Teachers’ Wages: Critical to Quality Preschool

PULSE BRIEFING

October 5, 2016
Dear community partners,

Our community is on the precipice of taking huge strides for our children through the work of the Cincinnati Preschool Promise. Not only will the achievement gap be narrowed for children across our city through accessible, quality and affordable preschool, but the initiative also improves wages for preschool teachers. Part five of the Preschool Promise Resolution states:

“Quality is critical for preschool to be impactful. Ensuring a quality preschool experience for children requires providing full-time teachers good salaries whether they are in a community or public educational setting. Preschool funding should ensure competitive wages for full-time teachers with comparable credentials, with a rate of at least $15 an hour for full-time instructors without four-year degrees. This will ensure that participating preschool programs can hire and retain good teachers and provide quality.”

The Women’s Fund is particularly interested in the wage provision and how it will have a long-term positive effect on women in our community and their families.

Why are we so interested in this?

• 95.6% of childcare workers are women
• 80% of single parent childcare workers with young children are on public benefits
• Issues of wage fairness for childcare workers disproportionately affect demographics already disadvantaged in the workforce—women, people of color, immigrants and individuals with lower levels of education

This literature review lays out all the benefits to increased wages for childcare workers including long-term societal benefits and economic benefits, but none are more important than the proven effect better wages have on the quality of preschool for our children.

Most people would agree that we love and value our children more than anything else in the world. Yet, at the most critical point in of their brain development, we don’t invest in their teachers’ ability to lift their skills to the highest level.

We believe that all children deserve the same access to a quality education starting at the youngest ages. Let’s make sure we take care of the teachers who are entrusted with this sacred responsibility. It will make all the difference.

Meghan Cummings
Executive Director
The Women’s Fund of The Greater Cincinnati Foundation
Numerous research studies including Neugebauer (2011), Whitebook (2013), and Whitebook et. All (2014), observed that high quality childcare and preschool are linked to positive outcomes for children and families. Short- and long-term benefits include greater school success, higher educational achievement, higher work productivity, lower rates of incarceration, lower utilization of public assistance, and better health.\(^1,2,3\)

How do teacher’s wages figure into the quality of care? There are complex relationships between teacher wages, educational qualifications, staff turnover, and the quality of the education provided to our children. The chart to the right shows the relationship between these factors. As early childhood educators’ wages increase, they are able to go back to school to get a better education; this better education leads to improved childcare quality. A similar relationship occurs with wages and turnover rates. As wages increase, turnover rates decrease and decreased turnover rates create higher quality childcare environments. It is the combination of both decreasing turnover rates and improving the qualifications of early childhood educators that has the highest impact on improving quality childcare.

High quality early childhood centers are characterized by well qualified teachers, low turnover rates and higher wages.\(^3\) Research consistently shows that educational qualifications make a difference; teachers with high quality training in early childhood education are prepared for the complex skills required in this profession and are able to provide significantly better learning environments.\(^3,4,5\) Their instructional effectiveness increases with continued education and years of experience.\(^6\) Unfortunately, the compensation for early childhood educators too low to create any incentive for pursuing advanced credentials and degrees.

Staff stability, created by low turnover rates, allows a strong bond to develop between teacher and child, which in turn enhances the quality of teacher-child interactions.\(^3,6,7,8\) When turnover is low, teachers spend more time engaging positively with children, and utilize more developmentally appropriate practices. These in turn contribute to school readiness and healthy development.\(^7\)

Higher wages result in lower turnover rates. Most teachers leave the field because of poor compensation and high job insecurity.\(^7\) Additionally, poor compensation results in early childhood educators needing to access public assistance to make ends meet, which ultimately leads to a loss of public tax revenue.\(^3,4\)

These issues are especially in focus for Ohio, which does not compare well with national benchmarks for preschool quality. Barnett and colleagues found that in 2015, Ohio ranked 36th in public pre-K access for 4 year olds, serving only 4.8% of these students.\(^11\)

In 2015, Ohio ranked 36th in public pre-K access for 4-year olds, serving only 4.8% of these students.
Early childhood educators (includes care providers for children from birth through preschool)* are paid very poorly compared to other workers with comparable levels of education and experience. This is particularly problematic when you consider the demographic make-up of the childcare workforce. Women dominate the childcare workforce; 95.6% of all childcare workers are female, as compared to. Compare this to the 46% of the total U.S. workforce. Some 40% of childcare workers are people of color. Twenty percent of the childcare workforce is Hispanic, and approximately 14% are black. Compare this to the U.S. workforce as a whole, which is only 14% Hispanic and 10% black.

