



Opportunities
Exchange

Raising Wages in ECE

A Roadmap for Change

*Sharon Easterling & Amy Friedlander, Opportunities
Exchange | November 3, 2022*



This presentation is made possible with support from National Association for the Education of Young Children



Agenda

Welcome and Introductions

Background and Context

Roadmap for Change

Setting the Destination: Salary Scales

Calculating the Gap

Maximizing Current Resources

Identifying New Revenue

Resources

Let's get started!

Background and Context

The field is facing an existential threat

Total Child Care Industry Jobs Nationwide, Monthly through September 2022

The industry continues to struggle to recover from sharp job losses it experienced early in the pandemic.



Chart: Center for the Study of Child Care Employment, UC Berkeley • Source: U.S. Bureau of Labor Statistics, "Current Employment Statistics", Series Code: CES6562440001, available at <https://beta.bls.gov/dataViewer/view/timeseries/CES6562440001> • Created with Datawrapper

Top paying states for Childcare Workers:

State	Employment (1)	Employment per thousand jobs	Location quotient (9)	Hourly mean wage	Annual mean wage (2)
District of Columbia	1,150	1.74	0.56	\$ 17.93	\$ 37,300
California	28,240	1.71	0.55	\$ 17.02	\$ 35,390
Massachusetts	12,050	3.55	1.14	\$ 16.79	\$ 34,920
Washington	5,560	1.73	0.56	\$ 16.35	\$ 34,020
Colorado	8,370	3.19	1.03	\$ 16.03	\$ 33,340



Preschool Teachers in different settings (nationally):

Industry	Employment <u>(1)</u>	Percent of industry employment	Hourly mean wage	Annual mean wage <u>(2)</u>
<u>Child Day Care Services</u>	273,430	33.98	\$ 15.39	\$ 32,020
<u>Elementary and Secondary Schools</u>	71,730	0.89	\$ 25.20	\$ 52,420
<u>Individual and Family Services</u>	13,330	0.50	\$ 18.15	\$ 37,750
<u>Local Government, excluding schools and hospitals (OEWS Designation)</u>	6,600	0.12	\$ 20.10	\$ 41,820
<u>Religious Organizations</u>	5,970	3.33	\$ 18.06	\$ 37,560

- A person can have EXACTLY the same qualifications and earn \$20,000 less annually, based on setting
- Further, the school settings are more likely to have benefits and paid planning time



Background and Context

There are reasons to be hopeful

Some States have raised reimbursement rates based on cost modeling

NAEYC's Power to the Profession framework is a tool for change

Health Insurance is NOW affordable for virtually anyone working in child care

Blueprint for Change in *Build Back Better* offers a solution that addresses family affordability and workforce compensation

Federal effort to create a National ECE Workforce Center

Roadmap for Change

What are the
compensation
goals?

What is the gap
between where
we are and
where we need
to be?

How fully/well
are we using
current/available
resources?

Where can we
find new
resources?

We are the ones we've been waiting for



Early Childhood Education Salary Scale **Template**

(Position titles made be modified to correspond to state regulations)	Entry Level Pre-service required by Licensing	ECE I Professional Training Program in Early Childhood Education (CDA)	ECE II Associate Degree Program in Early Childhood Education	ECE III Bachelor's Degree Program in Early Childhood Education Master's Degree Program in Early Childhood Education	
		HS Diploma	CDA	A.A. in ECE	B.A. in ECE
Classroom Aide	Salary Range	Salary Range			
1-2 years experience			N/A	N/A	N/A
3-5 years experience					
Assistant Teacher	Salary Range	Salary Range			
1-2 years experience			N/A	N/A	N/A
3-5 years experience					
Lead Teacher			Salary Range	Salary Range	Salary Range
1-2 years experience	N/A	N/A			
3-5 years experience					
Master Teacher (with Teacher certification)				Salary Range	Salary Range
1-2 years experience	N/A	N/A	N/A		
3-5 years experience					
	Small (20-50 children)	Medium (50-100 children)	Large (100-250 children)	Extra Large (250+ children)	
Program Director					
1-2 years experience					
3-5 years experience					
5+ years experience					

Salary Scales

Know where you are trying to go



How to populate the Salary Scale

Source:
Local entry level jobs
(Fast food, retail, etc.)

