

# A Focus on Compensation

## The Issue

Teachers working in early care and education (ECE) are in the lowest paid occupations in the United States. The [National Survey of Early Care and Education](#) reports that while wages in the early childhood (EC) workforce follow the basic economic trend of being linked to educational attainment, ECE wages are still much lower than their similarly educated counterparts in the overall economy. Generally, there are no standardized pay scales except in public school-based ECE and pre-K programs and some unionized centers. Compensation varies by funding source, often carrying insufficient reward for education or ongoing professional development. According to the Center for the Study of Child Care Employment, less than half of the states have wage incentives in place for the EC workforce. The [U.S. Department of Education and Health and Human Services' 2016 report](#) highlights the gap in pay for EC educators—97 percent of whom are women—and the impact that it has on the ability to attract and retain experienced, high-quality staff with higher levels of education.

[The quality of early care and education](#) is a direct product of the qualifications of the teachers providing it. A landmark consensus report from the [Institute of Medicine in the National Academies](#) found that high-quality ECE is critical to the well-being and readiness of young children and is impossible to achieve without highly qualified and adequately compensated EC educators. The inconsistent and inadequate compensation and qualifications in the EC workforce continue to create socioemotional and behavioral disparities that begin before children enter into the K-12 system. When children are in learning environments where their basic developmental, emotional and safety needs are consistently met, both children and their families are [positively affected](#). In an effort to achieve an EC workforce equipped with well-educated, well-paid and stable EC educators that bring about long-term success, there must be significant policy efforts that focus on compensation.

### EC Workforce 2018 Data Median Hourly Wage

- [Child care worker - \\$11.17](#)
- [Preschool teacher - \\$14.32](#)

## The Impact

- [Economic insecurity and distress for EC educators are a result of the persistent low wages they earn.](#)
- Racial inequities within the U.S. paired with disparate pay for EC educators [place educators of color in lower paying positions](#) and bring about economic insecurity while they are often responsible for providing care to the youngest children.
- [Inadequate pay and benefits significantly decrease the ability to attract and retain](#) educationally qualified and experienced EC educators. More than 50 percent of [surveyed](#) administrators in Nebraska cited teachers seeking higher salaries as the primary reason for leaving their jobs.
- The quality of care provided by adults is influenced by their physical and mental well-being. Therefore, stress and depression linked to low income and a lack of access to support directly affects the care children receive. [Survey](#) data shows that EC educators serving infants and toddlers face economic and food insecurity as well as depression more than those caring for other age groups.
- [Exposure to poor-quality environments](#), both in and outside of a child's home, is more likely to lead to unmet developmental needs and a lack of educational preparedness.

## Strategies Addressing the Issue

Communities and states are using a variety of strategies to address the many compensation disparities experienced by the EC workforce working in child care, Head Start and pre-K settings. There are advantages and disadvantages for most of these strategies, but they represent our country's collective efforts to date. Below is short overview of some of the most common strategies.

## Wage Supplements

### Direct Supplements

Almost one-quarter of states have local or statewide wage supplement programs. Typically, these programs provide semi-annual supplements tied to retention and the education level of the EC educator. The supplement award amounts can vary widely based on education levels and how well resourced the supplement program is. [Child Care WAGES®](#) supplement programs operate in six states and have rich data on demographics, outputs and outcomes.

### Indirect Supplements

[Tax credits targeting the EC workforce](#) began as a strategy in Louisiana after Hurricane Katrina demolished the child care system. Nebraska also implemented an EC educator tax credit and a number of other states have legislation pending.

The amount of the credit is typically determined by the level attained on an educational scale. It is paid annually when individuals file their income taxes and can be refundable, reaching even early educators with low incomes who don't owe any taxes, and it can have no income caps. EC educators typically must work at least six months in the same licensed setting to be eligible for the credit.

## Wage Mandates

### Targeted

With the dramatic increase of state-funded pre-K programs that are embedded in child care settings, the issue of [pay equity for teachers with identical qualifications to those in public school classrooms has received considerable attention](#). New Jersey set the standard when the state was ordered by the courts to provide high quality preschool to children in the Abbott school [districts](#) as a way to remedy disparities in educational opportunities and outcomes. In its implementation, New Jersey made it a policy that pre-K teachers with similar educational qualifications in community settings were to receive pay that was commensurate with pre-K teachers working in public school classrooms. Other community and state pre-K programs have followed. Most recently, advocates in [New York City](#) were able to win a parity mandate for certified teachers holding bachelor's degrees who work in centers serving low income children from birth to 5.

### Population-based

In the past few years, [cities, counties and states](#) have started raising the minimum wage significantly, in lieu of any changes in the federal minimum wage. Because EC educators' compensation is so low, they are often beneficiaries of these wage mandates, if the program they are working in is not excluded from the mandate. While benefiting EC educators at the lowest pay grades, many programs report that it can depress the wages of the most qualified EC educators if internal salary schedules are not adjusted. Some child care programs struggle to meet these standards, particularly in states where subsidy payment rates have not kept up with these increases. In addition, low-income EC educators and families using child care report that the minimum wage boosts to their incomes have made them ineligible for benefits such as subsidized child care, SNAP and other income-based programs. Some communities are working to address these unintended consequences.

## Compensation within Professional Development Initiatives

Many states have created scholarship programs to help the incumbent EC workforce complete their CDA credential or take college coursework leading to state EC credentials and/or college degrees. Most help with tuition costs and some include a completion bonus. The most comprehensive of these efforts is the [T.E.A.C.H. Early Childhood® Scholarship Initiative](#), currently operating in 21 states and D.C. Participants receive significant support, including a counselor, tuition, fees, books, access costs, paid release time and raises or bonuses based on coursework completion. EC educators on associate or bachelor's degree scholarships see an 8-9 percent wage gain annually and graduate with no college debt. [Registered apprenticeships](#) to help attract individuals to the EC field and train them are also a way of providing more comprehensive support to participants while earning credentials and degrees. Both T.E.A.C.H. scholarships and registered apprenticeships require a commitment of resources by employers.

## Payment Rates

A common strategy to address EC educator compensation is to raise the payment rates for subsidized child care or pre-K. While this rate strategy increases per child funding to child care programs, it may not make a meaningful difference in EC educators' earnings. Often pay raises happen only periodically and child care programs need funds to support other infrastructure needs such as program materials and equipment. While there have been some attempts to mandate that increased payments be used to improve EC educator compensation, most do not create a monitoring system to ensure this happens. Programs that serve both children receiving subsidies and private fee-paying families often hesitate to increase rates for fear of losing families who do not receive child care or pre-K assistance.

## Policy Strategies

A number of states have enacted various policies that affect benefits and working conditions within their licensing, pre-K or QRIS systems. Many of these may not directly affect compensation. These may be mandatory or optional and include: 1) management strategies such as having job descriptions and published pay schedules, 2) working condition strategies such as paid sick leave, retirement, paid annual leave, paid planning time and release time for professional development and 3) benefits such as reduced rates for child care, health insurance and retirement.

