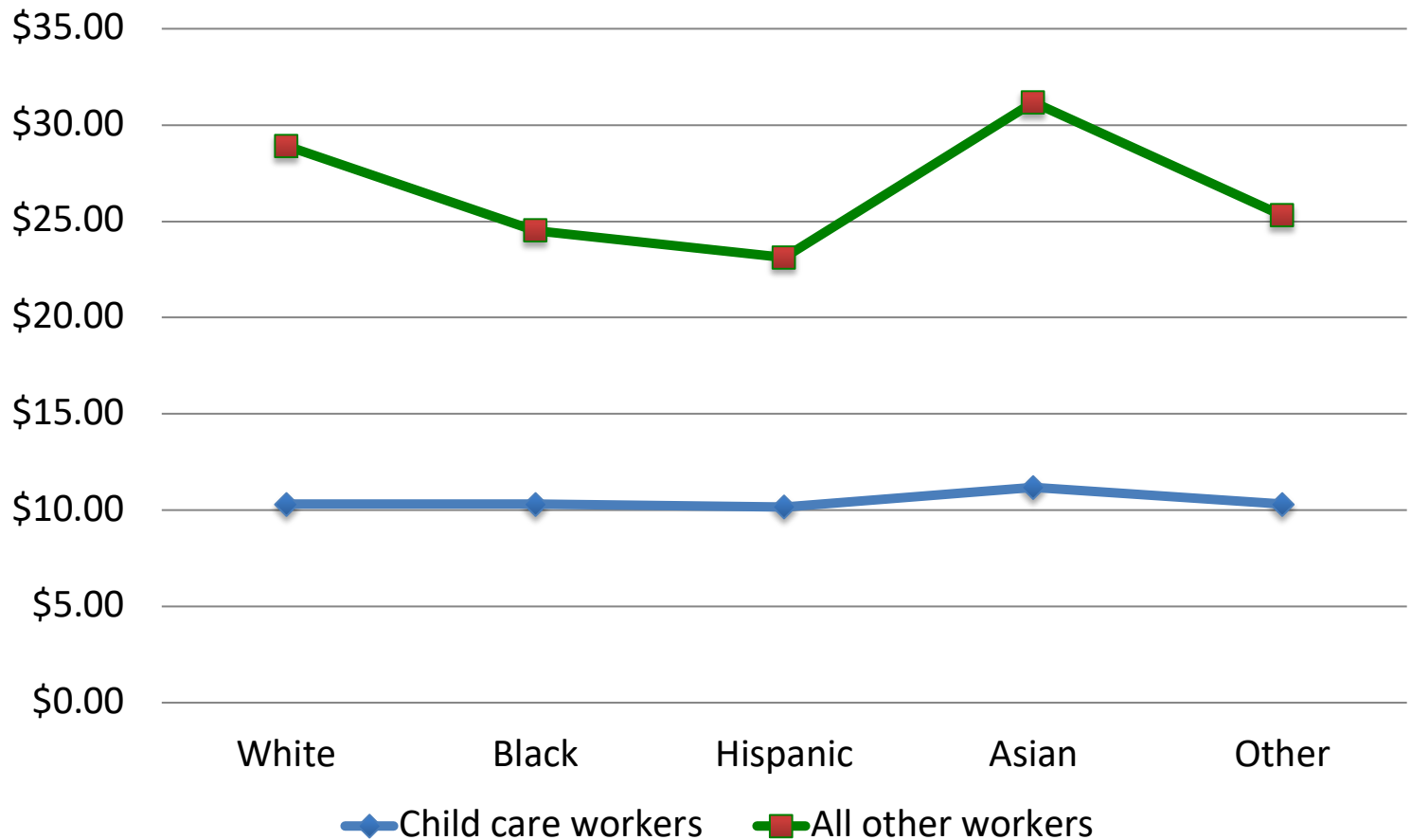
- Conducted by the Office of Planning, Research and Evaluation in ACF
- Completed in 2012; in process of being updated
- Represented about 1 million teachers working in 130,000 centers
- Learned teachers are worth the investment
 - 13 years of experience (median)
 - 53% with college degree
 - Wages tied to auspice, age and education