Source:
Local jobs w/
required skills
certification
(K-12 Para-
professionals,
LPNs, etc.)

Source:
Local jobs
w-equivalent
education;
midway
point
between
ECE I and
ECE III

Source:
Local school
district
salaries

(Position titles made be modified to correspond to state regulations)	Entry Level Pre-service required by Licensing	ECE I	ECE II	ECE III	
		Professional Training Program in Early Childhood Education (CDA)	Associate Degree Program in Early Childhood Education	Bachelor's Degree Program in Early Childhood Education	Master's Degree Program in Early Childhood Education
	HS Diploma	CDA	A.A. in ECE	B.A. in ECE	M.A. in ECE
Classroom Aide	Salary Range	Salary Range			
1-2 years experience	30,000-31,000		N/A	N/A	N/A
3-5 years experience	32,000-33,000				
Assistant Teacher	Salary Range	Salary Range			
1-2 years experience		35,000-37,000	N/A	N/A	N/A
3-5 years experience		37,500-39,000			
Lead Teacher			Salary Range	Salary Range	Salary Range
1-2 years experience	N/A	N/A	42,000-44,000	48,000-50,000	52,000-53,500
3-5 years experience			45,000-47,000	50,500-52,000	54,000-56,000
Master Teacher (with Teacher certification)				Salary Range	Salary Range
1-2 years experience	N/A	N/A	N/A	56,000-57,500	60,000-62,000
3-5 years experience				57,500-59,000	62,500-64,000
	Small (20-50 children)	Medium (50-100 children)	Large (100-250 children)	Extra Large (250+ children)	
Program Director					
1-2 years experience	\$50-55,000	\$55-65,000	\$65-70,000	\$75-90,000	
3-5 years experience	\$52-57,000	\$65-67,000	\$70-72,000	\$80-95,000	
5+ years experience	\$57-60,000	\$67-70,000	\$73-80,000	\$85-100,000	



Opportunities
Exchange

Wisconsin Early
Education
Shared Services
Network
(WEESN)

with Tiered
Reimbursement
& Family Child
Care

(Position titles made be modified to correspond to state regulations)	Entry Level Paraprofessionals	ECE Foundational WI Levels 1-5	ECE I WI Levels 6-10	ECE II WI Levels 11-12	ECE III WI Levels 13-16	
	HS Diploma		CDA	A.A. in ECE	B.A. in ECE	M.A. in ECE
Classroom Aide	Salary Range		Salary Range			
1-2 years experience	31,200			N/A	N/A	N/A
3-5 years experience	33,571					
Assistant teacher	Salary Range		Salary Range			
1-2 years experience		35,921		N/A	N/A	N/A
3-5 years experience		38,043				
Classroom Teacher				Salary Range	Salary Range	Salary Range
1-2 years experience	N/A		40,164			
3-5 years experience			42,390			
Lead Teacher				Salary Range	Salary Range	Salary Range
1-2 years experience	N/A		N/A	44,616		
3-5 years experience				45,760		
Master Teacher					Salary Range	Salary Range
1-2 years experience	N/A		N/A	N/A	57,865	
3-5 years experience						
	Center Director	Lead Teacher		Asst Teacher	Family Child Care Provider	
Regulated-STAR 2	40,164	35,921		31,200	35,921	
3 STAR	44,616	40,164		33,571	40,164	
4 STAR	57,866	44,616		35,921	42,390	
5 STAR	75,000*	57,866		38,043	44,616	

*Based on average salary of median wage of K-12 administrator and child care administrator, May 2021

Roadmap for Change

What are the
compensation
goals?

