Compensation Strategies

Mounting evidence about how poor compensation and associated working conditions erode the well-being of educators and undermine efforts to improve quality and attract and retain skilled educators lends urgency to finding strategies to disrupt the status quo.[114] Nonetheless, as demonstrated in Earnings and Economic Security, p. 9, low wages persist within the early childhood sector, despite increased expectations for teachers.

Throughout the years, efforts to secure state investments in compensation initiatives have met considerable impediments. Other priorities vie for limited public dollars, including professional development for the workforce. The decentralization of early care and education in the United States, fueled and sustained by multiple funding sources and regulatory requirements, combined with the variety of ECE settings and the tremendous diversity of the early childhood workforce in terms of professional preparation, makes crafting reforms a daunting task.

Yet some states have implemented compensation initiatives designed to increase or supplement staff wages or salaries.[115] As documented in *Worthy Work, STILL Unlivable Wages*,[116] two approaches to improving compensation are:

1. Raises in base pay that recur in teachers' salaries and benefit packages; and
2. Periodic supplements to teachers' pay.

There is a substantial difference between the two approaches. While the latter might be substantial in dollar amount, the added income is independent of a worker's regular pay and does not provide an ongoing wage increase for the duration of employment. Often, the recipient must periodically apply for the additional funds and may have to meet other criteria to continue to qualify.

Raising Base Salaries: Specific initiatives designed to raise base salaries for all teachers — across settings or even within the same setting — are rare within the early childhood field (see C-WAGES in San Francisco). The most progress in securing higher pay for early educators has been in state-funded pre-K programs. More research is needed to better understand the pre-K funding formulas and financing mechanisms that state and local governments have employed, but it is evident that pre-K resources for

SPOTLIGHT

C-WAGES IN SAN FRANCISCO

The San Francisco County program C-WAGES[117] (Compensation and Wage Augmentation Grants for Economic Success) is the only example of raising ongoing salaries for early educators in California. This local initiative is jointly funded through the Office of Early Care and Education and the Department of Children, Youth and Their Families. Originally called WAGES+ and established in 2000, C-WAGES is designed to augment wages of and contribute to health and retirement benefits for early childhood teachers employed in eligible licensed center- and home-based programs. Eligibility extends to programs where at least 25 percent of enrolled children are in families living below 75 percent of the state median income. Participation in C-WAGES also requires that programs establish standardized salary schedules, differentiated by job and education levels, and participate in quality rating and improvement activities. In the last fiscal year, 80 centers, representing 900 teachers, participated in C-WAGES. An additional 230 family child care providers and 75 of their paid employees also participated. Funding for C-WAGES is planned for renewal every three years.[118]

compensation are more generous than those of child care or Head Start (although still lower than funds for K-12, see Financial Resources, p. 51). Resources alone, however, are not necessarily a guarantee that compensation will be addressed in pre-K. In this effort, some states have explicit requirements to pay pre-K teachers salaries comparable to K-12 teachers, while other states have no explicit salary guidelines, and therefore, pre-K teachers could be making considerably less than teachers working with older children in the classroom next door. Even where salary requirements are in place, they are not necessarily equitable. Some states set salary requirements only for pre-K teachers working in public schools but not in community-based settings.

Supplementing Salaries with Stipends: Though limited in reach, the most widely adopted approach to addressing teacher compensation has focused on wage supplements for individual early childhood teachers, primarily via stipends.[119] The WAGE$® program developed by T.E.A.C.H. Early Childhood®, for example, offers salary stipends to teachers on graduated supplement scales according to educational level and retention.[120] WAGE$ stipends may be renewed annually for qualifying teachers if funds are available. However, WAGE$ currently operates in only five[121] of the 24 states plus the District of Columbia that offer T.E.A.C.H. scholarships.[122] Other states have created their own stipend programs, such as REWARD in Wisconsin. Stipend programs across the states have different eligibility criteria and stipend amounts, both of which are typically quite limited. Across states, the stipend amount an individual might receive can range from $100 to $6,250 per year, depending on educational level and/or position on a career ladder. Furthermore, there is a wage ceiling in place in nearly all wage stipend programs (10 out of 12), with those earning hourly wages above a certain level excluded from participation. At the lowest, states set wage ceilings at $14.45 per hour, and at the highest, at $20 per hour, with most hovering around $16 per hour. Based on the current earnings of early childhood teachers, the overall amounts may not be sufficient to substantially change their economic status. In all but two of the 12 states that offer stipends, the amount offered does not approach salary parity with K-12, even at the highest stipend level. In North Carolina, the state with the highest stipend available, there is a wage ceiling of $17 per hour, or $35,360 for a teacher working full time, year round. Assuming a teacher earns the maximum income of $35,360 and is awarded the maximum stipend of $6,250, the maximum she would earn is $41,610, barely above the median kindergarten teacher salary of $39,930 in North Carolina.[123]

Stipends are also limited to teachers working in certain types of programs, those serving particular groups of children, or those meeting specific education and training requirements. Only some states collect or report data about the percentage of early educators participating in these initiatives, making it difficult to assess how close the program comes to meeting demand and to identify workplace and demographic characteristics of participants. Furthermore, lack of data on those who do not participate makes it impossible to determine potential barriers or inequity of access to these stipends.