Median Hourly Wages of Center-Based Teachers by Education and Type of Sponsorship



Child Care Workers vs All Other Workers Race/Ethnicity



Compensation Challenges

- Parents are the primary buyers
- Little or no public funding or policy is targeted to compensation
- Public does not see ECE as a public good
- Inadequate ECE funding forces quantity vs quality when buying ECE
- Failure of Workforce Investment Boards to embrace ECE as viable career

Compensation Opportunities

- Research evidence is widely available
- Public will is shifting to include compensation
- More states are exploring and investing in compensation strategies
- Strategies like Pre-K with parity requirements demonstrate possibilities
- Increasing public buy-in within some states for larger pre-k investments

A Review of Compensation Strategies



- Direct Wage Supplementation
- Wage Mandates
- Higher Payment Rates
- Compensation Incentives for Professional Development

Direct Wage
Supplementation:
Two Examples



LA School Readiness Tax Credits

- Created refundable tax credit to supplement wages
- Must have worked in same child care center at least six months
- Linked to Pathways Levels
- Indexed annually against CPI
- Increased participation annually since inception

LA School Readiness Tax Credit for Directors and Teachers--2017

Pathways Levels	Director Levels	Refundable Tax Credit	Teacher Levels	Pathways Levels
CDA+ Admin	I	\$1,680	I	CDA
CDA+ Adm or degrees	II	\$2,239	II	CDA+ 2 courses
CDA+ Adm or degrees+	III	\$2,798	III	AAS
MA+ Adm Cert.	IV	\$3,358	IV	BS

LA School Readiness Tax Credits

Advantages

- Uses tax code strategy
- Is annually indexed to inflation
- Could reward increased education
- Is a refundable tax credit regardless of tax liability
- Is universally available to qualified participants, regardless on earnings

Disadvantages

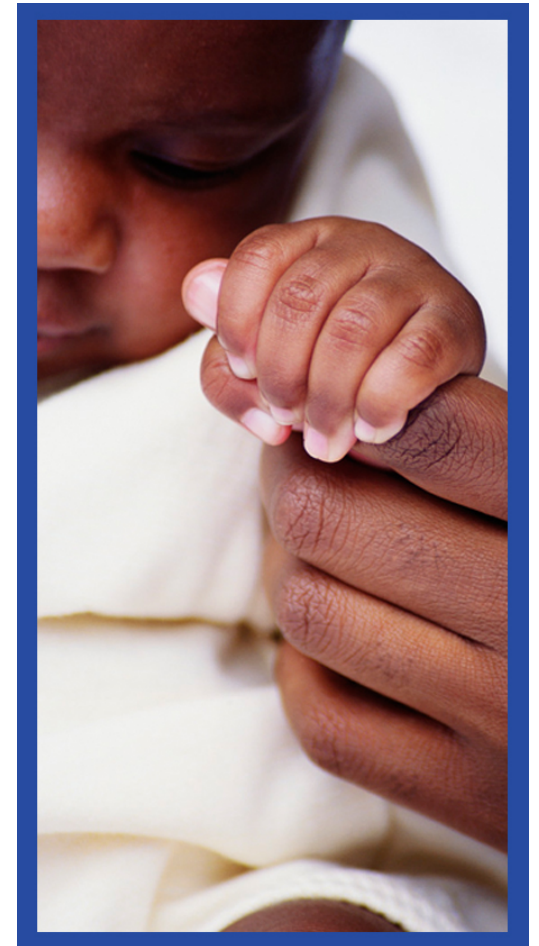
- Paid in annual payment
- Limited by availability of scholarship support
- Could offer inequitable scale for achieved education
- Provides limited data on participants
- Provides incremental awards

Compensation Supplement Programs

- Are available in localities or statewide in about 25% of states
- Provide periodic graduated supplements directly to eligible early childhood professionals
- Typically tied to retention and attained education/credentials

Child Care WAGE\$[®]

- Operates in 4 states
- Provides direct, graduated supplements that are logical and sufficient
- Encourages continuing education
- Requires consistency within same program
- Maintains marketplace competition for better salaries
- Focuses on outcomes



