

# Strategies Towards Wage Equity in Early Childhood

A Report for Cincinnati Preschool Promise and the CPS Preschool Workforce Development Council  
on Implementing Wage Increases for Early Childhood Educators in Community Providers



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## Center for American Progress



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# Table of Contents

<b>Contributors</b>	<b>2</b>
<b>Table of Contents</b>	<b>4</b>
<b>Opening Letter</b>	<b>7</b>
Respect Is not Limited to Wages by Kim Overstreet	7
<b>Executive Summary</b>	<b>9</b>
<b>2. Background</b>	<b>21</b>
Cincinnati Preschool Promise and its Current Structure	21
Levy’s Commitment to Supporting Increased Wages for Early Childhood Educators	23
The UC Wage Survey	24
<b>3. Overview of the CUCI Wage Implementation Study/Plan</b>	<b>25</b>
Wage Implementation Study Methodology	27
Research Questions	29
<b>4. Industry Research</b>	<b>30</b>
Our Opportunity	30
Neuroscience Demonstrates the Importance of Early Learning	31
Scientific Consensus: Quality Work for Caregivers Is a Prerequisite for Quality Care	32
Women of Color Bear the Brunt of Our Dysfunctional System	38
Predictable Base Compensation Is Key	41
Patchwork of Funding Results in Uneven Compensation	41
The Importance of Parity	42
Key Considerations for Designing a System of Compensation Parity:	46
Specific Recommendations for Implementation	46
Complementary Strategies	47
<b>5. Insight From Cincy Stakeholders</b>	<b>48</b>
Access for all Children	49
Agreement on the Importance of Raising Wages in the EC Sector	50
Taking Action on Improving Wages Now	50
Picture of CPP Board from Cincinnati Preschool Promise website.	51
Importance of Viability	51
The early childhood education iron triangle (above) describes how to best achieve a financially solvent business.	51
Importance of Flexibility	52
All Early Childhood Educators Should Be Supported	52
Year-Round Support for Year-Round Education	54
Effect of Pay on Ability to Attract and Retain Quality Teachers	55
Couple Wage Support With Professional Development	55

Enacting Wage Supports Equitably	56
Importance of Mitigating the Cliff Effect	58
The Importance of Parent Choice: Expanding Options for Parents and Kids	59
Continuous Feedback From Direct Stakeholders	60
Innovate, but Limit Disruption	61
We Need to Advocate to Increase Funding and Respect for the Profession	61
<b>6. Lessons From Other Cities and States</b>	<b>62</b>
Direct Contracting	62
New Jersey	65
Georgia	66
New York City	67
Seattle	68
San Francisco	69
Oklahoma	70
Wage Grants and Stipends	72
Wage Grant Model - C-WAGES in San Francisco	73
Wage Stipends	73
Other Cities Interviewed	73
Denver	73
Dayton	74
<b>7. Local Learnings on Direct Contracting and the Voucher System</b>	<b>75</b>
Direct Contracting Systems	75
Advantages of Direct Contracting	76
Challenges of Direct Contracting	77
Key Learnings	77
Purchase of Services Systems (“Vouchers”)	78
Advantages of Vouchers	78
Challenges of Vouchers	78
Key Learnings	79
<b>8. Key Considerations</b>	<b>80</b>
Investigation of Potential Cliff Effects	80
Family 1: Two parents, children ages 11 and 14	82
Family 2: One parent, child age 8	83
Family 3: One parent, children age 2 and 6	84
Child Care Workers Are Safely Better off With Increases to \$15 or More	85
Strategies to Mitigate the Cliff Effect	85
High-Quality Rated Care Deserts	89
Dollars Have the Highest Impact When They Reach Low-Income Children	91
<b>9. Possible Strategies</b>	<b>93</b>
Wage Grants	93

Increased Tuition Assistance Subsidy (Cost of Quality) / Full Enrollment	98
Direct Contracting	102
A Solution for Family Child Care Providers	104
Shared Services	107
Hybrid Strategies	109
<b>10. Final Recommendations</b>	<b>111</b>
Phase 1- Short-term (2018 - 2019)	111
1. Pilot these models for wage supports	111
2. Adopt racial equity policy and decision-making framework	118
3. Work with stakeholders to ensure wage supports are equitable and fit providers' reality	118
4. Maximize impact by simultaneously investing in professional development	119
5. Create an EC supplementary benefits trust to mitigate the cliff effect	119
6. Pilot shared service simultaneously	119
7. Convene a strategic funding table	119
8. Organizing and advocacy for more resources and to raise the profile of the profession	120
9. Partner with industry experts to collect data and measure results	120
Phase 2 - Medium-Term (2019-2020+)	120
Phase 3 - Long-Term	120
<b>11. Appendix</b>	<b>121</b>
1 - Wage Scenarios- Financial Models	123
2 - Provider Surveys	124
2a - Provider Survey	124
2b - Provider Follow-up Interview Tool	129
2c - Other Stakeholder Interview Tool	133
3 - Stakeholder Feedback Data	136
3a - Chart with provider feedback - by Question	136
3b - Chart with provider feedback - by Topic	138
3c - Other Stakeholders Feedback - Qualitative	139
3d - Other Stakeholders Feedback - Opportunities and Challenges	142
3e - Charrette Exercise 1	145
3f - Agenda and notes from Wage Implementation Working Group September 7 meeting	148
4 - CUCI Progress Report	150
5 - Racial Equity Framework Example	154
6 - Reading list of key sources for understanding the field	159
7 - Wage Implementation Study Contract	160

# Opening Letter

## Respect Is not Limited to Wages by Kim Overstreet



I've spent 25 years as an early childhood educator in Cincinnati working in community-based centers. There is so much that I love about teaching young children, whether they are babies, toddlers, preschoolers or in the early grades. Preschool has always been my favorite age; with preschoolers the joy is right there and helping them get ready for kindergarten is exciting.

