

Establishing and Implementing Target Compensation for the Child Care Workforce: A Step-by-Step Approach



May 2025

Center for Early Learning Funding Equity

The Center for Early Learning Funding Equity (CELFE) builds capacity for assessing and ensuring adequacy and equity in early learning funding systems through research and transformative partnerships. We create innovative approaches and funding mechanisms that support the diverse needs of children and families



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Our Team

brings decades of experience in developing and implementing early learning systems at the state and local levels and are driven by our deep belief in the power of early experiences to shape the trajectory of children's lives.



Theresa Hawley, Ph.D.
Executive Director

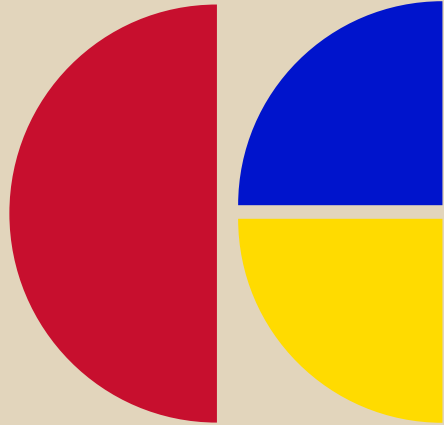


Sessy Nyman, MA
Deputy Director

Today's Agenda



- Why use a salary scale
- How to design a salary scale
- Case study
- How does a salary scale inform compensation investment strategy
 - Three examples of compensation strategies



Introduction to ECEC Salary Scales



What A Salary Scale Is

- Serves as a general guide for how wages should function in a given market by anchoring to economic indicators
- The wages represent pay floors or the minimum that individuals in these positions should be paid
- The scales are intended to serve as a guide for all early childhood care and education settings
- The scales should be updated annually to reflect changes in cost of living
- Salary increases should be implemented as funding becomes available



What A Salary Scale Is Not

- Doesn't prescribe pay as associated with years of experience in detail
 - For example, in K-12, employees earn a "step" increase for each additional year of experience in a "step and lane" contract
- Not a "ceiling" for wages in the field
- **Does not represent an unfunded mandate for providers nor does it represent a call for providers to increase the amount families pay.**

There are two inter-related problems with child care wages

Problem

Low Base Wages

The entry-level wages for the field are extremely low

Impact

Child care staff living in poverty, using public benefits, leaving the field entirely

Solution

Entry-level teachers should not make below what they would be making in other entry-level work.

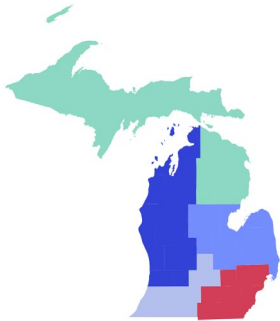
Poor Wage Premiums

Staff with higher credentials and experience earn little more than less qualified staff.

Staff are not incentivized to obtain higher credentials

The scale should give raises to teachers that move up the scale at a rate the “makes it worth it”.

Salary Scale Guiding Principles



Regionality and Economic Indicators

The scale should account for geographic differences in the cost of labor.

The scale should account for the cost of living.

To honor competitiveness, the scale must consider similar care-based and education professions and “low barrier to entry” positions.



Education and Experience Considerations

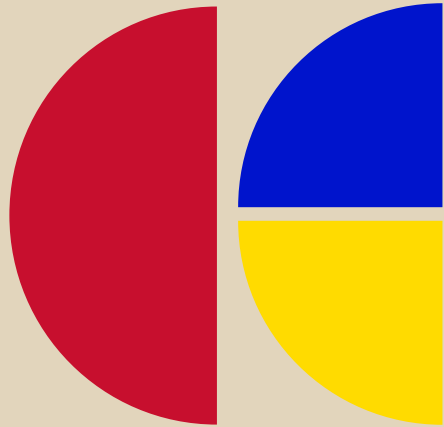
The scale should account for state credentialing and education requirements and detail wage levels for each meaningful increment of credentials.



Implementable and Scalable

The scale should work with the broader goals of the early education system, including mixed delivery.

It should be scalable in its administration to all child care providers from the state's perspective.



