

Colorado Early Childhood Workforce Survey 2017

Research to
Practice
Brief 3

At the Heart of the Matter: The Compensation of Colorado's Early Educator Workforce

Diana D. Schaack & Vi-Nhuan Le

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KEY FINDINGS

- ▷ The median hourly wages for lead teachers across ECE service sectors ranged from \$14.00 to \$16.50 an hour, with family child care providers earning a median hourly wage of \$12.63.
- ▷ Lead teachers with a B.A. degree earned only \$3.07 more an hour than lead teachers with a high school degree.
- ▷ Almost a third of teachers and family child care providers made low enough wages that they received public assistance benefits restricted to very low-income families.
- ▷ Another approximately 43% of teachers and 21% of family child care providers were struggling to pay their bills and make ends meet.

These findings are discussed in light of policy recommendations to increase the compensation of the early educator workforce in Colorado.

INTRODUCTION

The research is clear. High-quality early care and education (ECE) is beneficial to young children's healthy development and school readiness skills and plays a critical role in closing the achievement gapⁱ. Research is also clear that skilled early educators *"are the single most important factor"* in providing children with the early experiences necessary to foster children's positive learning and development in ECE settingsⁱⁱ. Despite this research, most early educators earn exceedingly low wages, sometimes at or near the federal poverty level, lack access to workplace benefits, and often struggle to meet the needs of their own familiesⁱⁱⁱ.

A recent national study documenting the compensation of ECE teachers in center-based settings found that their average hourly wage was only \$13.70 an hour, with median annual salaries qualifying many for public assistance in nearly every state^{iv}. The Bureau of Labor Statistics and U.S. Department of Labor also reported a median hourly wage of only \$9.38 for home-based child care providers^v. At the same time, concerted efforts are being made across states to increase the educational requirements for early educators. Yet completing a degree and additional certifications does not typically translate into substantially increased wages for many in the workforce. National statistics show that hourly wages for early educators with a high school diploma or less averaged approximately \$9.60 an hour compared to \$17.30 an hour for Bachelor's (B.A.) degreed teachers, which is nearly half the average earnings of those with a B.A. degree across other industries^{vi}. The National Study of Early Care and Education (NSECE) also described an annual wage gap of nearly \$9,000 between early educators working with infants and toddlers and those working with preschool children^{vii}. In addition, many early educators, especially if they work outside public-school settings, have limited or no benefits, including health insurance, employer sponsored retirement savings accounts, or paid sick and vacation days^{viii}. Thus, many early educators report economic insecurity and often have to rely on public subsidies or are forced take a second job to make ends meet^{ix}.

These low wages not only constrain an early educator's ability to deliver high-quality services to young children but also contribute to a national turnover rate of between 15%-30% annually^x and to persistent difficulties in attracting and retaining professionals in the field. Indeed, several studies have found that the strongest predictor of classroom quality is the wages earned by teachers, which also predict the likelihood that they will stay in their jobs^{xi}. Thus, systematic efforts are needed both nationally and in Colorado to increase wages and benefits and to reduce the economic stress placed on early educators for choosing this profession, as the well-being of the adults who care for children are linked to the well-being of the children in their care^{xii}.



RESEARCH QUESTIONS

The purpose of this research brief is to explore the compensation and economic well-being of a sample of early educators in Colorado. Specifically, this brief addresses the following research questions:

1. What are the hourly wages of early educators in Colorado? How do they vary by ECE service sector, age groups served, and educational attainment?
2. What benefits do early educators working in community-based settings receive?
3. What percent of early educators receive public subsidies?
4. How do early educators perceive their economic well-being?