I am grateful that I have spent my career in a field that is so important for children and families. Attending a high-quality early childhood program makes a profound difference in a child's life. However, there are some things I do not appreciate about the early childhood field: the lack of worthy wages, the nonexistent benefits, and the lack of respect are staggering.

For many Americans, it's easy to view a doctor, a lawyer or even a teacher working with older children, as a respected professional, doing important work that should be entitled to worthy wages. Too many people do not see early childhood educators as professionals. Like so many early childhood educators, I want to be respected for my experience, education and successes.

The ability and capacity to pursue a college degree and continuing education is what most early childhood educators want, but too often there are not enough scholarships to go around.

This desire for respect is not limited to wages. The ability and capacity to pursue a college degree and continuing education is what most early childhood educators want, but too often there are not enough scholarships to go around. I would have loved to have finished my college degree, but there was not enough financial support to make it happen.

One of the best learning experiences I had as an adult was taking a course at the University of Cincinnati where we studied child development for infants and toddlers and then planned and designed an infant classroom.

My experience at the University of Cincinnati should not be an anomaly. Every early childhood educator should be able to learn and grow in their profession without shouldering staggering student debt. We see the same pattern with wages and benefits: there is never enough money, no matter how much lawmakers talk about public investment in preschool, for worthy wages. Preschool teachers in Ohio average [\\$11.80 per hour](#), while the median wage for child care workers in Ohio is [\\$9.86](#). And Ohio is not alone; this is truly a national problem. Forty-five percent of preschool teachers and 81% of child care workers [make less than \\$15 per hour](#).

I stay in early childhood education despite the problems because I believe that nothing—even creating a child care and pre-K system that meets all children's needs and has worthy wages for educators—is



impossible. I believe with all of my heart, mind and ability that nothing is impossible with a committed group of activists engaging their community. I know we can do it in Cincinnati. But reforming how child care and preschool happen in Cincinnati will take everyone. Families, businesses, child care centers, center owners and directors, the public school administrators, parents, and educators all have to speak out for reform. I think the key is not being disconnected, but instead knowing that we are all in this together and that together we can make a difference.

*Kim Overstreet is an early childhood educator at the Madisonville Child Care Center in Cincinnati, Ohio with over twenty years of experience. She is active, alongside the Cincinnati Federation of Teachers, in the PEOPLE for Early Childhood campaign.*

(Originally published in AFT Voices)

# 1. Executive Summary

**In November 2016, Cincinnati voters passed a levy that provides \$15 million per year for five years, for the expansion of preschool in the Cincinnati Public School (CPS) district -- leading to the creation of the Cincinnati Preschool Promise (CPP).** A landmark study by the RAND Corporation, commissioned for the design of the levy, emphasized the importance of wages that range from \$15 per hour up to parity with CPS teachers. Following passage of the levy, a Master Agreement for Preschool Expansion Services, signed by representatives of CPS and CPP, committed to a rate of at least \$15 per hour for full-time instructors without four-year degrees, as a critical tool for raising quality.

**Cincinnati Preschool Promise is a necessary first step, and presents a rare opportunity to expand and improve preschool programs in Cincinnati. However, CPP is faced with a series of incredibly difficult decisions.** Historically, Early Childhood Education (ECE) has been chronically underfunded on the federal, state, regional, and local level. While the current levy represents an incredible opportunity, it also falls short of a sufficient funding stream. There are not enough funds in the current levy for CPP alone to fund wage increases year round for all early childhood educators or even the more narrow subset of ECEs who are classified as preschool teachers. **CPP is part of a larger network of educators, decision-makers, philanthropists, business leaders and advocacy organizations who bear a responsibility to expand and improve early childhood education on a city, county, state and national level. Continued organizing and advocacy are essential.**

**In the meantime, CPP and the authors of this study are focused on finding the most effective and efficient solutions to serve the largest and most diverse set of early educators, parents, children and organizations possible.**

Due to CPP's public funding and public mission, CUCI's study emphasized transparency and accountability to stakeholders and the public, as well as a highly participatory, stakeholder-informed process led by the Preschool Workforce Development Council in partnership with CPP staff.

## **Industry Research Indicates that CPP is an Opportunity to Expand Strategically**

According to the U.S. Departments of Education and Health and Human Services, "High quality early education for young children is a multi-pronged strategy to support [a] Young children in their social, emotional, physical, and cognitive development, to ensure they are prepared for success in school and beyond; [b] Working parents with their need for safe, reliable child care so they can work, go to school, or attend training; and [c] Employers and the local economy, which are dependent on working parents."<sup>1</sup>

The authors also conclude that **parity in compensation between public school teachers and early childhood educators in public and private settings is essential:** "As long as large pay disparities persist, it will be difficult to promote effective training and professional development, reduce workforce turnover, and establish sustainable high-quality early learning programs – all of which undermines the quality of early learning experiences we can offer our youngest learners. **Education, training, and fair compensation are essential to promoting high-quality experiences for all children, across all early**