Steps to build a salary scale

Steps to Build a Scale

Step 1:

Identify scale geography

Step 2:

Build the table shell with position and credentials

Step 3:

Identify anchors

Step 4:

Identify the position differential

Step 5:

Fill in differentials based on credentials

Step 1

Decide if the salary scale will be regional or statewide.

Some states may need to design multiple salary scales to accounts for cost of living or labor differences.

Examples of geographic units that scales could use:

- Assign counties into zones
- Rural/Urban/Suburban
- Location (North, South, West, etc.)
- Subsidy Rate Regions
- None (statewide scale)

Design Choice Points

Do some areas in your state have much higher costs of living or wages?

If so, are they areas that would be feasible to implement a separate scale in? For example, it would not make sense to have a separate scale for a resort town.

We recommend a statewide scale unless strong data indicate significant economic differences in some regions of the state.

Rising minimum wages have decreased the need for regional scales in many states.

Step 2

Create a salary scale matrix that recognizes credentials and position

Rows allow for increases based on more training and education

Columns allow for differential based on increased responsibility

Tier	Director	Lead Teacher	Assistant/Aide
Masters			
Bachelors			
Associates			
CDA			
Foundational			

Design Choice Points

Are there any positions missing here that should be included?

Are there any meaningful differences between the roles of an assistant or aide in your system? Do these roles require a salary differential?

Which positions have a minimum credential requirement?



Can the vertical levels in the scale align with your state's career lattice?

Does not include wage targets for certain positions/professional levels, based on licensing or other quality standards

Step 3
Identify two salary scale anchors to tie wages to teacher qualifications using wage data from other industries.

We recommend using two anchors, with the middle layers filled in accordingly, ensuring wages don't fall below or exceed these anchors.

Top Anchor:
Use the wages of BA-level K-12 teachers in the public school system as the anchor for a BA ECE teacher.

Tier	Lead Teacher	Teacher Assistant/Aide
Bachelors	 <div data-bbox="598 735 1034 829">Top: K-12 Parity</div>	
Associates		
CDA		
Foundational		

Design Choice Points

- Which school districts should be included in the parity analysis?
- Is data on district starting salaries easily available?
- How should a state adjust for inequity in district salaries (eg wealthier districts having higher salaries)?
- How to adjust for year long nature of ECE work? Is a 52-week salary schedule available? If not, we recommend adding 20% to the school year schedule.

Check out our blog for more considerations when using K-12 parity.



Center for Early Learning
Funding Equity

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Beyond K-12 Parity: Alternative Strategies for Equitable Early Childhood Education Compensation

March 13, 2025

Reevaluating K-12 Parity: Is It the Right Approach for Early Childhood Education Compensation?

February 24, 2025







celfe.org/blog/

Step 3
Identify two salary scale anchors to tie wages to teacher qualifications using wage data from other industries.

Bottom Anchor:
Use wages of other low barrier-to-entry industries to set a wage floor for all entry-level teachers.

Allows ample room for raises as teachers move up the scale, supporting system quality.

Ensures that entry-level teacher wages are competitive with those of other industries where child care providers compete for workers.

Tier	Lead Teacher	Teacher Assistant/Aide
Bachelors		
Associates		
CDA		
Foundational		

Design Choice Points

Which industries compete for entry-level workers in child care the most?

Should another data point entirely be used, for example, living wage?