SAMPLE

The sample used for this research brief included 711 ECE center directors, 88 assistant directors, 2,306 lead teachers, 1,118 assistant teachers, and 496 family child care providers providing ECE services to children birth through age five across Colorado. Of the directors and assistant directors, 72% worked in community-based ECE centers, 15% worked in Head Start centers, and 13% worked in public school ECE settings. Of the teaching staff in center and school-based programs, approximately 45% worked in community-based programs, 30% worked in Head Start, and 25% worked in public school-based programs. For the purposes of this study, community-based ECE centers are defined as programs that are not housed in public schools and do not receive Head Start funding, Head Start centers are defined as centers receiving Head Start funding but not located in public schools, and public school-based ECE programs are defined as any classroom that is located in a public school and/or governed by a school or district.

The majority of teachers, approximately 69%, worked in classrooms serving pre-school-aged children, and the remainder, 31%, worked in classrooms serving infants and toddlers. For more information about the sample and how it was collected, please see *Colorado Early Childhood Workforce Survey 2017 Final Report*^{xiii}.

RESULTS

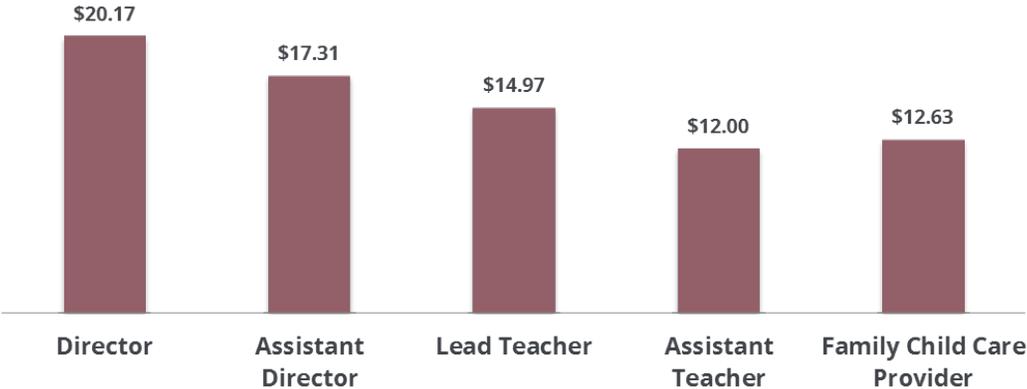
RQ#1. What are the hourly wages of early educators? How do they vary by ECE sector, age groups served, and educational attainment?

Job Role

Figure 1 displays the median hourly wages for early educators in different job roles across ECE service sectors in this sample. The figure shows that the median hourly wage for program leaders was approximately \$20.17 for directors and \$17.31 for assistant directors. The figure also shows that for teaching roles, the median lead

teacher hourly wage was \$14.97 an hour and \$12.00 an hour for assistant teachers - estimates comparable to those found in a national sample of ECE teachers^{xiv}. Within family child care homes, the median hourly wage was calculated at \$12.63 an hour, which is slightly higher than the average hourly wage of \$9.38 found in a national sample of family child care providers¹. Comparisons across job roles suggest that directors and assistant directors made significantly more than lead and assistant teachers and family child care providers, and that lead teachers made significantly more than assistant teachers and family child care providers².

Figure 1. Average Hourly Wages by Job Role



In this sample, 19% of directors, 18% of assistant directors, 23% of lead teachers, 25% of assistant teachers, and 11% of family child care providers reported having to take a second job to make ends meet.

Variations in Lead Teacher Wages

Differences in lead teacher median hourly wages among lead teachers were also calculated based on the ECE service sector in which they worked, the age group of children in their classrooms, and based on lead teacher education levels. Figure 2 displays these median hourly wages for lead teachers.