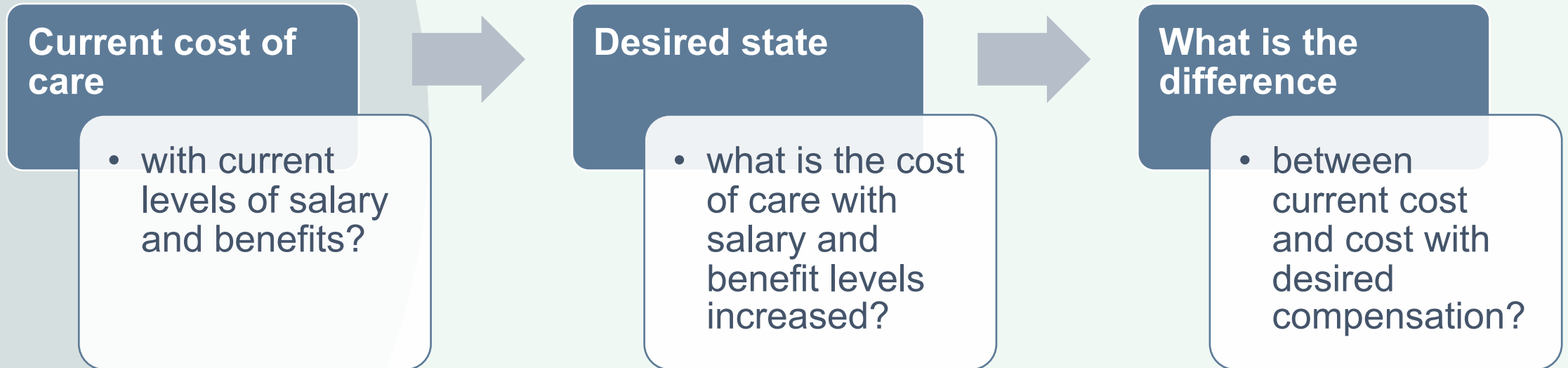
What is the gap
between where
we are and
where we need
to be?

How fully/well
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Where can we
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We are the ones we've been waiting for

Calculating the Gap



Roadmap for Change

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How well/fully are we using current/available resources?

Can we lower current expenses?

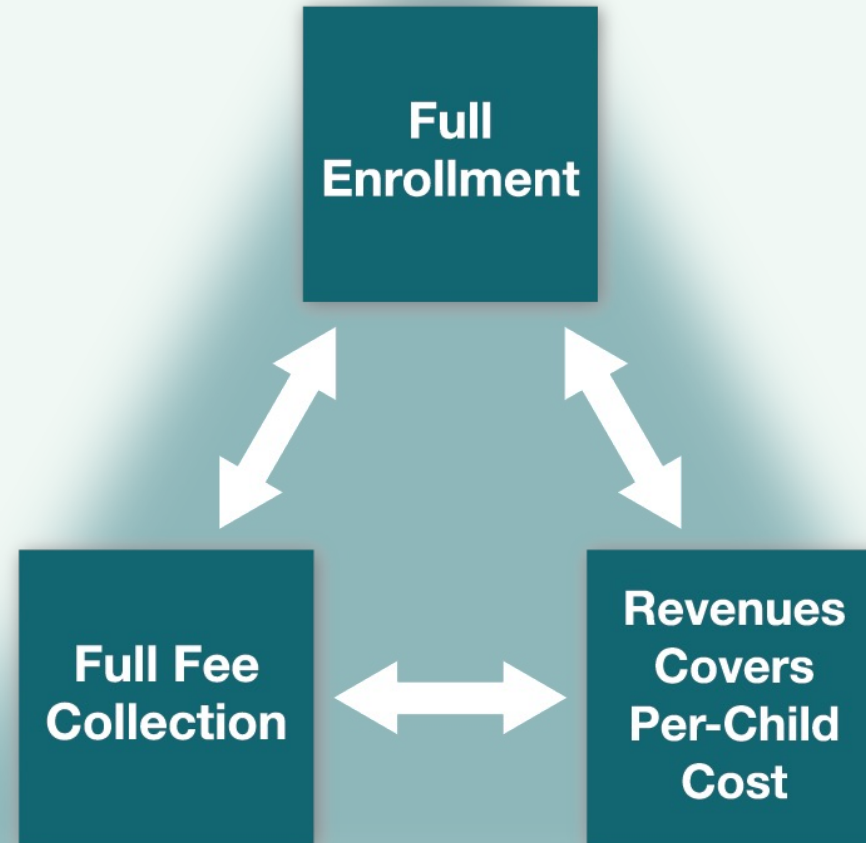
- Reduce Administrative overhead by fully maximizing automation and business software tools
- Review outsourced contracts for best pricing
- Utilize the tax credits on the ACA Health Care Exchange to reduce current cost on private health insurance

Can we increase available revenue?