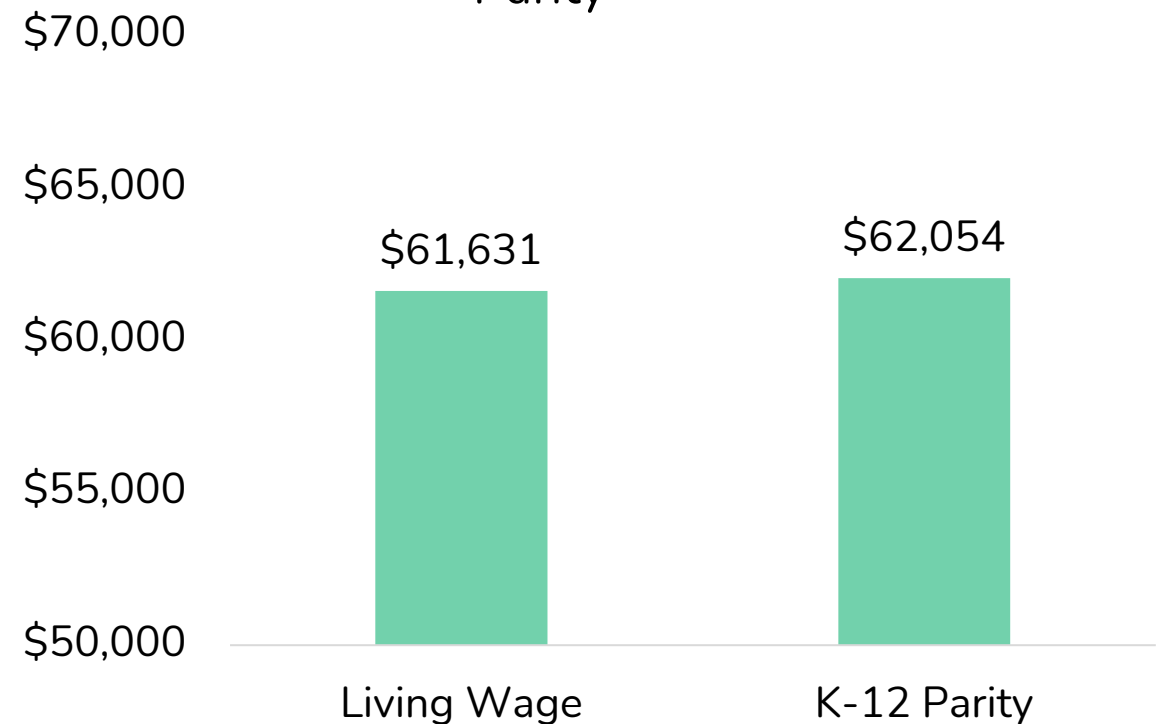
A note on using living wage as a lower anchor...

The MIT Living Wage may be a useful data point for states hoping to understand what wage would ensure educators could cover the cost of all

However, in many states, there is a very high cost of living and/or low teacher wages.

For example, in Hawai'i, which has the highest cost of living in the country, the living wage for a single adult with no children is only \$422 less than K-12 parity.

Hawai'i Living Wage Compared to K-12 Parity



Using living wage as a lower anchor in this case would leave effectively no room for our salary scale to give raises based on credentials or position.

Step 4

Decide the differential between each position

Tier	Director	Lead Teacher	Assistant/Aide
Masters			
Bachelors			
Associates			
CDA			
Foundational			

How much more should directors make than a teacher at the same credential?

How much more should teachers make than an assistant/aide at the same credential?

Design Choice Points

Which positions are the most difficult to fill?


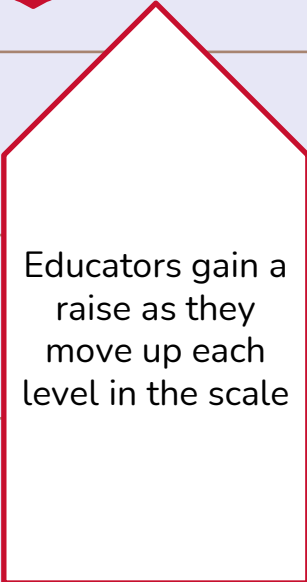

What is the level of increased responsibility for each position?

How much time does your director typically spend in the classroom?

What are the additional requirements or credentials required for each position? For example, business classes for a director.

Step 5

Decide the differential between each credential level

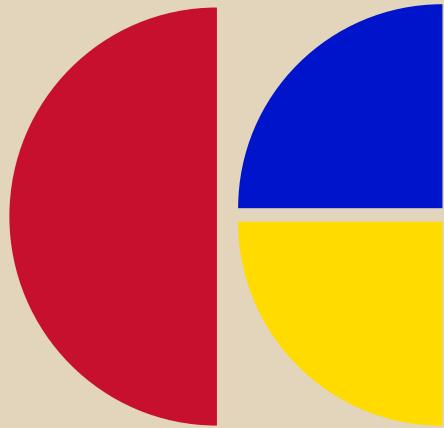
Tier	Director	Lead Teacher	Assistant/Aide
Masters			
Bachelors		 K-12 Parity	
Associates		 <div>Educators gain a raise as they move up each level in the scale</div>	
CDA			
Foundational			 Low-Barrier-to-Entry Wage

Discussion

Which credential type of teacher is the most difficult to recruit and retain?