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<sup>1</sup> U.S. Department of Health and Human Services and U.S. Department of Education, "High-Quality Early Learning Settings Depend on a High-Quality Workforce: Low Compensation Undermines Quality," 2016. <https://www.qrisnetwork.org/sites/all/files/resources/2017-01-23%2011%3A05/ece-low-compensation-underrmines-quality-report-2016.pdf>

education settings. In order for programs to be effective, early educators across all settings must be compensated at comparable rates to their elementary school counterparts.”<sup>2</sup>

The most effective compensation strategies are those that raise base pay on an ongoing basis, providing predictable income for all teachers, rather than one-time or occasional salary supplements for individual teachers.<sup>3</sup> The Urban Institute summarizes the argument this way: “[S]trategies for supplementing salaries and wages, such as stipends and refundable tax credits, increase compensation on a periodic or one-time basis for individual teachers. These approaches can provide valuable financial support and encourage professional development, but they are also limited in their ability to provide reliable, ongoing financial relief.”<sup>4</sup>

Long-term studies of participants in comprehensive preschool intervention programs demonstrate lower rates of incarceration, higher earnings, and higher levels of satisfaction with life, when compared to peers who did not participate in the programs.<sup>5</sup> Most studies have shown that children in low-income households benefit more from high-quality early learning than do children from moderate- and high-income households.<sup>6</sup> Therefore, **public dollars will be most effective when targeted to low-income children, and neighborhoods with high concentrations of poverty.**

### Insight from Cincinnati Stakeholders

Key themes that emerged from our in-depth methodology of consultation with stakeholders include:

#### Access for all children

- All stakeholders want to **serve as many children as possible**, in high-quality settings.

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<sup>2</sup> U.S. Department of Health and Human Services and U.S. Department of Education, “High-Quality Early Learning Settings Depend on a High-Quality Workforce: Low Compensation Undermines Quality,” 2016. Available at <https://www.qrisnetwork.org/sites/all/files/resources/2017-01-23%2011%3A05/ece-low-compensation-undermine-s-quality-report-2016.pdf>

<sup>3</sup> 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. Available at <http://cscce.berkeley.edu/files/2014/ReportFINAL.pdf> and McLean, C., Dichter, H., & Whitebook, M. (2017). Strategies in Pursuit of Pre-K Teacher Compensation Parity: Lessons From Seven States and Cities. Berkeley, CA: Center for the Study of Child Care Employment, University of California, Berkeley and New Brunswick, NJ: the National Institute for Early Education Research. Available at <http://cscce.berkeley.edu/files/2017/10/Strategies-in-Pursuit-of-Pre-K.pdf>

<sup>4</sup> Boushey and Glynn 2012, as cited in as cited in Isaacs, J. B., Adelstein, S., Kuehn, D., Loprest, P., Genua, D. and Gebrekristos, S., “Early Childhood Educator Compensation in the Washington Region,” Urban Institute, April 2018. [https://www.urban.org/research/publication/early-childhood-educator-compensation-washington-region/view/full\\_report](https://www.urban.org/research/publication/early-childhood-educator-compensation-washington-region/view/full_report)

<sup>5</sup> Minervino, J. (2014). Lessons from Research and the Classroom: Implementing High-Quality Pre-K That Makes a Difference for Young Children. Seattle, WA: Bill & Melinda Gates Foundation. Subpaper: Quality in Center-Based Early Learning: High-Level Findings and Trends (January 2013). Retrieved from [https://docs.gatesfoundation.org/documents/lessons%20from%20research%20and%20the%20Classroom\\_September%202014.pdf](https://docs.gatesfoundation.org/documents/lessons%20from%20research%20and%20the%20Classroom_September%202014.pdf).

<sup>6</sup> Burchinal et al., 2000; Duncan et al., 2003; Gormley, 2007; Dearing et al., 2009, as cited in Minervino, J. (2014). Lessons from Research and the Classroom: Implementing High-Quality Pre-K That Makes a Difference for Young Children. Seattle, WA: Bill & Melinda Gates Foundation. Subpaper 1: Minervino, J., Quality in Center-Based Early Learning: High-Level Findings and Trends (January 2013). Retrieved from [https://docs.gatesfoundation.org/documents/lessons%20from%20research%20and%20the%20Classroom\\_September%202014.pdf](https://docs.gatesfoundation.org/documents/lessons%20from%20research%20and%20the%20Classroom_September%202014.pdf)

### **Agreement on the importance of raising wages in the early childhood sector**

- All stakeholders believe it is important to have **high-quality, viable and sustainable child care programs with teachers who are paid a living wage**. All stakeholders recognize the importance of raising wages to the process of raising the quality of care.

### **Taking action on improving wages now**

- All stakeholders want to **do something realistic to improve wages now**. The Framework agreement suggested \$15/hour wages up to parity, but unfortunately the current funding structure does not enable that reality for all teachers.

### **Importance of viability**

- In order for child care businesses to operate sustainably, they must have full enrollment, revenue per child must cover the per child cost of care, and they must be able to collect the full fees, on time. If any one of these factors are absent, the business becomes unsustainable.

### **Importance of flexibility**

- Each early childhood provider has different revenue streams and cost structures. We should consider variations between organizational size, administrative capacity, and staff size in program design. Flexibility will be key to understanding the impact of wage processes, and coming up with effective models.

### **All early childhood educators should be supported**

- Key stakeholders recognize that early childhood education starts before pre-K classrooms and that available support should go to all educators, including infant and toddler educators. Decent compensation should apply to all educators in the classroom as research shows this is one of the most influential factors impacting turnover, quality of care and, consequently, outcomes for children.