- Reducing bad debt
 - Private tuition
 - Subsidy reimbursement underpayment
- Collecting maximum subsidy rate
- Reaching full enrollment
- Untapped revenue
 - Food program
 - Tax credits (ERC, etc.)

Simple Formula > Challenging Task

Iron Triangle of ECE Finance



Full Enrollment Makes a Big Difference

Enrollment & Revenue in a Small Family Child Care Home

Average Monthly Market Price Per Child	\$ 600		
Max Annual Revenue @ 6 children	\$ 43,200		
Vacancy Rate	5%	15%	25%
Actual Revenue Earned	\$ 41,040	\$ 36,720	\$ 32,400
Bad Debt	0%	10%	15%
Total Gross Revenue Collected	\$ 41,040	\$ 33,048	\$ 27,540

Full Collection is a persistent challenge

Automated billing is a gamechanger

Results from a **Business coaching + CCMS** project in Arizona

Program	January	September
Center 1	\$6,562	\$162
Center 2	\$10,530	\$3,794
Center 3	\$4,883	\$1,325
Center 4	\$3,886	\$543
Center 5	\$1,100	\$425
Total Average Bad Debt	\$5,392	\$1,250



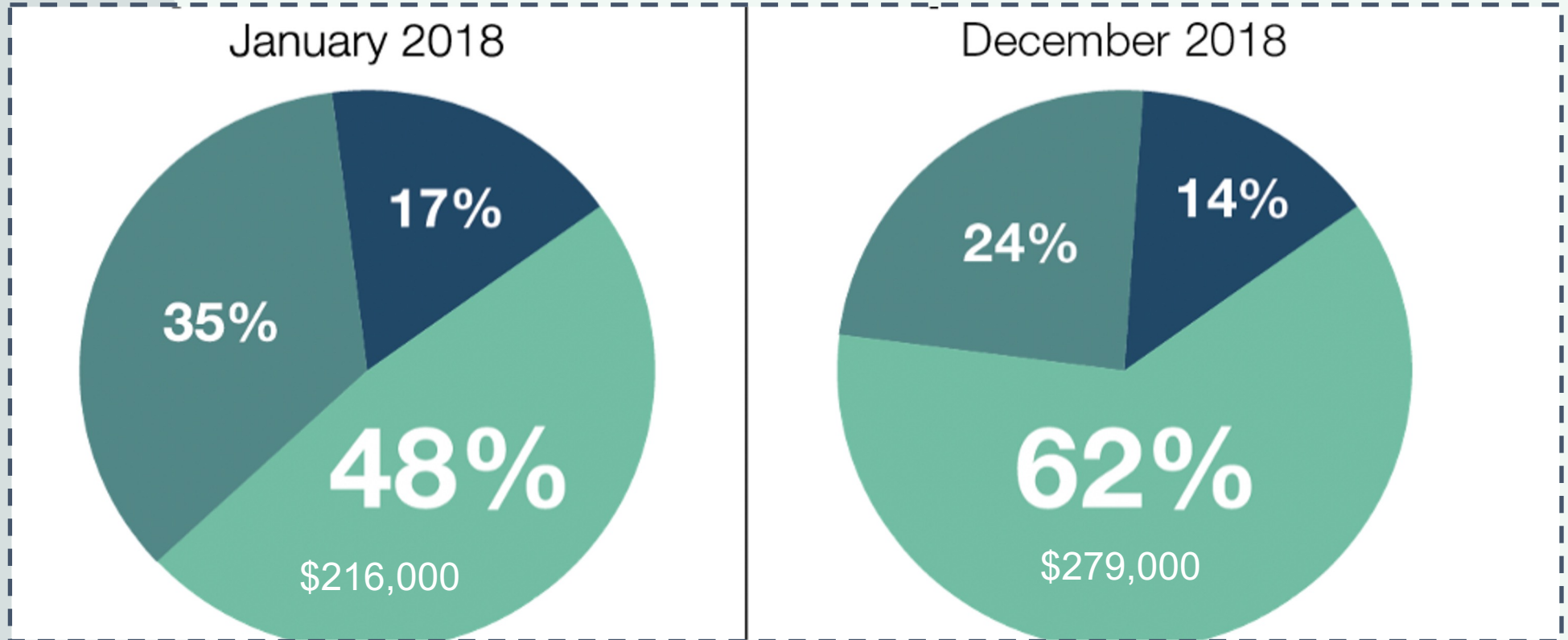
Administrative Overhead is Expensive

Child Care Center Personnel Expenses

Actual data
from a small,
faith-based
program
engaged in
Shared
Services

Total Personnel
Budget
\$450,000

Net gain
\$63,000





Maximizing Stabilization Funds

ARPA Grants are a tremendous resource, but many providers do not want to use them for pay raises for fear that they will be “on the hook” when the grants have ended.