Additionally, as stipends are not built into the permanent funding system for ECE services, they are vulnerable to changes in state budgets and priorities. Stipends are often the first to be cut during tight economic times, either by limiting eligibility to those who earn under a specified wage amount, reducing supplement amounts, or reducing the number of available supplements.

Emerging Strategy — Supplementing Wages with Refundable Tax Credits: Louisiana[124] and Nebraska[125] supplement wages by providing refundable tax credits to eligible members of the early childhood workforce. The refundable tax credit approach to compensation raises the annual income for recipients, but those receiving the credit

DIFFERENTIATING COMPENSATION STRATEGIES, SCHOLARSHIPS, & BONUSES

The Child Care Development Block Grant,[126] a key federal funding mechanism for ECE (see Financial Resources, p. 51), requires states to report on their efforts and goals related to five "essential elements" of early childhood workforce systems for delivering high-quality programs: 1) core knowledge and competencies; 2) career pathways (or a career lattice); 3) professional development capacity; 4) access to professional development; and 5) compensation, benefits, and workforce conditions. Although compensation is included in this list, no specific guidance, articulated goals, or dedicated funds are provided for this purpose. Consequently, states make their own determination of what constitutes compensation, often interchanging the labels of compensation, scholarship, and bonuses.

We define compensation initiatives as those that are designed specifically to increase earnings and/or benefits, although they may be in the form of an ongoing salary increase, wage stipend, or tax credit. To further incentivize increased qualifications and training among early educators, many states have implemented bonuses (monetary awards in recognition of educational achievement). The amounts provided range widely across states and within state programs, depending on degree or credential levels achieved. Bonus incentives as well as scholarships for low-paid early childhood teachers may prevent or reduce the financial burden associated with continued education, such as tuition, books, or taking unpaid time off work in order to pursue professional development. However, scholarships and bonuses do not fundamentally shift earnings of recipients. Similarly, while increased reimbursement rates and program-level financial awards can be beneficial for raising the earnings of home-based providers, as the funds go directly to the provider, we do not consider these general funding mechanisms to be compensation initiatives, as they are not necessarily directed toward improving the professional development and compensation of center-based staff or staff in home-based programs, unless specifically required.

must wait until after they have filed their taxes for the previous year to access the credit dollars. Furthermore, at the current level, the highest credits translate to less than $0.75 per hour for full-time annual employment in Nebraska ($1,500) and about $1.50 per hour for center-based recipients in Louisiana ($3,146). Credits in both states are tied to the consumer price index (CPI) and will be adjusted over time. The Nebraska allocation for the credit is limited to $5 million per year; credits will be distributed on a first-come, first-served basis until the limit is reached.

Despite their limitations, wage supplements in the form of stipends or tax credits may be the most politically feasible option, in some climates and delivery systems, for providing additional compensation not otherwise available directly to teachers across settings. However, if the long-term goal of the movement for better child care jobs and services is to be met, policy interventions to increase early childhood teacher income will ultimately need to be delivered in the more dependable, less cumbersome form of predictable, ongoing income.

Within this category of Compensation Strategies, we focus our assessment on salary parity requirements and wage supplements, which are intended to retain experienced and qualified staff, as distinct from bonuses, which are primarily a reward for degree attainment (see Differentiating Compensation Strategies, Scholarships, and Bonuses, p. 47). Likewise, we cannot assume that QRIS program grants or increases in reimbursement rates to child care programs (see Financial Resources, p. 51) will be targeted toward staff pay. Unless allocated resources are specifically designated for individual teachers' pay, programs may make other decisions about how to use increased funding to improve or sustain quality. Future research is required to understand whether programs are using these grants to increase compensation.

Assessing the States: Compensation Strategies

Indicator 1: Does the state require salary parity for publicly funded pre-K teachers?