When teachers leave, where do they go? Does this vary by credential?

What type of raise should an educator receive for completing an apprenticeship, if applicable?



Case Study

In groups, read through the following scale and discuss how you would fill in a salary scale for our fictional state.

15 minutes

**Establishing and Implementing Target Compensation for the Child Care Workforce:
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Case Study

You are a state administrator from the fictional state of East Carolina. East Carolina has recently decided to address the state's ECEC workforce compensation crisis by designing a Salary Supplement Program. To identify how much the supplement should be, you have been tasked with identifying wage targets in an ECEC Educator Salary Scale.

East Carolina has a small population of just 700,000 people. Because of its beautiful coastal landscape and mild weather, the state has a large population of wealthy residents and a high cost of living. It has a large tourism industry, with many child care programs competing for staff with

Across the state's counties, there is relatively low variation (about 10%) in both median wages and living wages. Its minimum wage is relatively high: \$14 an hour, with a scheduled increase to \$15.50 an hour in 2027. However, this minimum wage is far lower than the living wage for a household



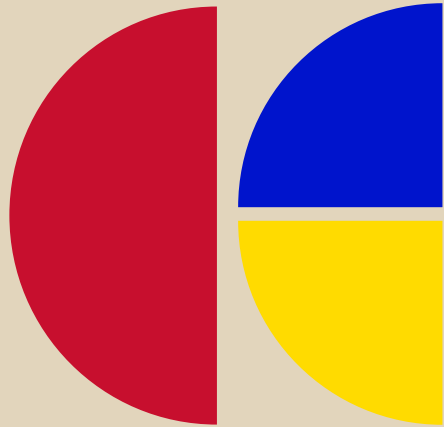
Discussion

15 minutes

What other information would have been useful for you to build the scale?

Which step was the hardest?

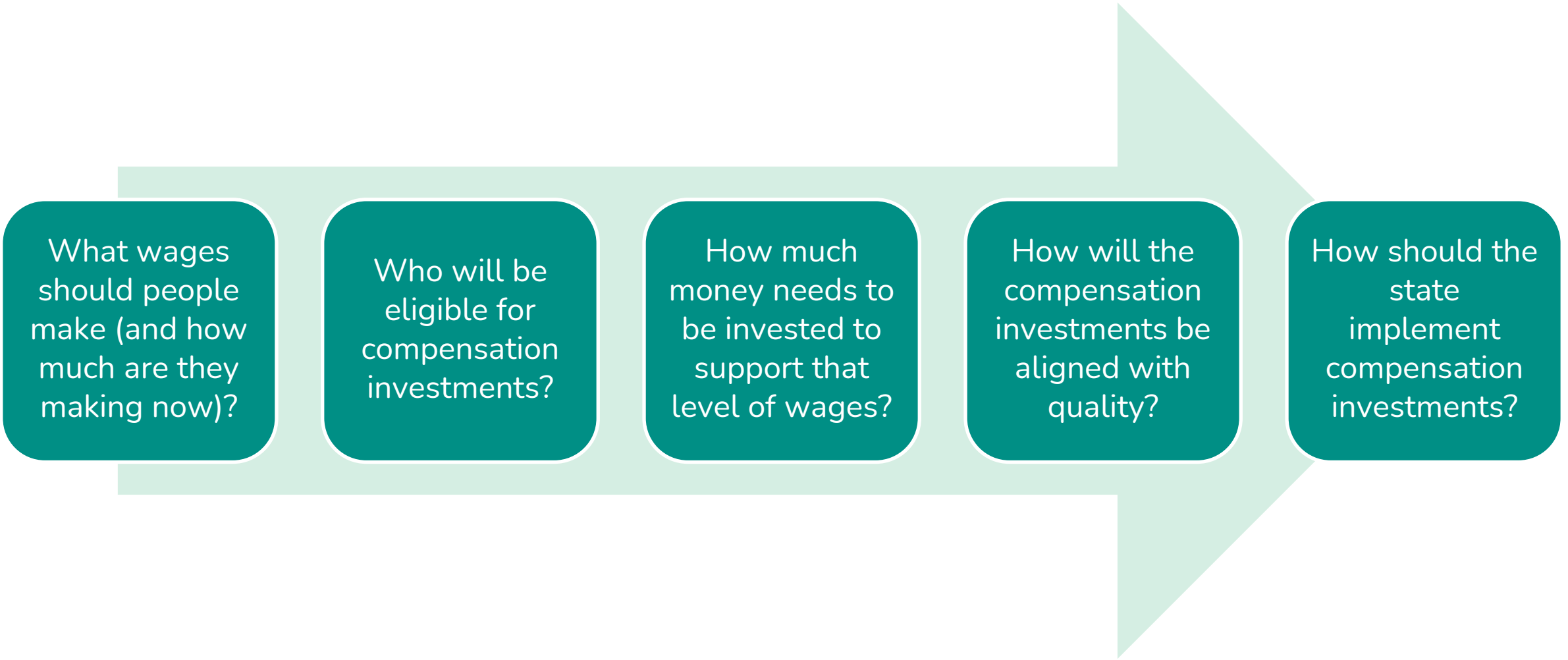
How might things look different for your state?