Consider this strategy:

Temporary Pay Increases

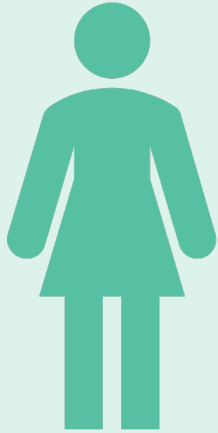
We are starting to see more child care providers use temporary pay increases to compensate employees for the additional efforts during the COVID-19 pandemic, as well as providing increased rates in a labor market that has been particularly competitive. While temporary pay increases could have a powerful impact on ensuring staff morale and retaining staff members, they also need to be implemented carefully.

You want to ensure that in no way are you making a commitment to a permanent pay increase. Once again, make sure there's something in writing that tells the employee clearly what the terms of this agreement are, specifically:

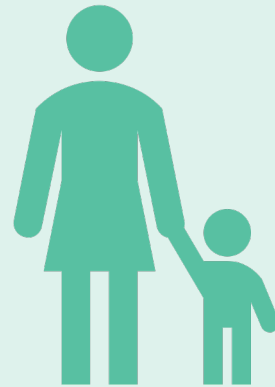
- The amount of the temporary pay increase,
- Why they are receiving it,
- How long it will last, and
- That the increase is, of course, dependent upon continued satisfactory performance.

Source: [Texas Workforce Commission Child Care Coaching Team](#)

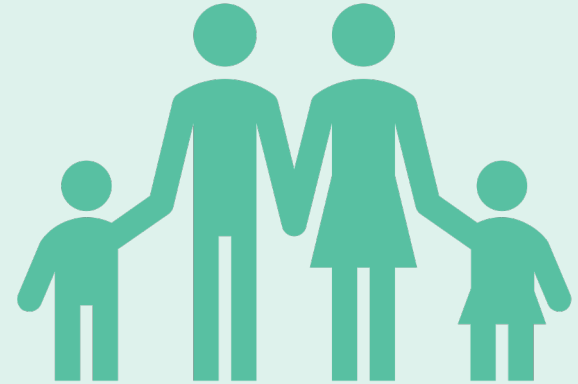
Taking Advantage of NEW Health Insurance Subsidies through the ACA



Age: 35
Location: Denver, CO
Household Income: \$30,000
Monthly premium: \$71/mo.



Age: 27, 5
Location: Atlanta, GA
Household Income: \$30,000
Monthly premium: \$14/mo.



Ages: 37, 39, 11, 6
Location: Des Moines, Iowa
Household Income: \$65,000
Monthly premium: \$183/mo.

Scenarios generated from [Kaiser Family Foundation Subsidy Calculator](#) assuming a Silver Level Health Plan

Taking Advantage of NEW Health Insurance Subsidies through the ACA

- Plans purchased on the marketplace are for an Individual
- Program directors can facilitate access to Marketplace by engaging a Navigator (free of charge)
- Employers can supplement employee health care costs with a Health Reimbursement Account (HRA), Telehealth plans, and other benefits like short/long term disability coverage
- Employers should engage a broker to assist in identifying additional health related benefits

Open enrollment: NOW! (November 15 - December 31)



Maximizing Potential Revenue

Employee Retention Tax Credit

How does the ERTC 2020 work?

The Employee Retention Tax Credit is equal to 50% of up to \$10,000 in qualified wages (including amounts paid toward health insurance) **per employee** for all calendar quarters **beginning March 13, 2020 and ending September 30, 2021**. If you are claiming the credit specifically for a closure, you can only use payroll during that period. The maximum credit per employee between March 13, 2020 and December 31, 2020 is \$5,000.