Full compensation parity between publicly funded pre-K and K-3 teachers would include not only salary — both starting salary and pay schedule — but also other benefits, such as health insurance, retirement contributions, and paid planning time. Full compensation parity should also take into account any differences in period of employment (e.g., year-round versus part-year contracts), although there is currently no cross-state data available on this last aspect of parity. Parity should also be consistent across programs and settings, with comparable parity at the assistant teacher level as well. Currently, no states meet this benchmark, and few even come close.[127] Missouri, for example, meets full compensation parity for teachers, but not for assistant teachers.

We have focused on whether states meet the criteria for *salary* parity — both starting salary and salary schedule — rather than full compensation parity. Do states require the same starting salary *and* salary schedule for pre-K teachers as for K-3 teachers,[128] and does this parity apply to publicly funded pre-K teachers in all settings[129] and all programs?[130] Four states met the criteria (Hawaii,[131] Missouri, Oklahoma, and Tennessee). Tennessee was the only state that also required salary parity for assistant teachers.

Seven states (Idaho, Montana, New Hampshire, North Dakota, South Dakota, Utah, and Wyoming) do not have state pre-K programs, so no data is available.[132] In addition, it is important to note that many states do not meet salary parity in part because they also do not require educational parity — only 23 states (including Hawaii, Missouri, Oklahoma, and Tennessee, which meet our definition of salary parity) require a minimum of a bachelor's degree for lead pre-K teachers across all settings and across all programs (for states with more than one state-funded pre-K program).[133] Additionally, 14 states also require a bachelor's for pre-K teachers, but only for certain types of programs or settings.[134] For more information, see Qualifications, p. 32.

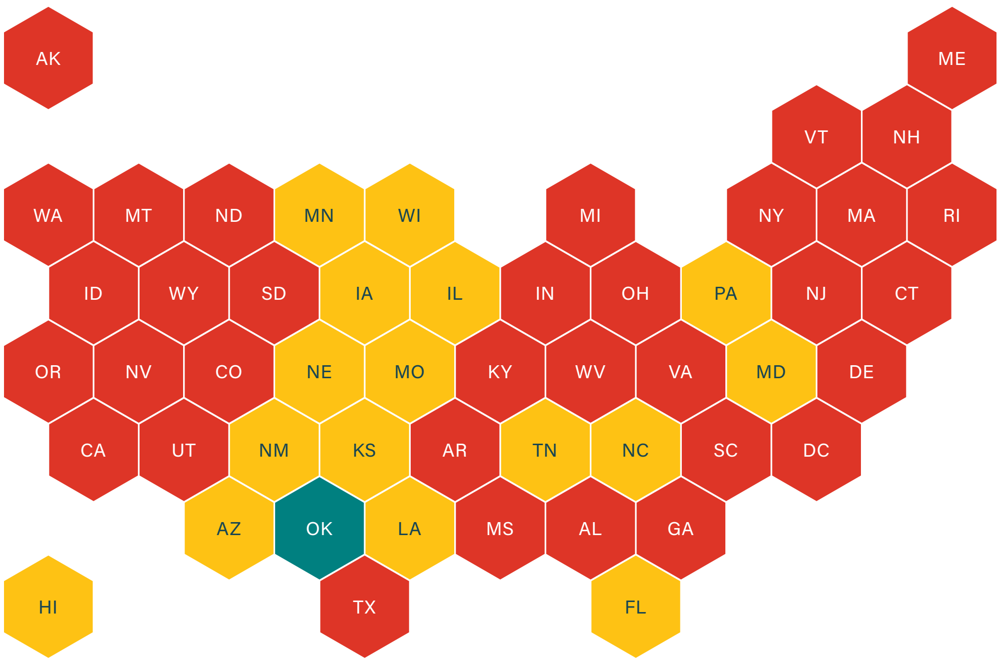
Indicator 2: Is there a statewide stipend or tax credit to supplement early educator pay?

We focus on whether a state offers a wage supplement in the form of a stipend and/or a tax credit for early educators. Twelve states have a statewide stipend program, such as WAGE$ or similar, and two states (Louisiana and Nebraska) offer ECE teacher tax credits. Although we do not include them in our indicators, there are also local stipend initiatives in some states (Alaska, California, Florida, and Texas).

State Assessment

In total, 34 states are **stalled**, having met neither of the above indicators. Sixteen states are **edging forward**, by requiring salary parity for pre-K teachers *or* offering a wage supplement program, and only one state, Oklahoma, is **making headway** by requiring salary parity for pre-K teachers *and* offering a wage supplement program. However, due to budget cuts, Oklahoma's wage supplement program was recently ended. See Table 4.3 for a state-by-state overview of each indicator and the overall assessment.

