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STATE STRATEGIES FOR INCREASING CHILD CARE WAGES

- Research Brief -

SYSTEMS CHANGE LAB
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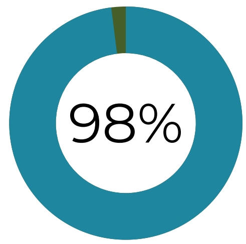
INTRODUCTION

Child care programs are essential to the success of both families and the economy, yet child care provider compensation is often very low. Nationally, child care professionals only rank in the second wage percentile of all professions compared to kindergarten teachers who rank in the 61st wage percentile.[1] In addition to low wages, many early educators lack health insurance, have higher student debt than the national average, and experience high levels of food insecurity. Given that 98% of all other occupations pay higher wages, child care providers experience higher poverty rates than other early educators such as preschool and kindergarten teachers in school settings. On average, they experience poverty at a rate almost eight times higher than K-8 teachers. Racial differences are present as well. While the early educator workforce is predominantly comprised of women of color, Black early educators overall earn an average of $0.78 less per hour ($1,622.40 less per year) than White early educators.[2] These conditions have caused an early childhood teacher shortage crisis that was exacerbated by the COVID-19 pandemic.

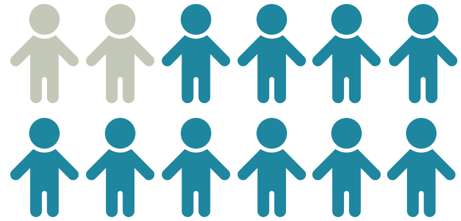


Ninety-eight percent of all other jobs pay higher wages than the profession of child care worker.

Many child care programs operate on narrow margins (profit margins of typically less than one percent) and cannot afford to raise the wages of their staff.[3] Often, tuition rates do not cover the full cost of running a quality program and retaining personnel. Despite that, providers must ensure that tuition is affordable for families or risk pricing them out of their programs altogether, so raising tuition rates to increase wages is not an option. The imbalance between the cost of providing care and what families can afford to pay often results in conditions that are not market-driven. For example, despite infant and toddler care being more expensive to provide, educators who work with infants and toddlers tend to make less than those who work with three - and four - year-olds.

The Child Care and Development Block Grant (CCDBG) is the main funding source provided by the federal government to subsidize child care. However, it offset costs for only 2 million of the 12.5 million children federally eligible in 2019.[4,5] Many states have used funds from the American Rescue Plan Act (ARPA) to invest in early childhood services. Since the enactment of ARPA in 2021, 68% of county plans for spending the ARPA funds have included investments in human services, including the early childhood workforce. However, these strategies typically provide immediate financial relief rather than sustained solutions to increase income.[6]

Popular strategies for increasing wages or compensation for the child care workforce seem to fall into a variety of categories. There are initiatives that bolster compensation through the child care employee's involvement in particular programs. These can include their participation in early childhood apprenticeships or mentoring programs, monetary incentives for continuing education or professional development, and monetary incentives for continued employment for set periods of time. There are also compensation strategies that increase the standard wages of child care employees, provide benefits, or tax credits.



The Federal Child Care and Development Block Grant only offset costs for 2 million of the 12.5 million federally eligible children.

This brief will explore the strategies that various states are currently using to address the child care compensation crisis. The effort to address the problem of low child care wages is a timely topic and a work in progress for many states. Therefore, this information is changing rapidly, and the latest approaches may not be reflected in this brief. However, a chart can be found at the end of the brief with strategies proposed by states receiving the Preschool Development Birth through Five Planning (PDG B-5 Planning) or Renewal (PDG B-5 Renewal) Grants. This will give an insight into possible approaches to increase compensation that will be employed in the future.

APPRENTICESHIP AND MENTORING PROGRAM INITIATIVES

In an effort to attract and retain child care teachers, several states (Texas, West Virginia, California, Vermont, Colorado, and Pennsylvania) have established variations of early childhood apprenticeship programs. Such programs allow participants to “earn-while-they-learn” as they work under the mentorship of an experienced teacher.