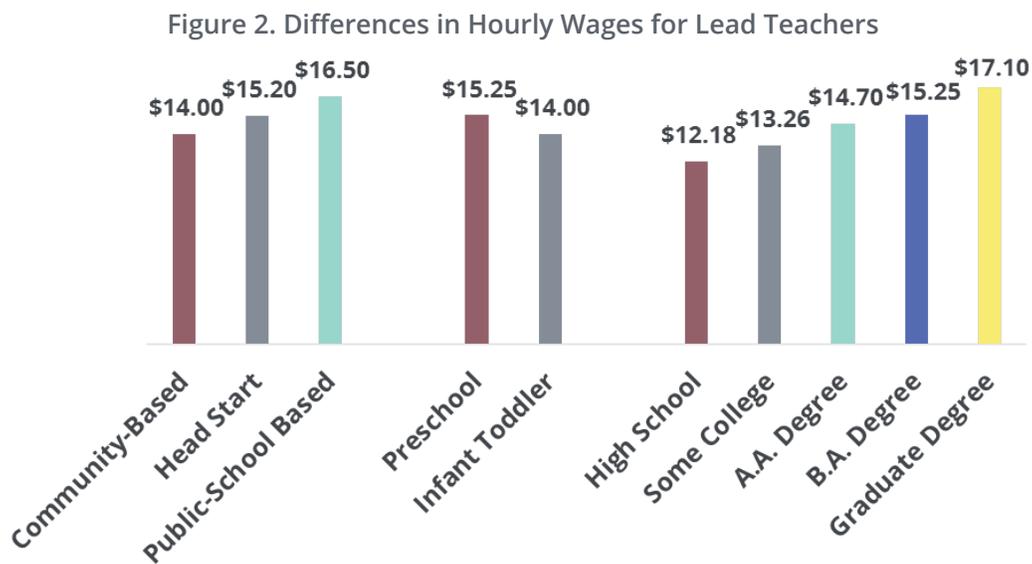
With respect to service sector, differences in median hourly wages were found between public school-based ECE teachers compared to community-based and Head Start teachers. In this sample, the median public school ECE teacher hourly wage was \$16.50 an hour, a figure approximately \$2.90 an hour less than the average salary for public school-based “pre-kindergarten” teachers found in a national sample^{xv}. In Colorado, a number of public school districts do not pay their ECE teachers on the same salary scale as K-12 teachers, which may explain the wage differences

¹ These results should be interpreted with some caution, as it was unclear whether family child care providers in this sample deducted their expenses when reporting on their wages.
² In instances throughout this brief where key differences among types of early educators or service sectors are highlighted, the differences are statistically significant at the 0.05 level.

between public school-based ECE teachers in this sample compared to a national sample. In this study, public-school based lead teachers earned approximately \$2.50 an hour more than community-based lead teachers and \$1.30 more an hour than lead teachers in Head Start.

Unlike other studies, this study found only small, yet statistically significant, differences between the median hourly wage for preschool teachers compared to infant and toddler teachers. Preschool teachers earned approximately \$1.25 an hour more, or about \$2,600 more annually, than infant/toddler teachers.

Small differences were also found in lead teacher median hourly wages based on their education level. As can be seen in Figure 2, B.A. degreed teachers earned only approximately \$3.07 more an hour, or about \$6,386 more a year, than teachers with a high school degree as their highest level of education. These estimates depart from those found in a national sample in which the average hourly wage for a high school graduate was \$9.60 an hour compared to \$17.30 an hour for a B.A. degreed teacher, representing a \$7.70 an hour difference. In general, it appears that wages in Colorado may be truncated and may provide little incentive for teachers to obtain higher levels of education.



RQ#2. What benefits do early educators working in community-based programs receive?

Early educators were also asked to report on the types of benefits that they received through their employer. Because family child care providers are considered small business owners, they were asked to report on the types of benefits that they have, either that they purchased on their own or received through a spouse or partner, and that they included in contracts with families. We focused the analysis on early educators working in community-based programs because prior data

collection efforts in Colorado have demonstrated that a significant portion of teachers working in Head Start have access to an employer sponsored benefits package, and most school-districts provide a benefits package to qualifying employees.