[Civitas Strategies Early Start](#)

[Resources on Government Funding \(English/Spanish\)](#)

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Finding New Resources

- ✓ Blended/braided funding
- ✓ Adjusting your rates
- ✓ Maximizing ARPA Funds
- ✓ Maximizing subsidy reimbursement
- ✓ Joining/forming a Shared Service Alliance
- ✓ Business community
- ✓ **Advocating at local/state level**

Blended/Braided Funding

Children are NOT segregated by funding source; the primary difference is in hours of service

Full Day, Full year
\$17K -- \$20K

Full Day, School year
\$14K – \$17K

School day, School year
\$7K -- \$11K

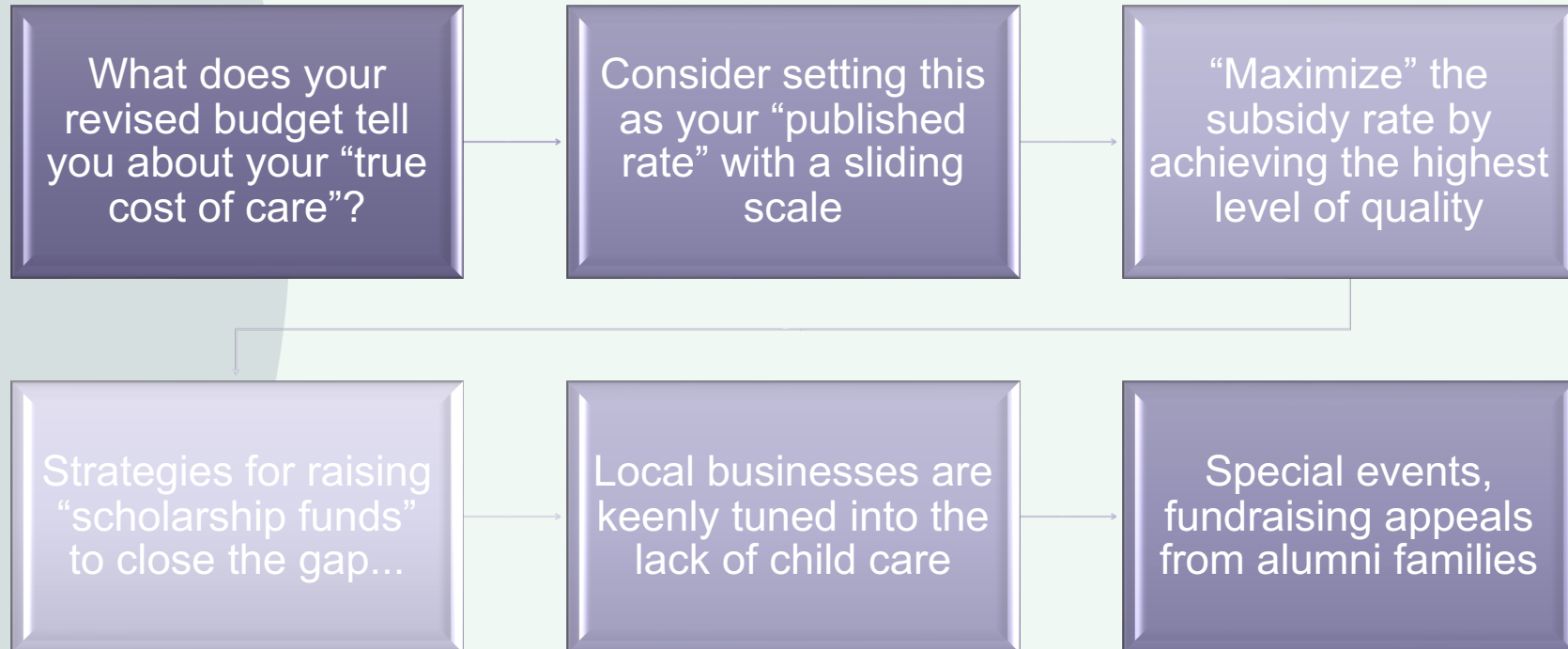
TYPE OF PRESCHOOL FUNDING	SCHEDULE	ANNUAL REIMBURSEMENT
CCW only	M-F 6:30 – 6:00; year-round	\$11,752
CCW/Head Start	M-F 6:30 – 6:00; year-round	\$19,162
CCW/PKC	M-F 6:30 – 6:00; year-round	\$17,143
CCW/PHL	M-F 6:30 – 6:00; year-round	\$17,898
Private	M-F 6:30 – 6:00; year-round	\$17,680
Private	M-F 6:30 – 6:00; Sept-June	\$14,280
Private/PKC	M-F 6:30 – 6:00; year-round	\$19,795
Private/PKC	M-F 6:30 – 6:00; Sept-June	\$16,395
Private/PHL	M-F 6:30 – 6:00; year-round	\$20,550
Private/PHL	M-F 6:30 – 6:00; Sept-June	\$17,150
Head Start only	M-F 6:30 – 3:30 Sept-June	\$7,410
PKC only	M-F 6:30 – 3:30 Sept-June	\$7,995
PHL only	M-F 6:30 – 3:30 Sept-June	\$8,750
HS/PKC	M-F 6:30 – 3:30 Sept-June	\$11,775
Private	M-F 6:30 – 3:30 Sept-June	\$8,400