In Texas, apprentices earn full-time wages. Funds come from grants administered by the Texas Workforce Commission, a state agency. At the completion of the apprenticeship, the apprentice is awarded college credit that counts significantly toward an associate degree. The goal of the apprenticeship program is to attract and retain child care teachers. By increasing their experience and education levels they are eligible for higher wages.[7,8]

The West Virginia Apprenticeship for Child Development Specialist program is funded by the WV Department of Health and Human Resources Division of Early Care and Education. Apprentices complete four semesters and 3200-4000 hours of work experience.[9]

California’s apprenticeship program, the California Early Childhood Mentor Program, focuses on pairing community college students with early childhood providers. The goal is to recruit and build a quality workforce in early childhood.[10]

The Vermont Association for the Education of Young Children collaborates with the Vermont Department of Labor to offer their Early Childhood Education Apprenticeship Program. In their program, participants must be employed at a licensed public or private early childhood program while also taking 18-21 hours of college classes. Stipends and grants are provided to help pay for classes, and participants receive a bonus upon completion. Employers and sponsors contribute approximately $657 per apprentice.[11] In 2021, Vermont legislators also passed an act providing scholarships for current and prospective early childhood providers as well as student loan repayment assistance.[12]

Colorado’s program, the Child Care Development Specialist Apprenticeship, has a similar focus on increasing child care employee wages. Participating employers must agree to give progressive wage increases to apprentices.[8]

Pennsylvania’s apprenticeship program

is financed through a state career pathway training and upgrading fund and is designed to assist current child care workers in advancing their credentials to obtain a higher-level job within their child care program. Participants receive coaching throughout the process.[13]

CONTINUING EDUCATION STRATEGIES

Strategies that support the continued education programs of the early child care workforce are essentially accomplishing two things. The initiatives invest in the quality improvement of early child care through a better educated workforce and provide the individual child care providers with the qualifications needed to attain higher wages.

Through Iowa's T.E.A.C.H. (Teacher Education and Compensation Helps) Early Childhood® program, early childhood workforce members can access scholarships for various educational opportunities. If workers meet certain criteria, they can be eligible to work towards Child Development Associate (CDA) credentials, associate degrees, and bachelor degrees. The Iowa Department of Health and Human Services supports this program with CCDBG funding.[14] The Wisconsin Early Childhood Association (WECA) has a similar program for educational opportunities with T.E.A.C.H. Early Childhood® Wisconsin.[15]

Massachusetts' budget for state fiscal year 2024 includes funding for support to improve and sustain early educational quality, including professional development and continued education. The state also plans to continue distributing its Commonwealth Care for Children (C3) grants to licensed child care providers. These grants were introduced during the COIVD-19 pandemic and are used to meet multiple needs, including funds used directly for the recruitment and retention of staff.[16]

INITIATIVES TO PROVIDE WAGE INCREASES OR SUPPLEMENTS

A decade-long effort in New Mexico led by a research and advocacy organization, New Mexico Voices for Children, has led to an amendment of the state constitution that created a permanent fund for child care through the Land Grant Permanent Fund. This stream of permanent state funding for the child care sector will allow the state to address the wage crisis and expand opportunities for professional development.[17]

North Carolina, Oklahoma, and Wisconsin all strive to retain eligible early childhood educators by providing annual pay supplements for workers who meet specific requirements around income level, professional credentials, and length of employment. The Child Care Services Association in North Carolina oversees these supplements through the Child Care WAGE$® and the Infant-Toddler Educator AWARD$® Plus programs.[18]

The Oklahoma Department of Human Services Child Care Services administers funds in a comparable manner through their Wage Supplement Program.[18] Wisconsin's WECA program, previously mentioned in this brief, has the REWARD Wisconsin Stipend Program that strives to increase compensation and retain teachers through the biannual distribution of stipends.[15]

Maine is another state in which the legislature has provided funding to directly supplement salaries for early childhood educators. Maine's effort began as a continuation of American Rescue Plan funds, providing $200 monthly to workers. Now Maine uses state general funds to fund a stipend model that is based on early childhood educators' experience and education. This effort was supported through technical support from Zero to Three's Building Strong Foundations for Families project.[19]