Table 1 displays the percentage of teachers³ in community-based ECE centers who work at least 30 hours a week who reported receiving particular benefits and the percentage of family child care providers who purchased or received particular benefits. The table shows that a sizable portion of teachers in community-based ECE centers does not receive a number of benefits through their employers that they need to meet their basic needs. For example, approximately 60% of teachers in this sample do not receive health insurance through their employer, and approximately three-quarters do not have access to an employer-sponsored retirement plan⁴. Within the sample of family child care providers, 44% do not have health insurance, and 83% do not contribute to a retirement plan.

Table 1. Benefits Received by Community-Based Early Educators

Benefits	Teachers	Family Child Care Providers
Health Insurance	40%	56%
Dental Insurance	28%	38%
Vision Insurance	22%	26%
Life Insurance	21%	39%
Retirement	26%	17%
Paid Sick Days	51%	21%
Paid Vacation Days	66%	37%
Paid Professional Development Days	37%	8%
Free Child Care	7%	NA
Reduced Rate Child Care	23%	NA
Receive No Benefits	12%	28%

With respect to paid time off, community-based teachers in ECE centers received more than family child care providers. For example, two-thirds of community-based teachers in this sample received paid vacation days, over half received paid sick days, and approximately 37% received paid professional development days. Of the family child care providers in the sample, only 37% included in their contract with families paid vacation days, 21% included paid sick days, and only 8% included paid professional development days.

³This analysis combines lead and assistant teachers in community based ECE centers.

⁴The survey asked teachers to report on the types of benefits that they received through their employer. It is possible that teachers elected not to enroll in employer sponsored health insurance plans or contribute to employer sponsored retirement plans because they could not afford the premiums or to make contributions. It is also possible that teachers elected to participate in their spouse's health insurance plans.

RQ#3. What percent of early educators receive public subsidies?

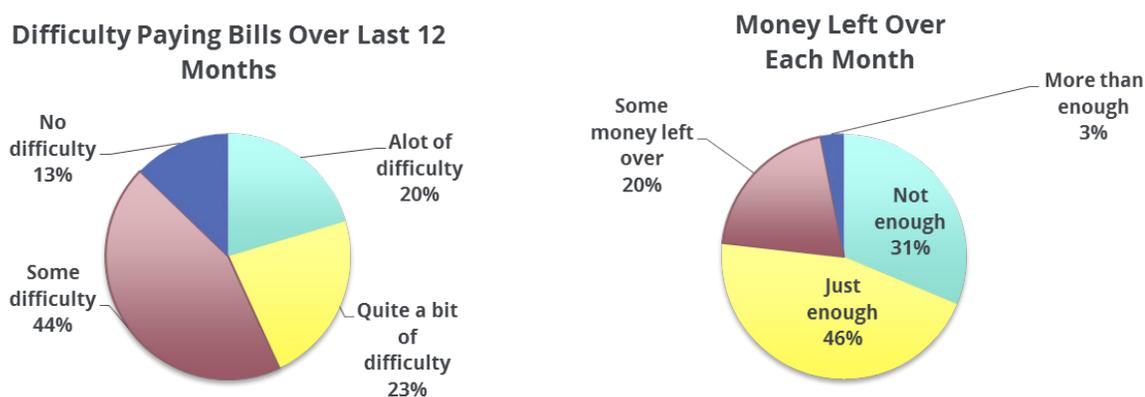
Teachers and family child care providers were asked about whether they or their children received any public subsidies or financial assistance restricted to low-income families, such as Supplemental Nutrition Assistance Program, Section 8 Housing vouchers, public housing, Medicaid, Temporary Assistance for Needy Families (TANF), or free or reduced lunches. Approximately 32% of teachers across service sectors and job roles and 31% of the family child care providers reported that they received at least one form of public assistance due to their low-incomes⁵.

RQ#4. How do early educators perceive their economic well-being?