### **Year-round support for year-round education**

- Cincinnati Preschool Promise is structured on a school day, school year (9.5 month) cycle. While this reflects the relationship with Cincinnati Public Schools, the gap in funding leaves providers and parents in a precarious financial and educational situation. Since providers must hire employees for year-round work, and educate most children year-round, a school year cycle alone does not provide enough stability for their business model.

### **Effect of pay on ability to attract and retain quality teachers**

- As long as child care programs are unable to pay truly competitive, livable wages, they will always experience the negative side effects of high turnover. Many programs lose valuable staff members to larger or wealthier centers, CPS early childhood programs, K-12 programs and even other industries.

### **Couple wage support with professional development**

- As state requirements continue to grow for early childhood providers it is crucial that educators have access to professional development. As it currently stands, there is very little financial incentive for continuing education. Maintaining Career Pathway Levels (CPLs) can be expensive and time-consuming. To address this, it would be beneficial to support the improved education for early childhood educators while providing financial encouragement.

### **Enacting wage supports equitably**

- There are not enough funds in the current levy for CPP alone to fund wage increases for all preschool teachers or early childhood educators. However, it is undeniable that throughout our city's (and country's) history certain constituencies have been systematically denied resources and opportunity and are therefore in greater need of support.

### **Importance of mitigating the cliff effect**

- Educators showed less concern for this potentiality than expected. However, a small subset of educators (5 percent) were highly concerned, and 27 percent expressed lesser degrees of concern.

### **The importance of parent choice: Expanding options for parents and kids**

- Families have a variety of needs for their children. Some variables that impact families' decisions about where to send their children include cost of care options, proximity to home or work, educational philosophy, and culturally responsive pedagogy. Given this dynamic, it is important to take into consideration potential adverse impacts on parent choice, while also working to expand the reach of the CPP program, which is still very limited.

### **Continuous feedback from direct stakeholders**

- To truly understand the impact of any policy adoption or problem solving strategy, it is essential that those directly impacted play a key role in the process. While wages are of direct concern to educators, directors, and owners of childcare businesses, it is also crucial to incorporate parents throughout the process, in order to address concerns around access and affordability. A parent and provider council which meets at times that are accessible for working families will be an essential vehicle to incorporate community voices in shaping the future of Cincinnati Preschool Promise.

### **Innovate, but limit disruption**

- CPP is still in the early stages of implementation. As parents and providers are now growing accustomed to the processes and the program overall, any initiative should consider how changes might create confusion or overall destabilization.

### **We need to advocate to increase funding and respect for the profession**

- There are not enough funds in the current levy for CPP alone to fund wage increases for all preschool teachers or early childhood educators. Given the overall unfunded and underfunded mandates in the early childhood education sector, it is crucial for advocates to use their power to call for increased appreciation and resources.

### **Lessons from Other Cities and States**

Given the immense need in the early childhood sector, and the chronic underfunding that has plagued the sector, models for best practices on increasing wages are still evolving. CUCI and our partners conducted research and interviews with implementers in other cities and states to learn from their experiences. While most programs have found it necessary and beneficial to implement a combination of strategies, we can group these strategies into three main categories: direct contracting; wage grants and stipends; and other.

Successful direct contracting programs were implemented in New Jersey, Georgia, New York City, Seattle, Oklahoma, and San Francisco (which used a hybrid wage grant model).

Wage stipend programs are in effect in Florida, Iowa, North Carolina, Kansas, and New Mexico.

We also spoke to implementers in Denver and Dayton, cities which have implemented voucher-based systems but—despite local conversations about the importance of wages to improve quality of care—have not begun to tackle the issue of wages or other forms of compensation.

### **Local Learnings on Direct Contracting and the Voucher System**

**Many Cincinnati stakeholders have experience with past and current direct contracting systems through the Early Learning Initiative (ELI, 1994-2009), the Coordinated Day Care System (1980s), and Head Start (current).** Stakeholders emphasize that direct contracting is a good way to allow child care businesses to have stability and regular cash flow. On the other hand, a voucher system allows all qualifying providers to participate instead of only a targeted group and highly incentivizes providers to push for attendance. Many of the community-based programs which are now high-quality rated, multi-site centers, participated in direct contracting opportunities in past decades—which gave them a chance to grow and advance under stable financial conditions while receiving other supports, such as training, coaching and systems formalization. The biggest challenges with these past direct contracting systems were (a) disparities between those classrooms that received the contracts and those that did not and (b) lack of diversity of students in a given classroom (though this is found with vouchers as well). It will be important to design programs that minimize these challenges.

### **Key Considerations**

#### **Investigation of potential cliff effects**

For this wage implementation study, Policy Matters Ohio conducted an analysis of the interactions between wage increases for child care workers and eligibility for benefits through public safety net programs. Policy Matters concluded that a \$15 wage would help Cincinnati child care workers, and that wage increases that don't come close enough to \$15 are the ones which result in more unintended consequences in the form of benefits cliffs.

The analysis treats benefits as similar to cash, so someone with a \$12.02 wage and two young kids, despite earning only \$25,000 in work pay, looks on the chart as if she “earns” \$60,000 because that's the cumulative value of her food stamps, Medicaid, EITC and child care, even though she may never actually touch the child care dollars herself. It is important to recognize that families in this situation do not feel like they are really earning \$60,000 a year, even though this is the value of their earned income combined with their benefits.