Using a Scale to inform funding
design

A salary scale is just one part of a compensation strategy.

Key Questions for Designing Compensation Initiatives



What wages should people make (and how much are they making now)?

Who will be eligible for compensation investments?

How much money needs to be invested to support that level of wages?

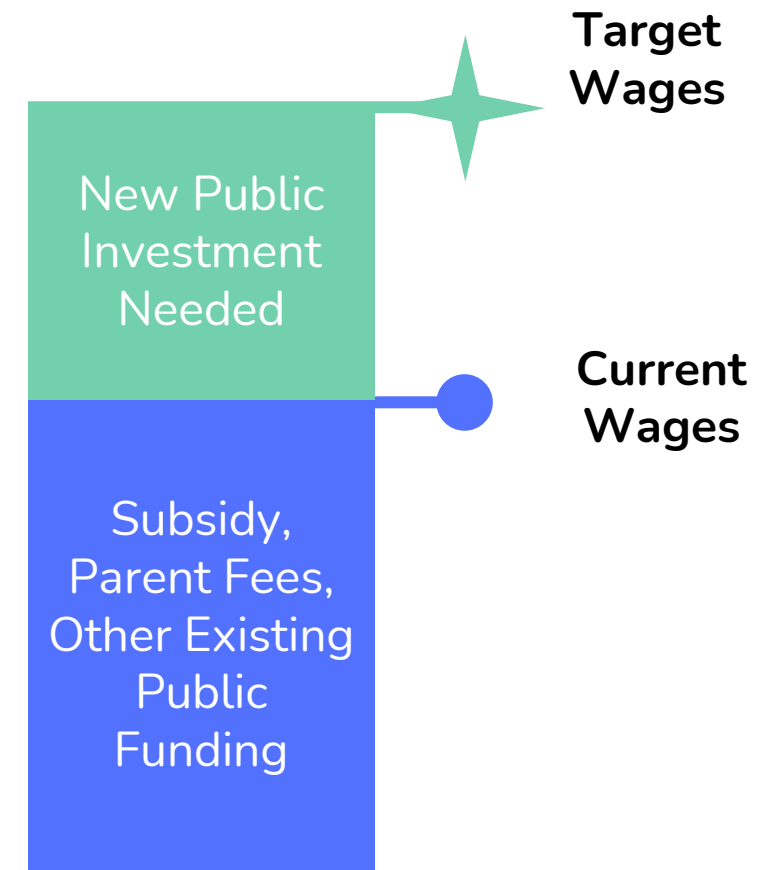
How will the compensation investments be aligned with quality?

How should the state implement compensation investments?

How is a salary scale used in designing a compensation improvement initiative?