Additionally, while the majority of childcare workers are U.S. born, there are comparatively more immigrants working in this sector than in the workforce as a whole. Childcare workers typically have low levels of education, with the majority having a high school degree or some college. Only 20% have completed a bachelor’s degree or higher. Thus, issues of wage fairness for childcare workers disproportionately affect demographics already disadvantaged in the workforce—women, people of color, and individuals with lower levels of education.12

Nationally, preschool teachers make less than 88% of the workforce; in Ohio, preschool teachers experienced virtually no wage growth (1.2)% between 1997 and 2013.13 Care providers to children younger than preschool are paid even less. Sadly, teachers who work with the youngest and the poorest children are paid the least.14,15

Wages are especially low for childcare professionals in Ohio. Ohio is among six of the worst states for early childcare professionals’ wages (this includes daycare providers, Head Start teachers and preschool teachers). Along with Arizona, Idaho, Tennessee, Utah, and Wisconsin, Ohio preschool teachers earn less than half the 2015 self-sufficiency level for a family of three.15

*Throughout this report we will use the terms “early childhood educator”, “teacher” and “childcare professional” interchangeably. These terms refer to all care providers working with children from birth through preschool, unless otherwise noted. You will also see the abbreviation “ECE,” which refers to Early Childhood Education.
Ohio early childhood educators 2015 wages:

- Preschool teachers: $13.74 an hour\textsuperscript{13}, or $23,690 annually\textsuperscript{15}
- Childcare professionals (excluding preschool teachers): $9.77 an hour,\textsuperscript{13} or $19,860 annually\textsuperscript{15}
- These median wages are below the self-sufficiency standard for a family of 3, which in 2015 was approximately $50,225 (250% of the Federal Poverty Threshold)\textsuperscript{15, 16}

For perspective, Ohio’s childcare teachers earn less than a thousand dollars above the annual salary of a parking lot attendant ($19,190 annually) or a manicurist ($19,140). A typist or word processor makes, on average, $12,000 more than a preschool teacher in Ohio.\textsuperscript{15}

According to frequently cited research by Whitebook et. al. (2014) these low wages led 37% of Ohio’s childcare professionals to turn to public assistance in 2014:\textsuperscript{13}

- 34% Earned Income Tax Credit, at a cost of $20.5 million
- 13% CHIP and 11% Medicaid, $40.5 million
- 15% Food Stamps, $9.7 million
- Total: $71.9 million dollars

Nationally, utilization of public assistance by early childhood educators varies by the family type of the childcare worker:\textsuperscript{13}

- 80% of single parent families with children 0-4
- 69% of single parent families with children 5-18
- 54% of married parents with children 0-4
- 43% of married parents with children 5-18

\begin{tandem}{align}
\text{PROFESSIONS WITH ANNUAL SALARIES SIMILAR TO CHILDCARe WORKERS^*}
\end{tandem}

\begin{tabular}{|c|c|}
\hline
\textbf{Profession} & \textbf{Salary} \\
\hline
Manicurists & $19,140 \\
Parking Lot Attendants & $19,190 \\
Childcare Professionals & $19,860 \\
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\textsuperscript{*Nationally, early childhood educators’ wages are in the 12th to 19th percentile, and they have experienced virtually no wage growth (less than 1%) over the past two decades.}\textsuperscript{13}

Whitebook et al (2014) also found that low wages result in significant levels of financial worry for childcare professionals: 13

- 48% worry about having enough food for their families
- 63% worry about paying their housing costs
- 73% worry about paying their monthly bills

The high levels of financial stress experienced by early childhood professionals are indeed ironic, given that one purpose of their profession is to improve educational outcomes for children who are impoverished. 13 Indeed, these workers cannot afford to give their own children the high quality care and education they work so hard to provide for the children in their classrooms. 17

In addition to just getting by, low wages also make the pursuit of additional education out of reach for early childhood workers; “an average preschool teacher would need to spend more than one-third of her salary to pursue a bachelor’s degree.” 18

As noted earlier, turnover directly relates to compensation- between 30 and 40% of early childhood workers leave their jobs every year. 17

Turnover is much lower for professionals who have higher wages and educational qualifications. For example, a study by Moxley (2013) finds that when preschool teachers with bachelor’s degrees are paid on the same scale as K-12 teachers, their annual turnover rate is only 1%. 19

Ultimately, low pay makes it difficult to attract and retain a highly qualified and experienced staff. This in turn affects the quality of education received by Ohio’s preschool children. A stable staff of high quality educators is essential to the development of a strong learning environment which results in the development of critical pre-reading and pre-mathematics skills and readiness for kindergarten. 15, 20

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Wage and professional development incentive programs across the nation have yielded consistent positive results in terms of educational qualifications, staff stability, and program quality. These programs typically provide a tiered supplemental stipend for professionals who remain in their jobs, as well as partial reimbursement for tuition to pursue an early childhood degree or credential.