Teachers and family child care providers were administered a modified version of the *Perceived Economic Pressure*^{xvi} survey, which included a 3-item *Financial Strain* scale that asked early educators to rate their abilities to make ends meet and a *Material Hardship* scale that asked about any sacrifices they have made in the last 12 months, such as using savings to pay the bills or forgoing medical treatments.

Figure 3 displays the results for teachers across early care and education service sectors and job roles, and Figure 4 displays the results for family child care providers. Findings show that about 31% of teachers and 26% of family child care providers do not earn enough to make ends meet at the end of each month. Over the past year, about 87% of teachers and 67% of family child care providers experienced difficulties in paying their bills. Of those, about 43% of teachers and 21% of family child care providers appear to be experiencing notable economic strain.

Figure 3. Teachers' Economic Strain



⁵These figures depart from national estimates in which approximately 46% of “child care workers” participated in public assistance programs. This difference is likely because the survey used for this study did not include the Earned Income Tax Credit as a public subsidy category and if included would have likely increased public assistance program participation rates in this sample.

Figure 4. Family Child Care Providers' Economic Strain

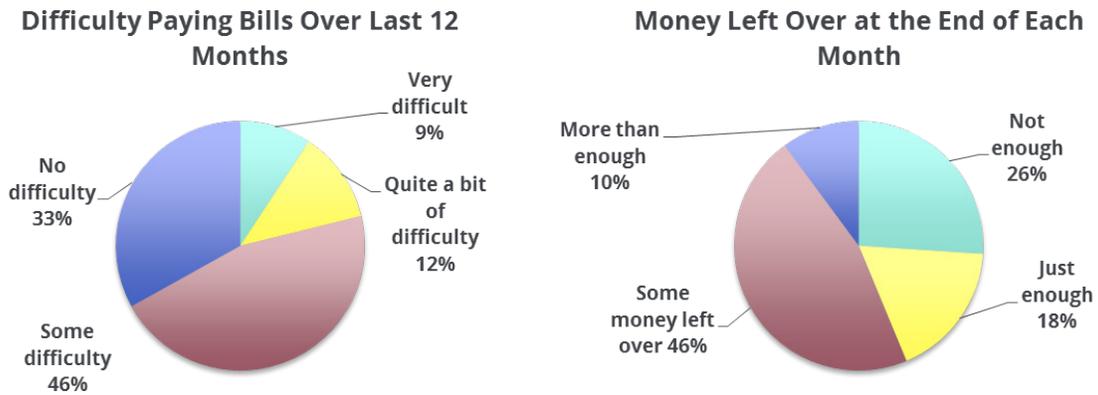
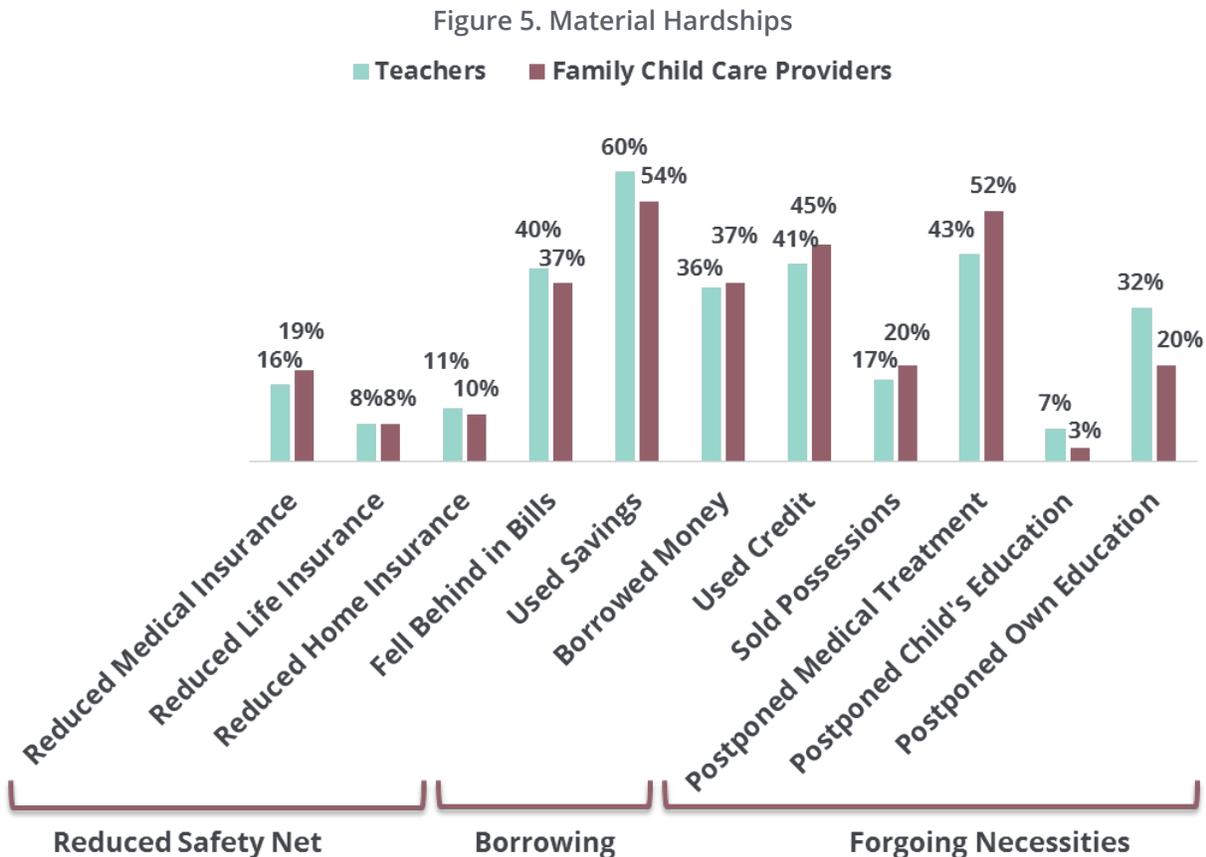