Even using this very conservative methodology, Policy Matters found that nearly every worker is better off at \$15 than at lower wages, for all potential benefit levels. The best policy for wage increases is to move to \$15. In addition, a local EITC or in-kind benefits may provide additional options for early childhood educators in order to boost overall compensation for their work and further support CPP's goal of increasing quality of care.

A key strategy recommended to mitigate the cliff effect by providing non-taxable benefits (eg. free or low cost childcare, the payment of medical bills, business cell phones, and transportation subsidies) and provide other valuable benefits for all early childhood educators is the creation of a **Early Childhood Supplementary Benefits Trust**.

### **High-quality rated care deserts**

Like most American cities, Cincinnati is highly segregated by race and socioeconomic status. While 41 percent of the overall population is Black, this number varies from 1 percent to 92 percent, neighborhood by neighborhood. Similarly, the child poverty rate is as low as 2 percent in Hyde Park and as high as 80 percent in Winton Hills (determined by the percentage of children below 100 percent of the FPL). Carthage and Price Hill have significant Hispanic populations.

**High-quality rated care deserts** are defined by the Center for American Progress as areas with little or no access to high-quality rated (3-5 star) early child care education providers.

**High-quality rated care deserts overlap with high concentrations of poverty** in Avondale, Evanston, Mt. Airy, Walnut Hills, West Price Hill/East Price Hill, Westwood/East Westwood, Winton Hills, and Riverside/Sedamsville as shown in the map in figure 8.1 (Young Child Poverty Rate).

### **Dollars have the highest impact when they reach low-income children**

Long-term studies of participants in comprehensive preschool intervention programs demonstrate lower rates of incarceration, higher earnings, and higher levels of satisfaction with life, when compared to peers who did not participate in the programs.<sup>7</sup> Most studies have shown that children in low-income households benefit more from high-quality early learning than do children from moderate- and high-income households.<sup>8</sup>

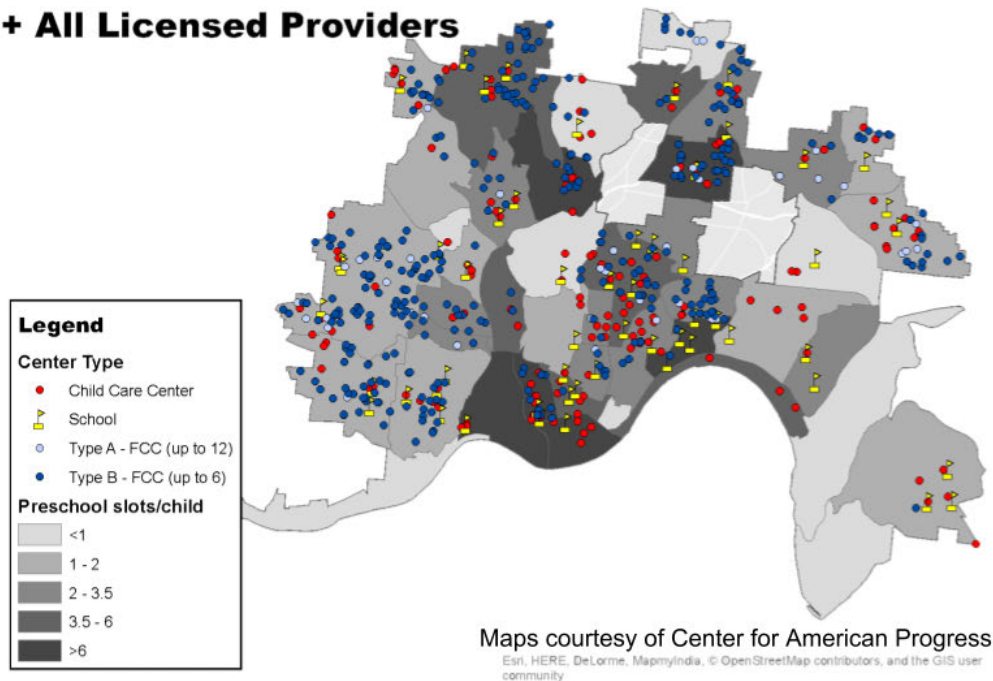
**On the map below, titled “Preschool Slots Per Child + All Licensed Providers,” it is possible to identify a potential opportunity.** There are large numbers of family child care providers in most of these high-quality rated care desert neighborhoods. **Investing in existing family child care and unrated center sites** to increase quality may **expand access to quality care.**

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<sup>7</sup> Minervino, J. (2014). *Lessons from Research and the Classroom: Implementing High-Quality Pre-K That Makes a Difference for Young Children*. Seattle, WA: Bill & Melinda Gates Foundation. Subpaper: Quality in Center-Based Early Learning: High-Level Findings and Trends (January 2013). Retrieved from [https://docs.gatesfoundation.org/documents/lessons%20from%20research%20and%20the%20Classroom\\_September%202014.pdf](https://docs.gatesfoundation.org/documents/lessons%20from%20research%20and%20the%20Classroom_September%202014.pdf).

<sup>8</sup> Burchinal et al., 2000; Duncan et al., 2003; Gormley, 2007; Dearing et al., 2009, as cited in Minervino, J. (2014). *Lessons from Research and the Classroom: Implementing High-Quality Pre-K That Makes a Difference for Young Children*. Seattle, WA: Bill & Melinda Gates Foundation. Subpaper 1: Minervino, J., Quality in Center-Based Early Learning: High-Level Findings and Trends (January 2013). Retrieved from [https://docs.gatesfoundation.org/documents/lessons%20from%20research%20and%20the%20Classroom\\_September%202014.pdf](https://docs.gatesfoundation.org/documents/lessons%20from%20research%20and%20the%20Classroom_September%202014.pdf).