- The scale helps us understand **the minimum level of wages needed to stabilize the workforce** and attract and retain the staff needed to meet families' needs for child care.
- Our investment strategy is not about prescribing a specific wage to each employee, but ensuring programs have the resources necessary to pay target wages
 - Programs will make their own choices that include premiums for experiences, special skills, etc.
- Depending on available resources and the design of the mechanism, an investment may or may not bring all teachers to the scale targets.

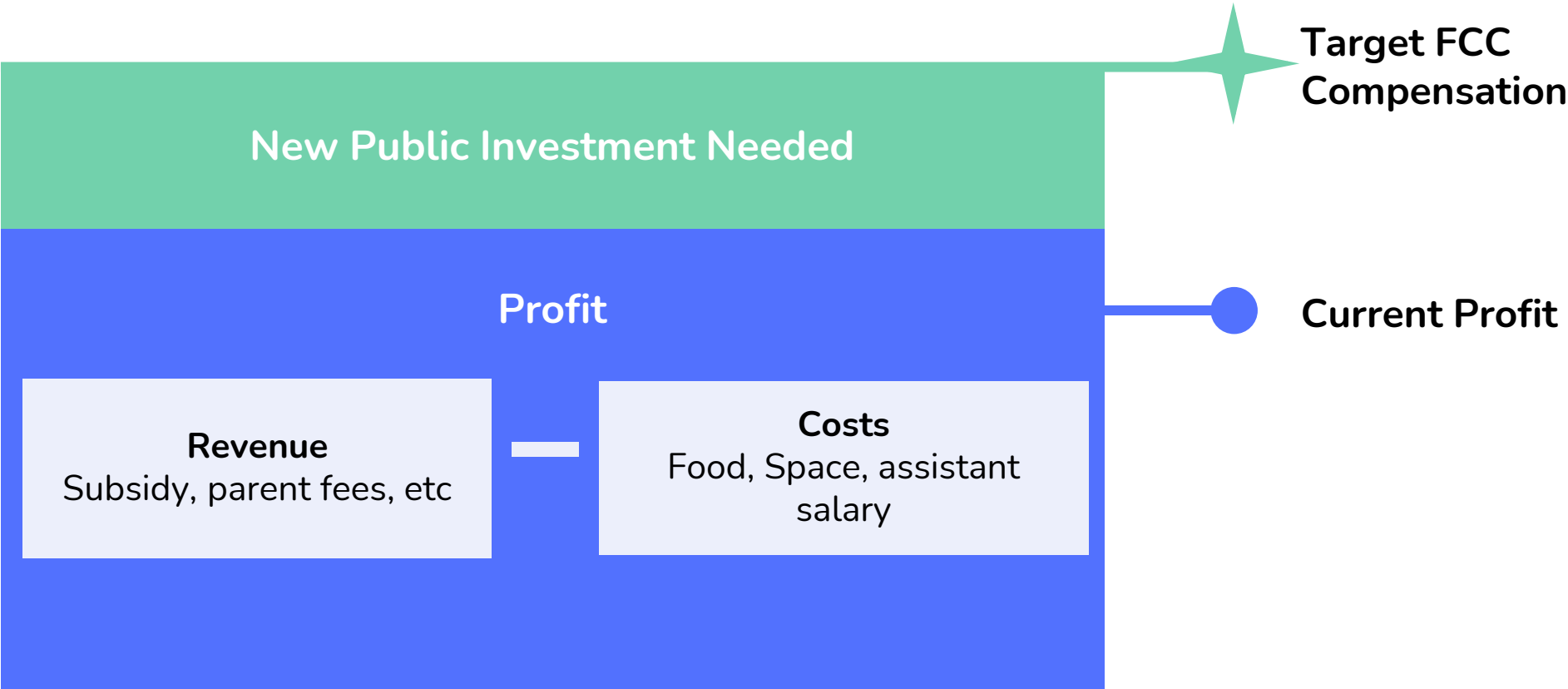
We will understand what additional resources programs need using data about:

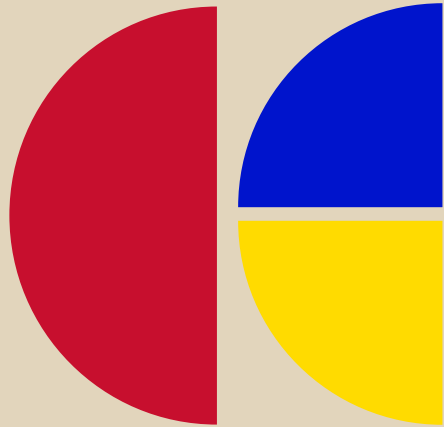


Family child care is a small business.