Figure 5 displays the percentages of teachers and family child care providers who have had to make particular sacrifices as a result of economic strain. In general, the sacrifices fell into three categories: reducing safety nets, borrowing, and postponing and forgoing necessities.



Reducing safety net. Some teachers and family child care providers in this sample reported that as a result of financial strain, they have had to reduce medical, life, home, or car insurance to be able to pay the bills. In this sample, 16% of teachers and 19% of family child care providers have reduced or canceled their health insurance.

Borrowing. A sizable portion of teachers and family child care providers have had to use savings, borrow money from family or friends, or use credit to pay for basic necessities.

Forgoing necessities. In this sample, 43% of teachers and over half of family child care providers have had to postpone medical treatments as a result of their costs. Almost a third of teachers and a fifth of family child care providers have had to postpone their education, which is noteworthy because these findings are set against a backdrop of increased pressures for early educators to increase their education. In addition, 17% of teachers and 20% of family child care providers have had to sell possessions to make ends meet.

IMPLICATIONS FOR POLICY & PRACTICE

The results of this research brief underscore the economic fragility of Colorado's early educator workforce. Almost a third of teachers and family child care providers in this sample made low enough wages that they or their children received public subsidies restricted to very low-income families. Another approximately 45% were struggling to pay their bills and make ends meet. The low percentages of early educators in community-based ECE programs who received comprehensive benefits also show how difficult it is to make a career in ECE work. Importantly, the stress that early educators may feel as a result of such economic strain can have implications for young children, as it can be very challenging to provide positive and responsive care in the face of chronic economic stress.^{xvii}

The results of this brief also show little variation among lead teachers' hourly wages as a function of their education, creating little incentive for teachers to pursue educational advancement and making it difficult to recruit and retain a highly-qualified workforce in many communities. Over the next 10 years, major public investments are needed to increase the compensation of early educators in Colorado who are vital to working families. In the meantime, Colorado may consider several strategies to bolster early educators' compensation in the shorter-term.