Figure 4.3 State Map of Compensation Strategies Assessment



STALLED: the state has made limited or no progress

EDGING FORWARD: the state has made partial progress

MAKING HEADWAY: the state is taking action and advancing promising policies

Policy Recommendations: Compensation Strategies

- Identify a rational and equitable set of guidelines for determining regionally based compensation levels, including benefits, for entry-level to teacher leadership positions in line with education, training, and experience, with the stated intention of raising the current wage floor and achieving parity with the K-12 education system.
- Identify ongoing sources of funding to ensure sustainable raises in base pay, in order to substantially improve the economic circumstances of early educators and to ensure the ability to attract and retain a skilled workforce.

For additional policy recommendations, see the [Early Childhood Workforce Index Executive Summary](#).

SPOTLIGHT

DEVELOPING COMPENSATION STRATEGIES IN THE STATES

Several states are proactively seeking solutions to low compensation in the early childhood field by commissioning reports and developing recommendations and strategies.

In **Illinois,**[135] the Workforce Compensation Subcommittee was convened in 2014 to address compensation parity within the ECE workforce. The subcommittee developed a number of recommendations, including:

- "Ensure that all new requests for federal early childhood funding include allocations for bachelor's-level teaching and administrative staff salaries";
- "Require 80 percent of all rate enhancements and quality incentives, regardless of funding source, be budgeted for compensation"; and
- Adjust "reimbursement rates and contracts, and quality financial incentives to allow for incremental increases in minimum staff salaries."

In **Washington,**[136] the Department of Early Learning is directed by the legislature to use existing data to make biennial recommendations on compensation models for the early childhood workforce. Among the recommendations in its 2015 report:

- "Continue to collect verified compensation data for early learning professionals. Based on this data, create a recommended teacher salary scale for both licensed child care and state-funded preschool."
- "Build on the cost study completed in 2013 which modeled the cost of quality in Early Achievers. Update the cost study with a national entity to verify the costs associated with quality, including tiered reimbursement rates."

In **Connecticut,**[137] the Office of Early Childhood released a plan in 2016 to ensure that "state-funded early childhood programs can recruit and retain an adequately and appropriately compensated workforce." The Office identified three strategies:

- "Utilize the results of the Cost of Quality Study to develop a standardized salary schedule and incentive package for early childhood teachers and administrators";
- "Integrate state and federal funding and develop partnerships with philanthropy for early care and education programs to support workforce compensation and retention"; and
- "Implement the Child Care WAGE$® Project to address compensation and staff retention through financial incentives to include bonuses for degree and/or course completion."

Table 4.3	Compensation Strategies Indicators & Assessment by State		
State	Salary Parity for Pre-K Teachers	Wage Supplement	Overall Assessment
Alabama			Stalled
Alaska			Stalled
Arizona		X	Edging forward
Arkansas			Stalled
California			Stalled
Colorado			Stalled
Connecticut			Stalled
Delaware			Stalled
District of Columbia			Stalled
Florida		X	Edging forward
Georgia			Stalled
Hawaii	X		Edging forward
Idaho	N/A		Stalled
Illinois		X	Edging forward
Indiana			Stalled
Iowa		X	Edging forward
Kansas		X	Edging forward
Kentucky			Stalled
Louisiana		X	Edging forward
Maine			Stalled
Maryland		X	Edging forward
Massachusetts			Stalled
Michigan			Stalled
Minnesota		X	Edging forward
Mississippi			Stalled
Missouri	X		Edging forward

Table 4.3	Compensation Strategies Indicators & Assessment by State		
State	**Salary Parity for Pre-K Teachers**	**Wage Supplement**	**Overall Assessment**
Montana	N/A		Stalled
Nebraska		X	Edging forward
Nevada			Stalled
New Hampshire	N/A		Stalled
New Jersey			Stalled
New Mexico		X	Edging forward
New York			Stalled
North Carolina		X	Edging forward
North Dakota	N/A		Stalled
Ohio			Stalled
Oklahoma[1]	X	X	Making headway
Oregon			Stalled
Pennsylvania		X	Edging forward
Rhode Island			Stalled
South Carolina			Stalled
South Dakota	N/A		Stalled
Tennessee	X		Edging forward
Texas			Stalled
Utah	N/A		Stalled
Vermont			Stalled
Virginia			Stalled
Washington			Stalled
West Virginia			Stalled
Wisconsin		X	Edging forward
Wyoming	N/A		Stalled
TOTAL	**4**	**14**	

[1] Oklahoma's wage supplement program ended in July 2016.