Outcomes of Improved Wages

### Immediate Benefits for Teachers and Children:

Positive outcomes include:

- A significant reduction in annual turnover rates (with a modest stipend, programs have reduced turnover from 30-40% to rates of 5-18%)²¹,²²,²³
- Increased educational qualifications of teachers; and increased ability of workers to pay for their educational advancements ²²,²⁴,²⁶,²⁹
- Increased commitment to staying in the field²⁶,²⁸
- Reduced financial stress, and an increased ability to meet the financial needs of their own families²⁰,²⁴,²⁵
- Increased job satisfaction and morale²⁴,²⁵,²⁶,²⁹
- Increased ability to recruit and retain a highly qualified staff²⁰,²⁶,²⁸
- Increases in quality of education and care for children, including developmentally appropriate practices and positive interactions with children that foster cognitive skills²⁵, ²⁷,²⁸,²⁹

### Long-Term Societal Benefits:

Better wages are related to lower turnover and higher qualifications of early childhood educators, which in turn are related to the quality of preschool for our children. The long-term benefits of high quality early childhood education are documented by numerous research studies, and include:²⁰,²⁸,³⁰

- The creation of a strong foundation for K-12 and higher education
- Narrowing of the achievement gap experienced by children who are poor
- Increased success in school
- Lower levels of grade repetition
- Lower rates of placement in special education classes
- As adults – higher educational achievement, better health, higher work productivity, lower rates of incarceration, and lower utilization of public assistance

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Economic Benefits of a Higher Wages:

Whitebook et al. note that low wages for early education workers are “penny wise and pound foolish.” Raising wages would result in many economic payoffs:

- Increased contributions by early childhood workers to the local, state and federal tax base; they would also buy more goods and services, and contribute to the economy of the region.

- Reductions in the high utilization of public assistance by early education workers, resulting in lower state and federal costs for EITC, SNAP, Medicaid, and CHIP.

- Every dollar spent on early childhood education would result in $2 in jobs (for early childhood workers, for suppliers, and for those who create goods and services utilized by early childhood centers).

- Reductions in the costs of worker turnover in early childhood centers, including recruiting and training new staff.

- In the long run, there would be a $3 to $7 return per dollar spent as a result of the increased economic productivity evidenced for adults who received high quality education and care from birth through age five.

- Benefits for local businesses and corporations that result from having high-quality care for children, including lower rates of turnover, fewer missed days of work, and higher productivity among employees who have children.

- The ability to attract high quality employees to the local area: a business’s ability to recruit well-educated employees relates to the presence or absence of high quality early childhood programs for those potential employees’ children.

Every $1 spent on early childhood education will yield an eventual economic return of $3-$7.
Examples of Programs Aimed at Improving Early Childhood Education Worker Retention

Early childhood education has a very high workforce turnover rate. This has detrimental effects for both ECE professionals and the children for whom they are responsible. Although there are multiple factors contributing to these high turnover rates, the most commonly cited are low wages. In response, many states and organizations have devised efforts to lower turnover and increase the quality of ECE professionals and caregivers. Numerous program models, state reforms, and policy changes have produced positive results. The majority of these programs are funded by state funding formulas.

SUCCESSFUL PROGRAM MODELS

WAGES

The WAGEx program is tied to teachers’ educational achievement, providing salary supplements for teachers based on their education and on whether or not they stay in their position. As teachers improve their education levels and remain at one job, the salary supplements become greater. WAGEx began in North Carolina, but has now spread to Iowa, Kansas, New Mexico, and Florida.

Prior to the implementation of this program in North Carolina, the turnover rate for ECE providers was 31% annually; that rate has now dropped to 12%. The average six-month supplement for those enrolled in this program was $876, and this relatively small bump in salary has led to 96% of participants indicating that WAGEx has made them more likely to stay in their current position. Ninety-five percent say it has made them more satisfied with their job, and 97% say it has helped to ease financial stress.

T.E.A.C.H.

TEACH originates in North Carolina, just as WAGEx does. TEACH stands for Teacher Education and Compensation Helps, and is designed to improve the overall education of the ECE workforce. TEACH provides scholarships for classes on the condition that teachers commit to the field of ECE for at least one year. It is set up to reward incremental gains in educational attainment with incremental gains in compensation, rather than requiring teachers to finish an entire degree or certification before seeing any of the rewards.

