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*
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
Figure 8 shows the median hourly wages of center-based teachers and caregivers by education and type of sponsorship and funding of center-based program of employment for the following: school-sponsored, Head Start-funded, public pre-K funded, and all other ECE. We have omitted the "some college, no degree" category from the figure for simplicity, since those wages were close to those for teachers and caregivers with high-school diplomas or less; the data omitted from this figure are available in Appendix Tables 14-28.

It is clear that school-sponsored center-based programs paid the highest wages at each level of staff education. School-sponsored and public pre-K funded center-based programs also paid the greatest premium for four-year degrees—about $7 to $8 an hour more than for an AA degree, compared to about $3 an hour more for four-year degrees at Head Start–funded or other center-based programs. As a point of reference, Census data indicate that the average 4-hourly wage across all occupations for workers with a BA degree is about $27 an hour.
Child Care Workers vs All Other Workers
Race/Ethnicity

- White
- Black
- Hispanic
- Asian
- Other

Graph showing the comparison of earnings between child care workers and all other workers across different races and ethnicities.
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
<table>
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<tr>
<th>Pathways Levels</th>
<th>Director Levels</th>
<th>Refundable Tax Credit</th>
<th>Teacher Levels</th>
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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
Child Care WAGE$® Impact 2017-2018

- $10.4 million invested in WAGE$ recipients
- 5,399 supplement recipients
- 14% average annual turnover rate
- $902 average six-month supplement
- 99% of recipients are women
- 2,117 early education programs with supplement recipients
- 61% of recipients are people of color
- 74% WAGE$ participants either had AS/AAS ECE or higher OR submitted additional coursework
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

- ECE Cntr: No NC Pre-k: $10.75
- ECE Cntr w/NC Pre-K: $12.00
- Teaches NC Pre-K Class: $17.49
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
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

Investments in Subsidies to Make Work and High Quality ECE Accessible for Low Income Families and their Children

Standards for and Investments in an Educated, Well-Compensated and Stable Workforce
• 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

- Subsidy Rate: 38%
- Asst. Teacher Wage: 20%
- Teacher Wage: 18%
- Director Wage: 19%

Data from Economic Policy Institute, Seattle, WA
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
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
- 7,725 employer sponsors
- 89,058 credit hours earned
- 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
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
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