Calculations:

CCW Star 4:	\$45.20 a day
Head Start:	\$7,410
PKC full time:	\$7,995
PKC part time:	\$4,365
PHL	\$8,750
CV Tuition: Private (full day)	\$335 a week
CV Tuition: Private (full day) with PKC or PHL	\$200 a week
CV Tuition: Private (3:30 class)	\$290 a week

Rate Setting

Balancing act between the true cost and what families can afford



Fundraising to help families afford the cost of care is a compelling ask

Subsidy Rates are Improving

States moving away from Market Rates

Source: [Prenatal to Five Fiscal Strategies](#)

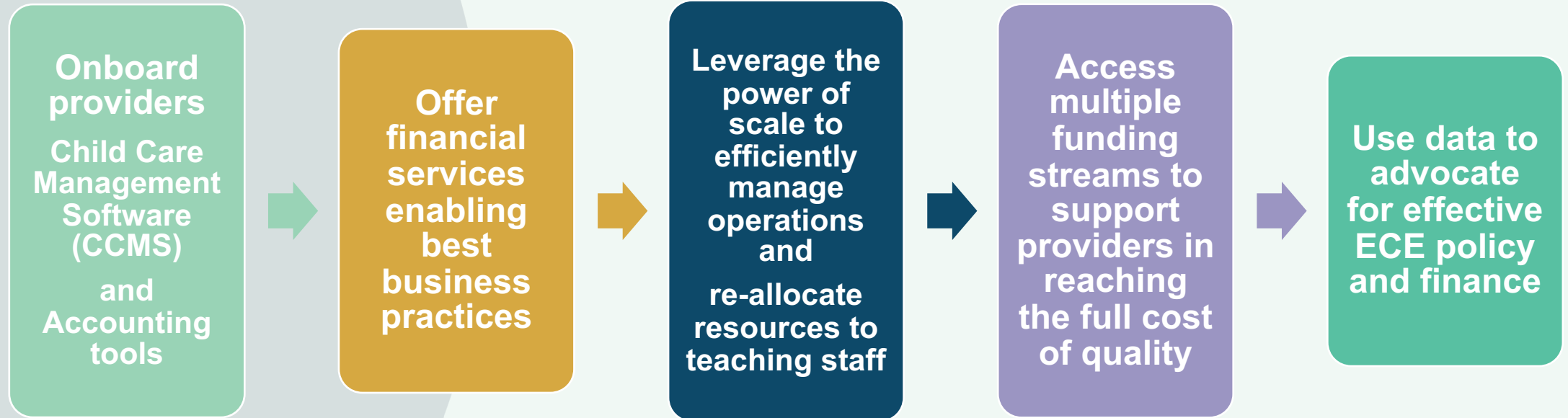
Cost model	PCQC	Cost Calculator	Cost Study
Arkansas	Alabama	Idaho	Alaska
Colorado	Connecticut	Montana	Delaware
District of Columbia	Maine		Iowa
Georgia	Maryland		Louisiana
Illinois	Michigan		Missouri
Indiana	New York		North Dakota
Kansas	Wisconsin		Ohio
New Mexico			Pennsylvania
Oklahoma			Rhode Island
Oregon			Tennessee
Virginia			Utah

Sample Maximum Annual Rates in High Quality Settings

State	Infant	Preschool
Vermont	\$18,148	\$16,900
DC	\$ 24,180	\$16,767
Virginia	\$18,200	\$10,920
Louisiana	\$17,680	\$ 8,190

Why Shared Services?