Endnotes

114 Whitebook, M., Phillips, D., & Howes, C. (2014). *Worthy Work, STILL Unlivable Wages: The Early Childhood Workforce 25 Years after the National Child Care Staffing Study.* Berkeley, CA: Center for the Study of Child Care Employment, University of California, Berkeley; Cassidy, D. J., Lower, J. K., Kintner-Duffy, V. L., Hegde, A. V., & Shim, J. (2011). The day-to-day reality of teacher turnover in preschool classrooms: An analysis of classroom context and teacher, director, and parent perspectives. *Journal of Research in Childhood Education, 25(1), 1-23*; Whitebook, M., & Sakai, L. (2003); Whitebook, M., & Sakai, L. (2004); Minervino, J. (2014). *Lessons from Research and the Classroom: Implementing High-Quality pre-K that Makes a Difference for Young Children*. Retrieved from https://docs.gatesfoundation.org/documents/Lessons%20from%20Research%20and%20the%20Classroom_September%202014.pdf

115 Full compensation includes wages/salary as well as an array of benefits, such as health insurance, retirement contributions, and paid time off. However, given limited data and policy movement in this area, these additional aspects of compensation could not be included in this inaugural edition of the *Index*. For information on the inclusion of staff benefits in QRIS, see QRIS and Teacher Work Environments, p. 40.

116 Whitebook et al. (2014).

117 See Human Services Agency of San Francisco. *C-WAGES.* Retrieved from http://www.sfhsa.org/4031.htm

118 Personal communication with Elise Crane, Senior Program & Policy Analyst, Office of Early Care and Education City & County of San Francisco.

119 Some refer to these stipends as bonuses (e.g., REWARD program in Wisconsin) or incentives (e.g., some counties implementing the CARES program in California).

120 T.E.A.C.H. Early Childhood National Center (2015). *Child Care WAGE$ Overview.* Retrieved from http://teachecnationalcenter.org/wp-content/uploads/2014/10/WAGE-Overview-2015.pdf

121 Florida, Iowa, North Carolina, and Kansas are WAGE$ states, and New Mexico's INCENTIVE$ program is an affiliate of WAGE$.

122 Arizona's T.E.A.C.H. program has been discontinued. Mississippi and Pennsylvania's T.E.A.C.H. programs are not currently being funded. For a list of the other participating states, see Child Care Services Association (2015, November).

123 Bureau of Labor Statistics. (2015).

124 Louisiana Department of Revenue (2015). *School Readiness Tax Credit.* Retrieved from http://www.revenue.louisiana.gov/IndividualIncomeTax/SchoolReadinessTaxCredit; Stoney, L. (2013). Early Care and Education Compensation and Policy Options for Louisiana. Alliance for Early Childhood Finance. Retrieved from http://www.earlychildhoodfinance.org/downloads/2013/Early%20Care%20and%20Education%20Compensation%20and%20Policy%20Options%20for%20Louisiana%20v.%203.pdf

125 The Nebraska refundable tax credit, passed in 2016, takes effect in 2017. Holland Children's Movement. (n.d.) *School Readiness Tax Credits - LB 889.* Retrieved from http://www.childrensmovement.com/srtc_lb889

126 See Office of Child Care. *Child Care and Development Fund.* Retrieved from http://www.acf.hhs.gov/sites/default/files/assets/FS_OCC_0.pdf

127 NIEER. (2015)

128 Georgia, for example, has the same starting salary for pre-K and K-3 teachers, but pre-K teachers are not on the same salary schedule.

129 Several states (Maryland, Mississippi, Nevada, North Carolina, New Mexico, Iowa, and Texas) report parity in starting salary and pay scale, but only for pre-K teachers in public schools.

130 New Jersey, for example, has three pre-K programs. While two require salary parity for teachers in all settings, one program only requires salary parity for teachers in public schools, and therefore, New Jersey did not meet our criteria as defined.

131 While Hawaii only requires salary parity for teachers in public schools, its entire pre-K program is delivered via schools rather than a mix of schools and community-based programs, see NIEER (2015).

132 NIEER. (2015).

133 NIEER. (2015).

134 NIEER. (2015).

135 See The Illinois Early Learning Council (ELC) Program Standards and Quality (PSQ) Committee. *Achieving Compensation Parity: Illinois Goal for the Early Childhood Care and Education.* Retrieved from http://www.illinois.gov/gov/OECD/Documents/ELC%20PSQ_Compensation_FullReport%20website.pdf

136 See Washington State Department of Early Learning. (2015, January). *Early Learning Compensation Rates Comparison.* Retrieved from http://www.del.wa.gov/publications/research/docs/Early%20Learning%20Compensation%20Rates%20Comparison.pdf

137 See Connecticut Office of Early Childhood. (2015, July). *A Plan to Assist Early Education State Funded Providers to Degree Attainment and Increased Compensation.*