## Preschool Slots Per Child + All Licensed Providers



**Figure 1.1:** Preschool slots per child and all licensed providers in Cincinnati. Source: Center for American Progress.

### Possible Strategies

We modeled strategies for (1) wage grants, (2) increased tuition assistance subsidies (up to the cost of quality), (3) direct contracting, (4) shared services, and (5) a combination of all of the above.

According to the data found in the 2012-2016 American Community Survey, there are approximately 3,755 early childhood educators in the city of Cincinnati. Based on the data collected by CUCI directly from community providers and from other sources, there is an even distribution of lead and assistant teachers (i.e., 50/50) for home-based Type A and center-based providers. Without accounting for the associated labor burden, and excluding the approximately 192 Cincinnati Public School preschool teachers, the total amount of money required to take the industry’s median hourly wage from the current state to its desired state is **\$35,202,440** annually.

### Concerns and Opportunities Regarding Direct Contracting

When it comes to scaling a cost effective solution for quality, improved teacher compensation, and desired ratios, it is difficult to find a solution more efficient with public dollars than direct contracting. For example, utilizing direct contracting with an increased subsidy adjusted for a cost of quality that ensures teacher compensation at the desired levels to serve 6,000 preschoolers eligible for CPP programs, the total cost would be approximately \$36.33 million. In contrast, absent a program such as direct contracting which requires full classrooms, a solution to ensure better teacher compensation is more costly. Compare the \$36 million against the \$43.97million that it would cost to fund CPP’s current Tuition Assistance program and wage supports to the preschool educators teaching the same 6,000



preschoolers. Figure 9.1 shows a comparison between both approaches.

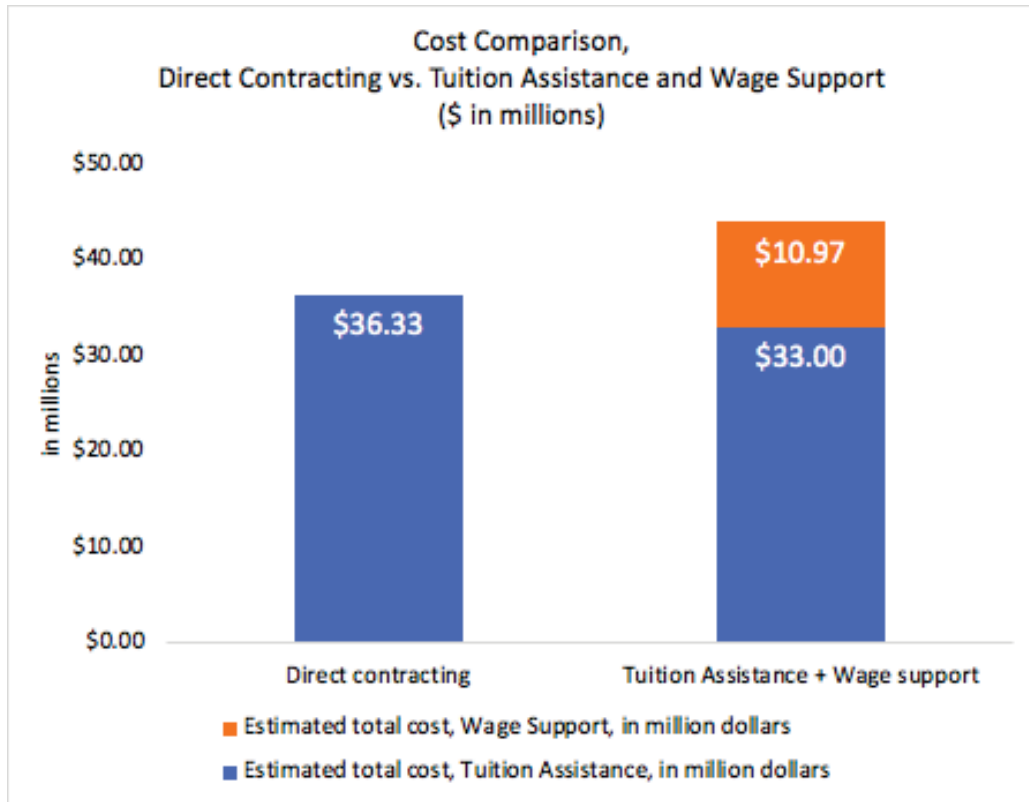


Figure 9.2: Cost comparison between direct contracting and tuition assistance + wage support.

Recognizing existing financial constraints to bridge the gaps described above, the question that emerges is how to implement wage supports based on one of the models listed above, in the short and medium term. To answer this question, a number of key parameters have been identified: (1) Step Up to Quality rating, (2) length of support (year round or academic year), (3) hourly wage support (in dollars) per position (for lead and assistant teachers), (4) positions to be impacted (preschool teachers only, or infant and toddler teachers as well), (5) location of providers to be impacted, and (6) enrollment demographics. Although there are other parameters that influence the structure of a wage support program, we limited the number of parameters to these six, in order to make some assumptions to create workable cost models.

Detailed cost models for each strategy can be found in the report.