This program is now in 22 states and the District of Columbia. In North Carolina, participants indicated they are more satisfied with their jobs and more willing to stay in their current program because of the incentives and opportunities offered by the TEACH program. In Wisconsin, TEACH is the single most successful program for encouraging ECE professionals to pursue greater educational opportunities. There has also been great success in the Pennsylvania branch of the program with retention rates at a high of 88-93% a year after enrollment, compared to industry averages, which top out around 50%.

There are three different compensation models in the program: a salary increase model, a bonus model, and a salary increase and bonus model. The program requires a 4% increase in wages for the salary increase model. However, if we look again at Pennsylvania as an example, most participants saw a 7.85% increase in wages, beyond what was required. The bonus-based model represented a $600 bonus for center-based ECE professionals, and a $300 bonus for home-based workers. The average salary hike and bonus for the last model was an average of an 8.8% increase in salary and a $555 bonus.
C.A.R.E.S.

CARES is the Compensation and Recognition Encourage Stability program. CARES is a California program intended to compensate ECE professionals for remaining in their current job for a given amount of time—usually about nine months. The goal was to compensate for low ECE salaries with stipends, thereby lowering turnover rates.

Participation in the program in both the San Diego and San Francisco areas led to greater participation in professional development, lower turnover, and increased promotions. Ninety-six percent of those enrolled in CARES were still in the field of ECE 12 months after their initial enrollment, and 93% remained 18 months later. Those that remained in the area of ECE were twice as likely to stay in the same job location for two years or more. Directors of childcare and ECE centers noted that while it did reduce turnover rates from 18.5% to 13.3%, the stipends were still not large enough to compensate fully for the low wages associated with working in the ECE field.39

California Child Care Retention Initiative

Although also based in California, the CA Child Care Retention Initiative is separate from the CARES program. A smaller, but still successful, program, CA CCRI was set up at the county level with 41 counties awarding 36,750 stipends to 23,330 ECE professionals over the course of the three years it was operating. About 93% of the involved teachers were still in the field two years later, and the stability rate for aides and directors (something not measured in other programs) was about 88%.40

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Successful State Approaches

Oklahoma

The National Institute for Early Education Research has praised Oklahoma as a model public preschool program for early education. Starting in 1998 the state utilized a state funding formula to implement universal pre-k for four year olds. Funding was made a permanent part of the budget to ensure the continuation of ECE programs and positions created to support the program. While teachers are required to hold a bachelor’s degree with an ECE certificate, they receive the same compensation and treatment as K-12 teachers.41

The results for the children in Oklahoma have been impressive. Preschoolers enter kindergarten five months ahead in pre-math and nine months ahead in pre-reading. In total, 74% of Oklahoma’s four year olds are in high-quality preschools and ECE professionals have low class sizes, higher pay standards, and a better overall work environment.

New Jersey

In 2000, the Supreme Court of New Jersey made a ruling that all public school ECE lead teachers were required to have bachelor’s degrees in ECE by 2004, even in the poorest areas of the state. In order to support teachers who were now required to go back to school, the state allocated a significant amount of money and implemented a support program designed to ease teachers through the transition. Salary parity was added as a means of compensating workers for the new requirements.

Although this had a positive impact on the quality of ECE in New Jersey public centers, it had unintended consequences for the private sector. Many teachers in private ECE environments, who also increased their education, hope to move to a public pre-k institution for better benefits and working conditions. This led to increased instability among private ECE professionals.42

Washington

The Washington State Early Childhood Education Career and Wage Ladder was introduced in 2000 as a means of improving wages and education among ECE workers in the state. The state tied increased salary to advancing education. If an ECE professional with a Child Development Associate credential completed the necessary coursework to obtain an Early Childhood Education certification, they would see a $0.50/hour raise, resulting in an extra $1000 a year.

The state surveyed participants in the program and found that the wage ladder led to improved wages and benefits, and higher education levels in the ECE workforce statewide. Additionally teachers and care providers indicated increased morale and job satisfaction as well as better retention and an improved classroom environment.43

Conclusion

Although the various states and programs detailed above differ in the details of implementation, there is a very clear correlation between increased wages and professional development and improved early childhood education teacher retention and morale. When childcare professionals are happier with their jobs, less stressed by financial strain, and more inclined to stay in early childhood education, the ones who benefit most are the children. Satisfied, better-educated and stable teachers undeniably result in children who are more academically, socially and emotionally prepared to enter first grade.

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we imagine a world where all women can participate, prosper and reach their full POTENTIAL

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