Increasing compensation for family child care providers is mainly about making their business more profitable, as *their salary is the profit from the home business.*

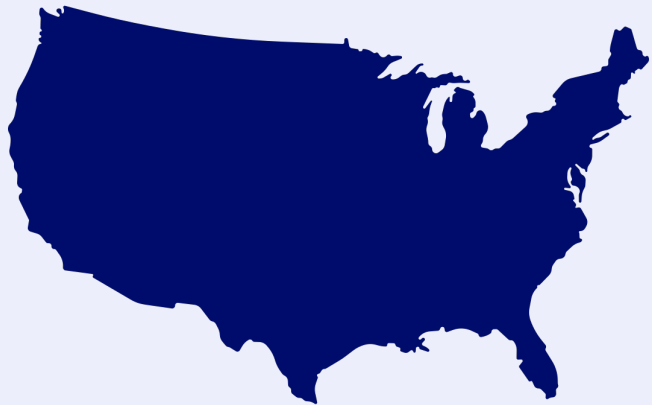
We can understand what additional revenue programs need using data about:





Examples of Compensation Investments

National Program W.A.G.E.S.



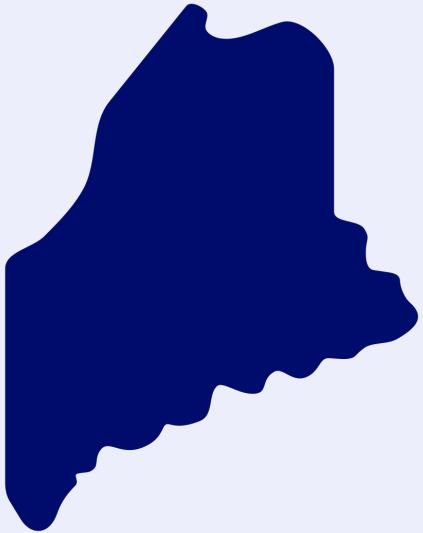
Wage supplement paid directly
to the teacher

5 states participating

- A model created by the TEACH Early Childhood Center
- TEACH licenses a statewide nonprofit and provides states with training, TA, database, and tools
- The state identifies funding, sets policies and eligibility, and administers the program
- Annual financial award issues in two installments
- Teachers, directors, family child care
- Supplement varies based on location, education, position, and hours worked

Maine

Early Educator Salary Supplement



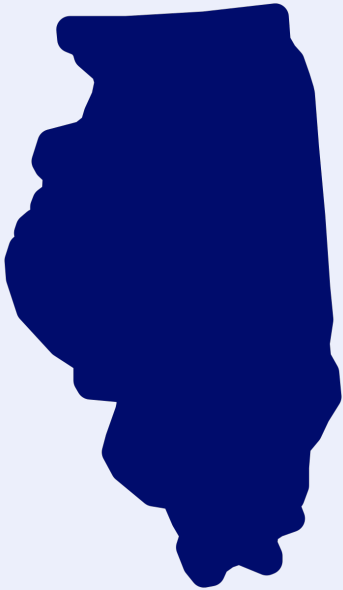
Wage supplement paid to
programs to disburse

- Monthly award between \$240-\$540 based on educator qualification using a simplified three-tier credential ladder
- Recognizes credentials but not position.
- Does not distinguish rate by hours worked (which ME considers to have been a mistake).
- Implemented at scale as COVID relief ended.

Using Foundational Funding to Address Compensation

Equitable and Stable Child

Smart Start Workforce Grants



Classroom-level grant given to
programs to raise wages

- Grant is based on the age of children in the classroom
- Programs are required to pay at or above a wage floor
- This grant is how Illinois sustained stabilization grants
- Illinois implemented these *at scale* for providers serving subsidy children
- Implemented through a mandatory registry
- Developed in a 2-year design process

Thank you!

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Questions?
Contact
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