## Final Recommendations

### Phase I: Short-term (2018 - 2019)

#### 1. Pilot these potential models for wage supports:

### Quality Improvement Providers

- Family Child Care in Quality Improvement Provider Hub (Type A & Type B):
  - Impact: 10 teachers and 60 to 120 children per hub (depending on number of shifts).
  - Estimated Annual Cost per Hub: **\$53,785 (unrated) - \$62,749 (2 stars)**
  
- Small Centers (0-2 star) Wage Grant (All Teachers)
  - Impact: approx. 16 teachers and 128-160 children
  - Estimated Annual Cost: **\$83,117 (unrated) - \$99,740 (2 stars)**

### Tuition Assistance Providers

- Family Child Care Provider Hub in Tuition Assistance (Type A & Type B)
  - Impact: 10 teachers and 60 to 120 children per hub
  - Estimated Annual Cost per Hub: **\$9,856 (3 stars) - \$13,142 (5 stars)**
  
- Small Centers (3-5 star) - Direct Contracting & Wage Grant Hybrid (All Teachers)
  - Impact: 16 teachers and 128-160 children
  - Estimated Annual Cost: **\$125,006 (3 stars) to \$161,737 (5 stars)**
  
- Medium and Large Centers: Increased Tuition Assistance subsidy for providers with a demonstrable plan to increase teacher compensation
  - **Impact:** Will vary depending on size of pilot, which will depend on funds available, estimates range from **300 to 450 children**, and **20 to 35 teachers**.
  - Estimated Annual Cost: **\$250,000**

### All Providers

- Shared Services Experiment serving all providers in pilots
  - Estimated Annual Cost: **\$80,000** for infrastructure development and coordination
  
- Early Childhood Supplementary Benefits Trust
  - Estimated Annual Cost: (pending Feasibility Study)

**Total # of Children Impacted: 676 to 1,010**

**Total # of Teachers Impacted: 72 to 87**

**Total Estimated Annual Costs (utilizing 1 pilot of each): \$600,000 to \$690,000\***

\*does not include any overhead costs for a Supplementary Benefits Trust

**Rationale:** Piloting a variety of strategies with the whole range of providers participating in Cincinnati Preschool Promise will enable decision-makers to discern which strategies are most effective in increasing access to high-quality preschool for the most children while investing in teachers—one of the largest contributing factors to providing quality care for children—and work towards mitigating unintended consequences. Because decent compensation for all educators in the classroom is shown to be one of the most influential factors impacting turnover, quality of care and, consequently, outcomes for children, these recommendation include strategies to provide the flexibility needed to pay all teaching staff (lead and assistant and infant and toddler teachers) increased wages.

### Recommended Next Steps:

- CPP and PWDC form a **Wage Implementation Working Group** to finalize the Phase 1 plan for implementing wage supports, monitor progress, collect findings and prepare for Phase 2 when appropriate.
- Before implementing any of the recommendations do one last round of **gathering feedback from providers**.
- Design pilots to test, discern, and **refine the true cost of care** (through direct experimentation).
- If one or more direct contracting pilots are chosen, efforts should be made to **learn from our partnerships with local organizations that have experience administering direct contracting programs** such as United Way, CAA, and CPS, and implementers from other cities, to better understand costs related to administering more robust direct contracting programs.

## 2. Adopt racial equity policy and decision-making framework

- Adopt a racial equity policy and decision-making tool to pilot the study and all appropriate decision-making processes.
- **Utilize this equity framework to make key decisions** including: (1) **Specific resources that will be dedicated to the pilots**; (2) Initial participating providers: directing our limited resources to the providers and programs in our **most under-resourced neighborhoods** (e.g., “high-quality” care deserts) and serving our **lowest-income children** (e.g., neighborhoods with the highest rates of child poverty); and (3) **The size of wage increases**, taking into account the cliff effect, available resources, and desired outcomes.

## 3. Work with stakeholders to ensure wage supports are equitable and fit providers’ reality, including the flexibility to:

- Utilize wage support resources for **ALL teachers**.
- Utilize wage support resources **year-round**.
- Recognize the **value of current supplementary benefits that child care businesses provide** their educators.
- **Move towards parity**, due to the integral role it plays in attracting and retaining qualified staff and helping programs achieve and maintain quality.

### Potential Next Steps:

- Lay the groundwork for a **continuous feedback loop** by fulfilling the commitment to the **creation of a Parent and Provider Council (PPC)** that can help inform the development of programs and policies.
- So that providers and educators feel wage supports are being enacted fairly, work with stakeholders (e.g., through the PPC) to create uniform **Wage Minimum Standards** building on the existing CPL levels and honoring experience.
- **Work with CPS to instill needed flexibility into the policy** so they can shape it to fit their businesses, for example with teachers outside of pre-K rooms and the year-round nature of their businesses.

#### 4. Maximize impact by simultaneously investing in professional development

- CPP and the CPS PWDC should continue collaborating to **create robust supports** for teachers to get **access to additional free and low-cost professional development**.
- Intentionally **target these supports to the teachers** working at programs participating **in the pilot**, in order to achieve maximum impact in terms of quality and outcomes for children.
- Design professional development opportunities that are as accessible as possible to **avoid displacement the current workforce**, so that educators can stay in the careers they love.

#### 5. Create an early childhood supplementary benefits trust to mitigate the cliff effect

- Commission a **feasibility study** on setting up a supplementary benefits trust.
- Gather **feedback directly from teachers** to understand which types of benefits they would be most interested in, to narrow it down to **a few to start**.
- Set up a system in which **educators can determine for themselves** (possibly with the aid of cliff effect charts to identify if they are at risk for losing public assistance benefits) how much of their wages they want to devote to other benefits, just as employees do when they sign up for a retirement program at work.
- **Sample starting supplementary benefits:** paid time off for professional development or sick days, free or low-cost child care, business cell phones.

