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STATE MODELS FOR INCREASING EARLY EDUCATOR COMPENSATION

- *Research Brief* -



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Child care is critical to infant and toddler development and our nation's economy.

Affordable child care is critical to getting more parents in the workforce, increasing the numbers of able-bodied workers and of self-sufficient families in the nation.

Improving the lives of parents and babies is key to building stronger young families and making the economy stronger. When people make decisions about their young children's education as well as about their participation in the workforce, their options depend on what's available in their communities. It's important to remove barriers so families can maximize personal choices. Families want and need access to quality, affordable child care that offers their children a safe environment, nurturing relationships with caring adults, and positive early learning experiences, while supporting their own ability to work.

Opportunities for our babies now can build healthier, more resilient, and more prosperous communities and states for our future. Ensuring access to child care and early learning would create an estimated **2.3 million new jobs nationwide**, as well as provide opportunities for parents with low incomes to join the workforce, increasing their self-sufficiency.



Addressing the early educator workforce crisis can directly increase employment access and opportunity for a significant number of people, providing fundamental supports that will allow individuals to get to work, develop job skills, and contribute to society. Nationally, **98% of all other jobs pay higher wages than early childhood education.**

This brief, a follow-up to our **September 2023 brief** on this topic, contains some examples of how some states are addressing the nation's labor shortage by making policies directly connected to the early childhood education workforce crisis. More policies are being made all the time, so this is not a complete list. For information on more recent policies, check out **this database** from the Center for the Study of Child Care Employment at the University of California Berkeley.

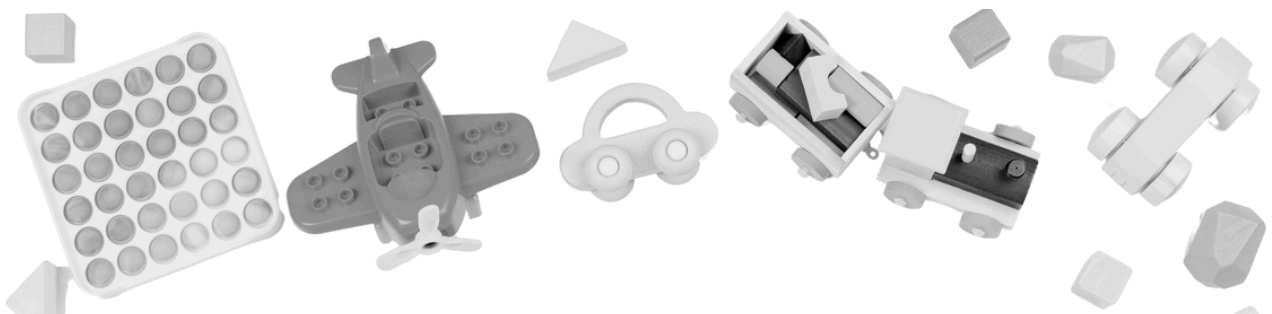


Many states have increased early educator compensation using state general funds.

1. **California's** governor and legislature authorized **\$100 million** in general fund support for making health care premiums and out-of-pocket expenses more affordable for home-based child care providers.
2. **Illinois** 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. The Illinois legislature also passed the **Smart Start Illinois** initiative for state fiscal year 2024, which will include funding for various early childhood initiatives, such as 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. Smart Start includes \$130 million in the state budget for child care workforce compensation contracts.
3. **Iowa's** program **Child Care WAGE\$@ IOWA** provides education-based salary supplements to low-paid early care and education providers working with children from birth to age five.
4. **Massachusetts** is investing state funds to continue American Rescue Plan grants to early education programs through **C3 grants**, which are based on a funding formula that includes compensation. These grants can be used for personnel compensation, professional development, facilities costs, and other investments to improve program quality. The legislature is working to sustain this program into fiscal year 2025 and beyond.
5. **Maine's** 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. State general funds fund a stipend model based on early childhood educators' experience and education.



6. **New York** has invested **\$343 million** to continue stabilization funds for child care providers, with 75% being used for workforce initiatives, including wage increases, bonuses, tuition reimbursement, and contributions to retirement and health insurance plans.
7. **North Carolina's Child Care Services Association** oversees education-based wage supplements through the Child Care WAGE\$® and the Infant-Toddler Educator AWARD\$® Plus programs.
8. **Tennessee's Child Care WAGE\$® program** 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.
9. **Vermont's** budget includes \$7 million in **retention bonuses** for teachers & staff working in regulated child care programs; \$800,000 to increase child care capacity for infants & toddlers; \$100,000 to support high school students interested in early childhood education careers through the state's pre-apprenticeship program; and funding for the child care system financing study (**House Bill 171/Act 45**, which passed in 2021 with the goal of early childhood educators being fairly compensated).
10. **Virginia** implemented the **Recognize B5 Program**, 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.
11. **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.
12. **Wisconsin's** Early Childhood Association program provides the **REWARD Wisconsin Stipend Program** that strives to increase compensation and retain teachers through the biannual distribution of stipends. The legislature allocated \$5 million in federal funds for REWARD in the 2023-25 state budget.





Several states have increased early educator compensation with state special funds.

1. **Colorado** established an [Early Childhood Educator Income Tax Credit](#), which creates a refundable income tax credit for early childhood educators who have an adjusted gross income less than or equal to \$75,000, hold an early childhood professional credential, and is employed by an eligible program.
2. **The District of Columbia** provides all child care workers of licensed early learning programs with access to [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.
3. **Louisiana** lawmakers passed a [sports betting bill](#) in June 2021, stating that when sports betting starts generating money for the state, 25% of the revenue (up to \$20 million) will go to the Louisiana Early Childhood Education Fund.
4. **New Mexico's** efforts, led by a research and advocacy organization, [New Mexico Voices for Children](#), have led to an amendment of the state constitution that created a permanent fund for child care compensation and professional development through the Land Grant Permanent Fund.
5. **Texas** passed [Prop 2: Property Tax Exemption for Child Care Facilities Amendment](#), amending the state constitution to enable county & municipal govts to exempt eligible child care centers from some or all property taxes, with a minimum exemption of 50%.
6. **Vermont** secured funding for early education from a state payroll tax established in [Act 76](#).
7. **Washington** enacted [a capital gains tax](#) in 2021. It levies a 7% tax on the sale or exchange of long-term capital assets such as stocks, bonds, business interests, or other investments and tangible assets in excess of \$250,000, exempting the sale or exchange of real estate or to transactions through retirement savings accounts. The first \$500 million of revenue collected goes into the education legacy trust account, a source of dollars for public schools and early childhood education programs. Anything above that amount is deposited in the common school construction account, which is part of the capital budget.

Providing competitive compensation and relevant professional development opportunities for early educators is a critical component of an aligned system that improves a state's ability to recruit and retain a skilled workforce and offer all children access to high-quality early education experiences.