IMPACT

Child Care WAGE\$[®] Impact 2017-2018

\$10.4 million
invested in WAGE\$

5,399
supplement
recipients

14% average annual
turnover rate

\$902
average
six-month
supplement

99%
women

2,117 *early education
programs with
supplement recipients*

61% of recipients are
people of color

74% WAGE\$ participants either
had AS/AAS ECE or higher OR
submitted additional coursework

IMPACT

Compensation Supplement Programs

Advantages

- Focuses on increased education
- Provides semi-annual payments
- Can be equitable
- Provides data on participants, programs and turnover
- Directly recognizes and rewards participant

Disadvantages

- Is limited to available dollars
- Provides incremental awards
- May offer inequitable scale for achieved education
- Is limited by availability of scholarship support
- Limits eligibility by earnings

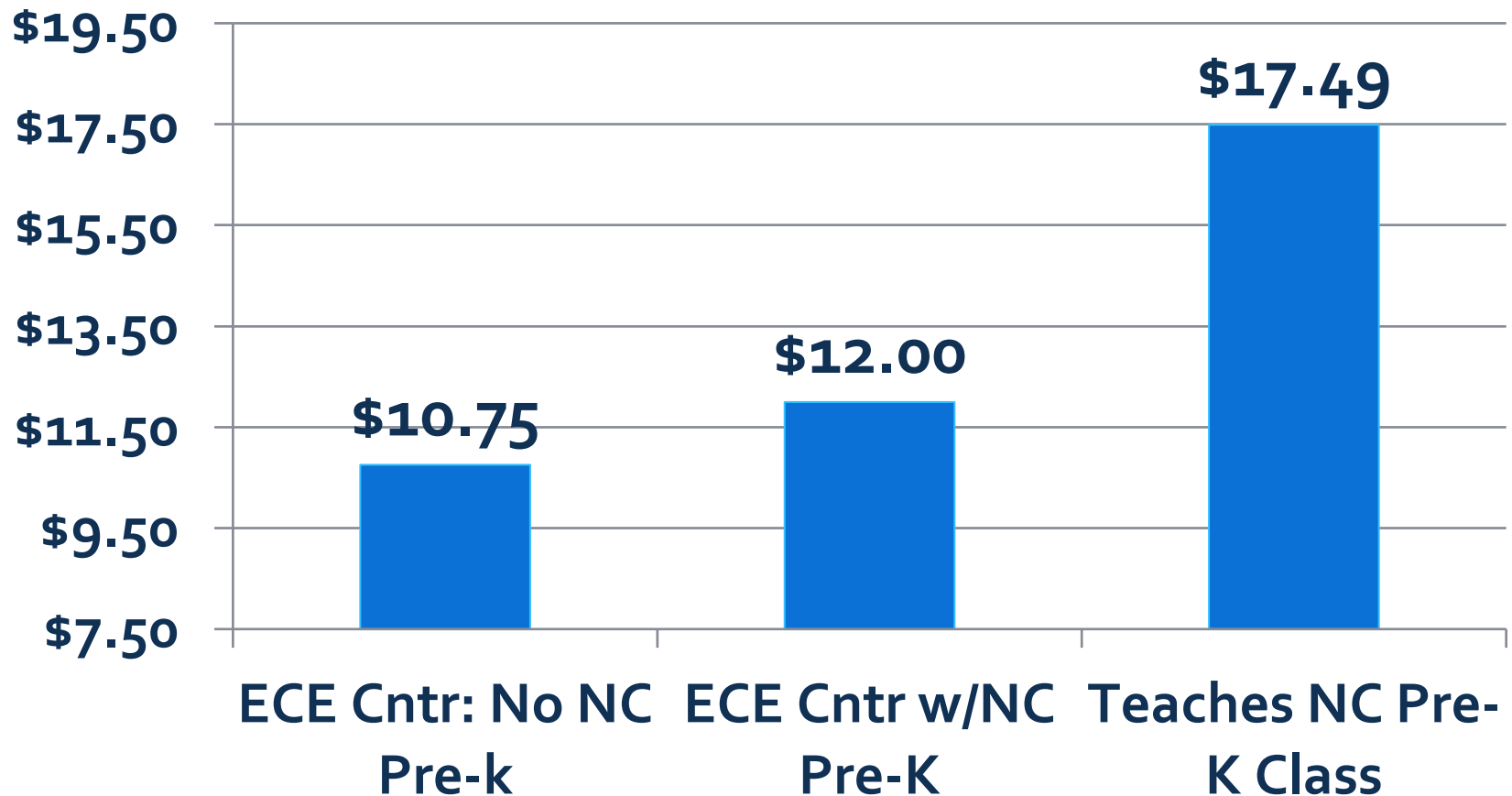
Wage Mandates: *Two Examples*



Requirement for Wage Parity

- Two early state-funded Pre-K programs in NJ and NC required teachers in those states working in state-funded Pre-K programs to be paid on parity with teachers in public schools, including Pre-K teachers in child care and Head Start programs
- A few additional states replicated parity standard
- Expectation embedded in the RFP for the federal Preschool Development Grants
- Evidence that parity requirement benefitted non Pre-k teachers

Self Reported Wages of Teachers in Centers With and Without NC Pre-K Classrooms



Requirement for Wage Parity

Advantages

- Provides a fair wage standard for identical work
- Encourages education and supports retention
- Allows teachers to work in desired setting
- Drives compensation improvements for entire staff

Disadvantages

- Is only possible with third party payers supporting full cost
- Is often impossible to achieve parity in cash benefits

Minimum Wage Efforts

- States, counties and/or cities across the country are raising mandatory minimal wages
- 29 states + DC have rates greater than federal minimum; 13 states + DC have rates of \$10.00/hr. or more
- 42 localities have higher separate minimum wage laws
- Requirements may be tied to size of employer and/or relationship with governmental entity
- Wage increases may be indexed annually to the CPI (17+DC)
- National effort being led by unions and includes child care teachers

Increasing Minimum Wage

Advantages

- Recognizes need for living wage floor for everyone
- Ensures lowest-paid teachers get a raise
- Increases buying power for consumers, including parents
- Can help a lot of child care teachers, if small employers not excluded