Similarly, Georgia's legislature included an increase in the base salary of state Pre-K lead and assistant teachers in its state fiscal year 2023 budget allocations. These increases will be funded through state lottery funds.[18]

In addition to its efforts to support continued education through the T.E.A.C.H. program, Iowa provides education-based salary supplements to low-paid early care and education providers working with children from birth to age five. This program, Child Care WAGE$® IOWA, utilizes funds from the Iowa Department of Health and Human Services Child Care Services Association and is an initiative of the Iowa Association for Education of Young Children.[20]

Virginia has invested in its early childhood workforce by piloting the Recognition Program, a wage supplement program. The results have shown that early childhood educators who have received the supplement have nearly half the rate of attrition than those who did not receive the supplement.[21] Virginia has also implemented the Recognize B5 Program through a partnership among the Virginia Department of Education, Virginia Early Childhood Foundation, and the University of Virginia, which gives supplemental bonuses to eligible educators who work in classrooms with children from birth to age five for at least 30 hours per week.[18]

INITIATIVES TO INCREASE COMPENSATION THROUGH TAX CREDITS OR BENEFITS

The Colorado legislature has established an Early Childhood Educator Income Tax Credit for early childhood educators who meet specific requirements involving income, professional credentials, and length of employment.[18]

A recent action by the District of Columbia provides all child care workers of licensed early learning programs with access to free, publicly financed health insurance. This was first funded with federal relief funds and has since been extended, with a portion of the revenue raised by a new Capital Gains Excise tax.[22] Legislation for the fiscal year 2023 in Washington, D.C., also provides for the distribution of direct pay supplements to early childhood educators who work at least 10 hours per week.[23]

Similarly, the state of Washington created legislation to pay healthcare premiums for employees of licensed child care facilities who have an income up to 300% of the poverty level and are not eligible for Medicare or Medicaid. [24]

Kentucky initiated a unique benefit through legislative policy designed to recruit new early childhood employees and relieve some of their financial burdens. Anyone working in a licensed child care program can receive a child care tuition subsidy with no parent co-pay for the care of their own children.[25]

OTHER RETENTION, RECRUITMENT, AND WAGE-IMPACTING STRATEGIES

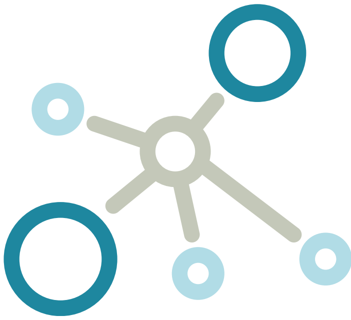
Allocated in the 2023 state budget, the state of Connecticut's Office of Early Childhood distributed $70 million in the form of a wage support grant as bonus payments to staff of child care and early childhood education providers. Child care programs and staff received additional funds by meeting specific criteria relating to accreditation, licensing, and participation in certain programs.[26]

As part of Alabama's Child Care Workforce Stabilization Grant, the state provides quarterly bonus payments ($3,000 for full-time and $1,500 for part-time) to eligible child care staff through CCDBG funding. The bonuses are tied to qualifications such as length of employment.[27]

Child Care WAGE$ Tennessee is funded through the state's Department of Human Services and provides education-based salary supplements to teachers and family child care educators who earn less than $20 per hour. Supplements are issued to employees who have worked at least 10 hours a week at the same child care program for six months.[28]

Similarly, Illinois has implemented the Great START (Strategy to Attract and Retain Teachers) wage program. Every six months, wage supplements are provided to child care teachers based on their educational attainment and length of employment in child care programs. These wage supplements are distributed through the Illinois Department of Human Services' contract with their state network of Child Care Resource and Referral Agencies.[18] The Illinois legislature has also passed the Smart Start Illinois initiative for state fiscal year 2024, which will include funding for various supports for early childhood. Examples of these intiatives include grants to support full-time licensed child care programs that participate in the Child Care Assistance Program to maintain dependable funding, an apprenticeship pilot program, and a quality support program that includes assistance for providers to cover the costs of quality.[29]