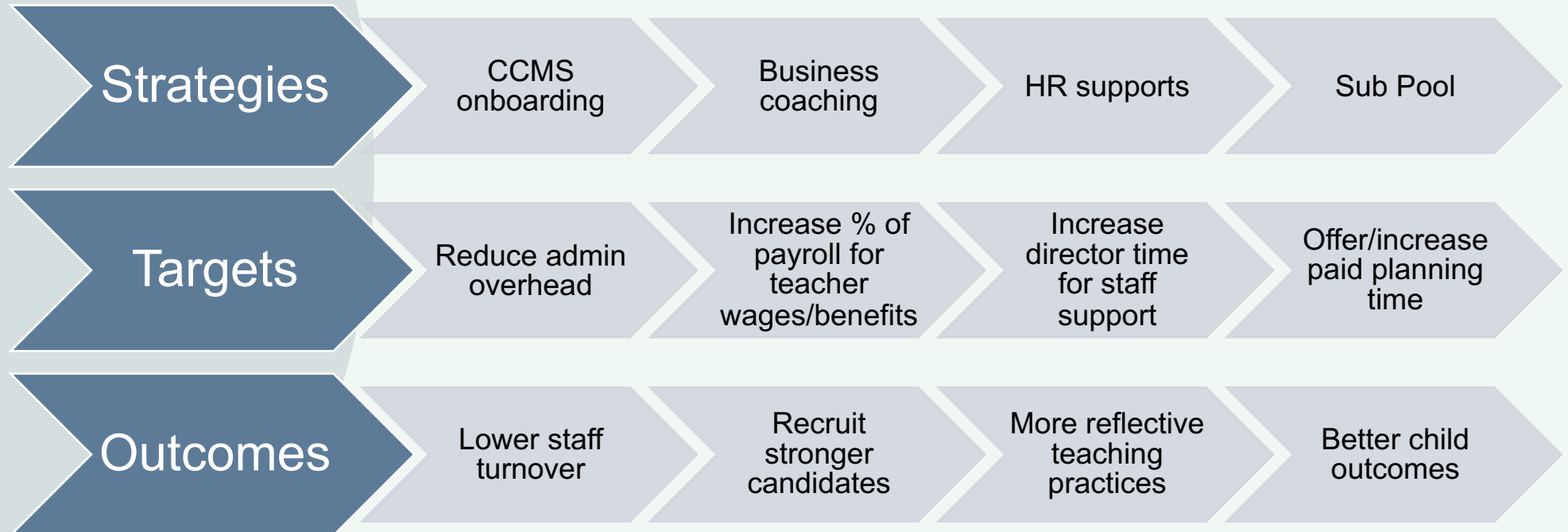
Shared Service Hubs are uniquely positioned to:



Assert a minimum compensation package for educators and help provider members get there!

Shared Services

As a compensation strategy

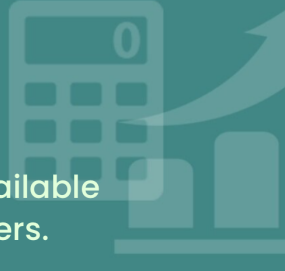




Related Resources

Financial Management Toolkits

The OppEx Financial Management Toolkits are available for use in supporting business practices of providers.



[Financial Management Toolkit.](#)

Resources for improving compensation in Center and Home base Programs

[Center Budget Template](#)

[Child Care Management Software](#)

[Salary Scale Template](#)

[Civitas Strategies Early Start](#)

Up Next:

[Employee Benefits: A New Framework and Tools to Get us There \(session 2 of 3\)](#)

Tuesday, November 22, 2022

1:00 PM 2:30 PM

[Beyond Wages and Benefits: What Makes Teachers Stay, Grow, and Thrive? \(session 3 of 3\)](#)

Tuesday, December 13, 2022

1:00 PM 2:30 PM



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Exchange

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