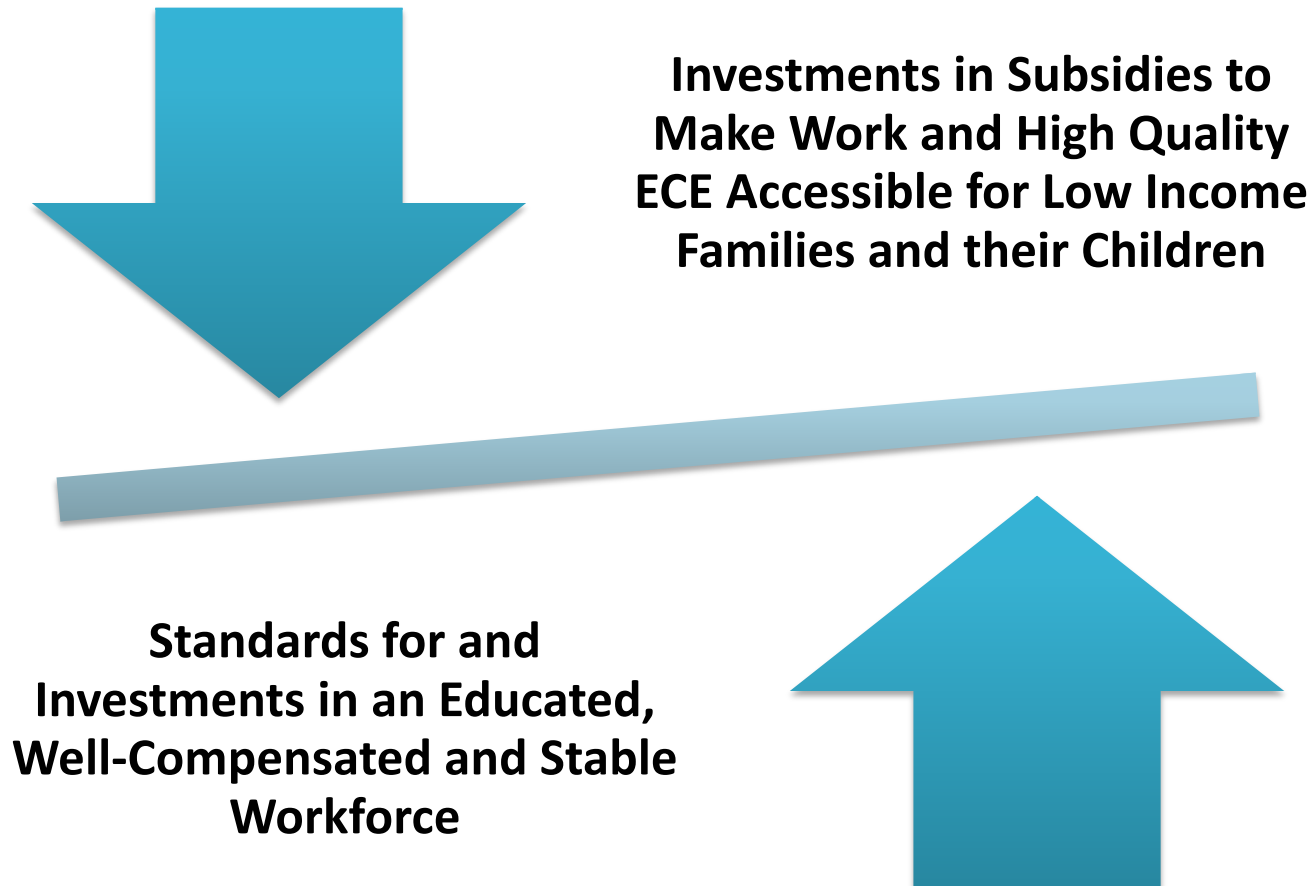
Disadvantages

- May depress wages for better educated/experienced teachers
- May raise child care costs for families
- May not include subsidy rate hike to cover wage increases
- May not affect teachers in sites paying higher wages
- May affect teachers' eligibility for public benefits