Shared Services alliances are a unique approach to addressing child care compensation issues by reducing costs elsewhere. Among other benefits, Shared Services can address financial allocations within early childhood programs and encourage an infrastructure with a hub in which administrative and other services can be centralized among multiple child care programs, thereby reducing operational costs and freeing up funds for programs to increase the wages of child care employees.[30] Currently there do not seem to be any statewide Shared Service programs in use for licensed child care programs. However, there are large communities or municipal areas employing this practice in Oregon and Arizona. Iowa has a plan for building technical infrastructure to support Shared Services for child care programs within their state, but they are still building financial support to sustain it.[31]



Key players in initiatives to increase child care compensation

- *state workforce agencies*
- *state legislators*
- *child care programs*
- *early childhood associations and advocacy organizations*
- *state labor agencies*
- *state health and human services agencies*
- *Child Care Resource and Referral networks*
- *technical assistance providers*
- *institutes of higher learning*
- *state early childhood commissions*
- *research and policy institutes*

CONCLUSION

The majority of the nation's states and Washington, D.C., are exploring a variety of approaches to increase wages and benefits for child care providers. It is beneficial for states to take note of evidence-based practices that are working in other places. Identifying solutions that address the national child care crisis, such as strategies for raising wages and increasing benefits to recruit and retain child care employees, will improve the health and success of the local workforce and economy by enhancing the well-being of families and young children.

CURRENT STRATEGIES AND INITIATIVES FOR INCREASING CHILD CARE COMPENSATION

	Apprenticeship & Mentoring Program Initiatives	Continuing Education Strategies	Initiatives To Provide Wage Increases or Supplements	Initiatives To Increase Compensation Through Tax Credits or Benefits	Other Retention, Recruitment, & Wage-Impacting Strategies
AL					*
AZ					*
CA	*				
CO	*			*	
CT					*
DC				*	
GA			*		
IA		*	*		*
IL					*
KY				*	
MA		*			
ME			*		
NC			*		
NM			*		
OK			*		
OR					*
PA	*				
TN					*
TX	*				
VA			*		
VT	*				
WA				*	
WI		*	*		
WV	*				

COMPENSATION STRATEGY OVERVIEW

The proposals for Preschool Development Birth through Five Planning (PDG B-5Planning) or Renewal (PDG B-5 Renewal) Grants provide insight into a wide range of strategies to address problems in early child care systems. The chart below looks at how states have proposed solutions to support early child care workforce compensation.

Proposed strategies for increasing compensation from PDG B-5 grant applications.[32]

COMPENSATION STRATEGY	AK	AL	AZ	AR	CA	CO	CT	DE	HI	ID	IL	IN	KS	KY	LA	ME	MA	MI	MN	MO	MS	MT	NE	NV	NH	NJ	NM	NY	NC	ND	OH	OK	PA	RI	SC	TN	TX	UT	VA	VT	WA	WV
Salary Scales																																										
Align salary scales with career pathway and credential frameworks		•						•						•			•	•						•													•					
Prioritize salary scales in funding opportunities			•			•		•																				•														
Workforce Benefits																																										
Cover child care costs for staff													•			•						•										•										
Offer student loan forgiveness																															•											
Provide mental health and wellness supports	•			•																				•								•			•							
Explore shared services models to improve access to benefits and working conditions									•								•					•									•	•										
Support improvements in working conditions																•						•		•											•							
Short-term Financial Relief																																										
Focus financial supports on specific segments of the workforce						•			•	•			•							•	•				•									•			•					•
Financially reward education attainment									•	•						•								•							•				•							
Data and Analysis to Inform Compensation Efforts																																										
Implement recommendations from new or existing studies	•		•			•		•	•			•	•		•		•		•							•						•		•			•				•	
Conduct cost of care studies that include adequate compensation for early educators								•	•																																	
Assess the relationship between proposed strategies and compensation								•						•		•																							•			
Community-led Solutions																																										
Capitalize on subgrant flexibility			•					•	•	•												•															•			•		
Foster provider/business community relationships																															•											

Source: In Brief: Learning from the New Round of PDG B-5 Systems Building Grants, 2023

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