Linking Education and Program Quality to Wages

The results of this brief suggest that the difference in wages between early educators with a B.A. degree and without a B.A. is significantly less than the average difference nationally. Teachers with a B.A. degree earned, on average, approximately \$3.07 an hour more than teachers with a high school degree. This small marginal

difference offers little incentive for attaining higher credentials and seeking higher levels of education. Colorado might consider adding an element to Colorado Shines – the state’s ECE quality rating and improvement system– in which centers are awarded quality points for demonstrating that pay increases are linked to staff training and education levels in the rating to better incent and reward educators for attaining higher levels of education. Colorado might also consider awarding annual bonuses to early educators tiered to their professional credential level and awarding supplemental bonuses as they advance credential levels.

Increasing and Targeting Colorado Child Care Assistance Program (CCCAP) Reimbursement Rates

Another important strategy that Colorado should pursue is raising CCCAP reimbursement rates so that programs serving lower-income children can afford to raise compensation for all staff. Currently Colorado links these rates to a program’s Colorado Shines quality rating. Colorado might consider requiring that any differential reimbursement above the base rate that programs receive for children receiving CCCAP subsidies be directed toward staff compensation. Colorado might also consider adding a supplemental reimbursement for programs that employ highly-qualified staff that could be earmarked for compensation to help ensure that programs serving the most vulnerable children can employ the most highly-qualified staff. In addition, Colorado might consider restructuring current CCCAP contracts with family child care providers to provide a minimum number of paid sick days for providers so that providers can afford to close and still get paid when they are ill or so that they can afford to hire a substitute to provide care when they are sick.

Creating Tax Credits

Another strategy currently being used in other states to bolster compensation is refundable tax credits for early educators. These credits are a dollar-for-dollar reduction in an individual’s income tax liability, with the amount varying based on their credential or degree level. The amount of the credit can be submitted as a claim for a refund if an individual earns too little to incur any income tax liability (see Louisiana’s ECE refundable tax credit as one viable model).

Colorado might also explore a tiered refundable tax credit for parents linked to the quality of the ECE program that they choose for their child. For parents, higher labor costs associated with increased compensation make ECE services more expensive, which could price many low and moderate-income families out of the market and drive them toward unregulated care. Tiered tax credits for parents tied to the quality levels of the ECE program that they choose increases parents’ purchasing power and enables them to afford higher quality care. As a result, ECE programs would be able to raise their rates, and parents’ tax credits would enable families to afford these higher rates.

Currently, Colorado has a tax credit for philanthropic donors. However, changes to this tax credit could also be made to tier it based on the quality level of the ECE program to which philanthropists donate, which could encourage donor dollars to flow to ECE at a much higher level than they are currently. The state could then require that ECE programs that receive these donations that claim the tax credit use donor dollars to support increased compensation.

Developing Shared Services Alliances

Colorado might also consider supporting “shared services alliances” to enable ECE settings to attract and retain highly qualified early educators. These cooperative entities help ECE programs gain economies of scale in back-office functions such as benefits administration, payroll, purchasing, human resources, reporting and on-line training. These alliances are seen as a way to reduce administrative costs and improve operational efficiency, freeing up money that can be used to increase compensation, and reducing the amount of time that educators spend on non-classroom functions. They could also be used to purchase benefit packages at more competitive rates than may be available for individual ECE programs.

CONCLUSION

Increasing the compensation of early educators at scale can be seen as an expensive proposition. However, these incremental steps can help stabilize and improve the ECE workforce while efforts are underway to secure more substantial public investments to benefit early educators who desire to be rewarded appropriately for the jobs that they do and need to be paid at levels comparable to elementary school teachers.

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