Higher Payment
Rates—
*Untargeted and
Targeted*



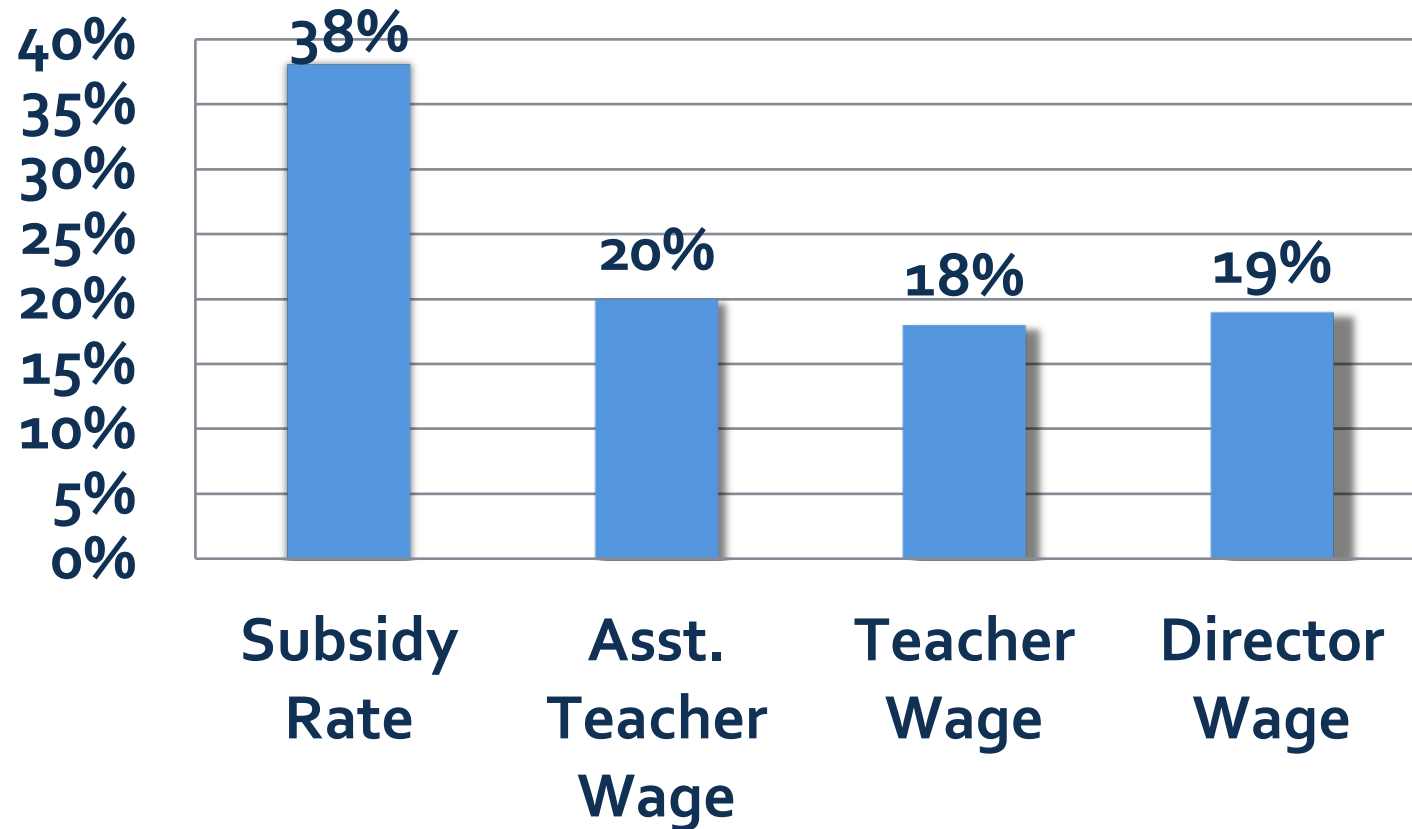
Affordability vs. Compensation



Higher Payment Rates

- Subsidy payment rates have consistently not kept up with inflation.
- States/communities are paying providers more for higher levels of care offered through QRIS, but rates may not be adequate
- States/communities are paying providers higher rates for meeting state-funded pre-k standards, but rates may not be adequate.
- Some states are paying the full-cost for a pre-k classroom, not tied to individual children.

Percent Increase 1992-2002: Comparison Between State Subsidies and Real Wages



Data from Economic Policy Institute, Seattle, WA

Higher Payment Rates

Advantages

- Have the potential to recognize the true cost and value of service
- Allow more choice for consumers
- Can target and reward best programs

Disadvantages

- No guarantee for increased wages and benefits
- Typically tied to per child payments by type of early learning program
- May increase tuition for unsubsidized families
- Difficult to track translation of rates to compensation

Incentives for Professional Development



Professional Development Incentives

- Widely used to subsidize attainment of credentials and degrees
- Needed to support increasing professional and program standards in Head Start, Early Head Start, state-funded Pre-K and state/local QRIS
- Generally supports all or part of training or tuition costs
- Includes some models with comprehensive support for tuition, books, travel and release time and offer a compensation incentive
- Typically targets the individual and may include teachers, directors and family child care educators
- Provides education, compensation and career pathways

T.E.A.C.H. Early Childhood®

A Comprehensive Scholarship Strategy

- Provides debt-free college education with comprehensive supports for the working early childhood professional
- Links completion of coursework to bonuses and/or raises
- Includes retention component
- Requires employer-employee partnered dollars linked with public and/or private funds raised in each state
- Is evidenced-based scholarship model that produces measurable results

IMPACT

T.E.A.C.H. Early Childhood[®] Impact 2017-2018

\$33.6 million invested in **14,704**
T.E.A.C.H. scholarship recipients

3.3 avg. GPA
for AA/AAS
& 3.5 avg. GPA
for BA/BS

**8% average
compensation
gain**

23 T.E.A.C.H. Programs

340 two-year college partners

616,955 children
benefitting

89,058
credit hours
earned

7,725 employer
sponsors

99% women

48% of recipients are people of color

**94% or more
retention rate
for T.E.A.C.H.
recipients**

Over **48 %**
1st generation
college students

221 four-year university partners

IMPACT

Professional Development Incentives

Advantages

- May fully subsidize courses with currency and degrees
- Provides opportunity for education, wage and career mobility over the long haul
- Improves teacher knowledge and skills
- Encourages retention in field, at the very least
- May provide incentives

Disadvantages

- May only provide minimal financial support or not support courses with currency
- Does not immediately address low compensation
- Requires additional work and commitment
- Tied to participation and stops when participation is over

Additional Wage and Benefit Strategies



C-WAGES

- Must participate in QRIS, QI activities & ECMH and health consultation & enroll 25% low income children
- Must report on child enrollment and staff (compensation) & receive 2+ site visits yrly.
- Must use funds to retain or increase wages, secure, retain or increase health insurance or retirement benefits

C-WAGES

- 85 licensed centers/234 licensed homes reaching about 1,000 child care employees
- Competitive grants to centers, including % for administrative expenses
- Competitive grants to homes based on # of children and FCCRS scores; may include hourly stipend for paid employees

Early Childhood Career and Wage Ladder

- About 65 centers, Seattle, WA
- Funding required centers to pay both incremental wages tied to education and experience and benefits
- Funding became a part of teacher's paychecks each pay period.
- Participation and evaluation data available with positive impact
- Funding eliminated in 2010
- Programs and participants financial viability hurt

T.E.A.C.H. Early Childhood® Health Insurance Program

- Partnership with ECE programs to pay part of cost of health insurance
- Participation in T.E.A.C.H. scholarship initiative required
- Requirement of children of participants to document their children
- 3,500+ staff/year benefited from program
- Life of program from FY99-FY13
- Positive outcomes included increased numbers insured, lower program turnover, continuing teacher education and increased number of children insured

Advice Going Forward

- Be specific in your goals
- Collect baseline data aligned with goals
- Collect data on strategy beneficiaries from beginning and throughout strategy implementation
- Measure impact of intervention (quantitative and qualitative)
- Ensure compensation enhancement is sufficient to attain goals
- Pay attention to market forces and their impact on strategy

Possible Targets?

- Increased wages or wage enhancements
- Access to health insurance
- Access to retirement
- Access to paid sick leave and paid leave for professional development and vacation
- Salary schedules tied to role, education and experience
- Paid ongoing professional development
- Paid planning time



Questions?

Contact: Sue Russell

suer@teachecnationalcenter.org

References

- Child Care Workers Aren't Paid Enough to Make Ends Meet, Economic Policy Institute <https://www.epi.org/publication/child-care-workers-arent-paid-enough-to-make-ends-meet/>
- National Survey of Early Care and Education <http://www.acf.hhs.gov/programs/opre/resource/number-and-characteristics-of-early-care-and-education-ece-teachers-and>
- Worthy Work, STILL Unlivable Wages <http://www.irle.berkeley.edu/cscce/2014/report-worthy-work-still-unlivable-wages/>
- Transforming the Financing of Early Care and Education <https://www.nap.edu/catalog/24984/transforming-the-financing-of-early-care-and-education>
- State by State Factsheets: Child Care Assistance Policies 2016 <https://nwlc.org/resources/state-by-state-fact-sheets-child-care-assistance-policies-2016/>

References

- Louisiana School Readiness Tax Credit for Child Care Teachers and Directors <http://www.qrslouisiana.org/child-care-staff/faqs>
- T.E.A.C.H. Early Childhood® National Center <http://teachecnationalcenter.org>
- The Early Childhood Workforce Index 2018 <http://cscce.berkeley.edu/early-childhood-workforce-2018-index/>
- Minimum Wage Tracker, Economic Policy Institute http://www.epi.org/minimum-wage-tracker/?utm_source=Economic+Policy+Institute&utm_campaign=a9ef8c7944-EPI+News+10+30+1510+30+2015&utm_medium=email&utm_term=0_e7c5826c50-a9ef8c7944-58040465#/min_wage