#### 6. Pilot shared services simultaneously

- Based on industry research, shared services could be a key strategy for improving business practices, lowering costs, and increasing the profitability of providers, thereby freeing up more money to go towards wages and allowing public dollars to be utilized as efficiently as possible.

##### Potential Next Steps:

- Build on CUCI's existing work with providers to conduct a **feasibility study and business plan on the specific services** which have the most provider support.
- **Start experimenting with 1-3 services** for all providers participating in the wage pilots, especially within the hubs (if chosen as a strategy).

#### 7. Convene a strategic funding table

- **Create a diverse fundraising table** including stakeholders who previously committed to trying to raise additional funds to support CPP (United Way, local business leaders, etc.).
- Develop a **comprehensive fundraising plan** for expanding CPP's reach with specific goals for increasing resources for teacher compensation.
- **Encourage all strategies to continue to move the needle on compensation for early childhood educators and providers**, such as the current earned income and property tax credits and rebates proposed by City Councilman Landsman's office.

## **8. Organize and advocate for more resources, and to raise the profile of the profession**

- **Recognize and commit** to the fact that it is **everyone's responsibility to increase the amount of resources** that are dedicated to the early childhood sector so that it and the people in it can thrive. This responsibility does not just sit with CPP, but also with CPS, PWDC, United Way, local philanthropy, local business leaders, and all of our elected officials on a city, county, state, and national level.
- **Advocate and organize** on local, regional, state and federal levels that can bring additional resources to the sector.
- **Work to increase respect for the profession** by participating in initiatives such as NAEYC's Power to the Profession campaign.

## **9. Partner with industry experts to collect data and measure results**

- This **data should be used to create the most effective programs possible** and to **build the case** for expansion in the **long term**.
- A number of stakeholders have discussed the Center for Early Childhood Employment as a potential partner in this work.

## **Phase 2 - Medium-Term (2019-2020 and beyond)**

1. **Compile learnings from pilots**
2. **Develop a comprehensive expansion plan**
3. **Raise additional resources**
4. **Increase investment in successful strategies**

Our research indicates that the direct contracting model may be a necessary component of a successful strategy for Cincinnati, in order to provide stability to vulnerable child care businesses and create a strong base for the provision of future services and growth.

## **Phase 3 - Long-Term**

**Build upon medium-term successes and work to create a holistic, fully funded universal early childhood model in which all teachers are paid a living wage.**

# 2. Background

## **Cincinnati Preschool Promise and its Current Structure**

In November 2016, Cincinnati voters passed a levy that provides \$15 million per year for five years for the expansion of preschool in the Cincinnati Public School (CPS) district. The Cincinnati Preschool Promise (CPP) is an organization that was formed to implement the levy, and has the following stated objective: “In order to prepare children for success in kindergarten and life, the Cincinnati Preschool Promise provides tuition assistance to three- and four-year-old students residing in the footprint of Cincinnati Public Schools by providing access to high-quality programs in partnership with Cincinnati Public Schools.”<sup>9</sup> The organization’s mission is, “The Cincinnati Preschool Promise makes it possible for families to have equitable access to high-quality, culturally competent preschool in public and private settings within the Cincinnati Public School district boundary.”<sup>10</sup>

**Cincinnati Preschool Promise is a necessary first step, and presents a rare opportunity to expand and improve preschool programs in Cincinnati. However, CPP is faced with a series of incredibly difficult decisions. Historically, Early Childhood Education (ECE) has been chronically underfunded on the federal, state, regional, and local level. While the current levy represents an incredible opportunity, it also falls short of a sufficient funding stream. There are not enough funds in the current levy for CPP alone to fund wage increases year round for all early childhood educators or even the more narrow subset of ECEs who are classified as preschool teachers. CPP is part of a larger network of educators, decision-makers, philanthropists, business leaders and advocacy organizations who bear a responsibility to expand and improve early childhood education on a city, county, state and national level. Continued organizing and advocacy are essential.**

**In the meantime, CPP and the authors of this study are focused on finding the most effective and efficient solutions to serve the largest and most diverse set of early educators, parents, children and organizations possible.**

The current structure of Cincinnati Preschool Promise is based on a school day (6.5 hours to 8 hours per day) and can additionally be utilized for part-time preschool. Support is available during the school year (9.5 months).<sup>11</sup> Resources target only 3- and 4-year-olds. Cincinnati Preschool Promise’s main programs are tuition assistance vouchers for low-income children attending highly-rated programs, and quality improvement support for programs that have not yet achieved high ratings.

Tuition assistance: Vouchers currently go to children from families whose yearly income is at or below 200% of the Federal Poverty Level (FPL). As of Sept 5, 2018 both CPP and CPS Boards had approved an increase in eligibility up to 250% of FPL.<sup>12</sup>

For the 2017-18 school year, \$7M was allocated for tuition assistance;<sup>13</sup> \$8.8M has been budgeted for SY 2018-19.<sup>14</sup> These dollars can only be used at high-quality rated programs (3-5 stars in Ohio’s Step Up to

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<sup>9</sup> Cincinnati Preschool Promise. *Background Slides*. September 4, 2018.

<sup>10</sup> Cincinnati Preschool Promise. *Website- Mission & Vision*. August 18, 2018.

<sup>11</sup> Cincinnati Preschool Promise. *CPP Tuition Assistance Provider Manual*. 2018.

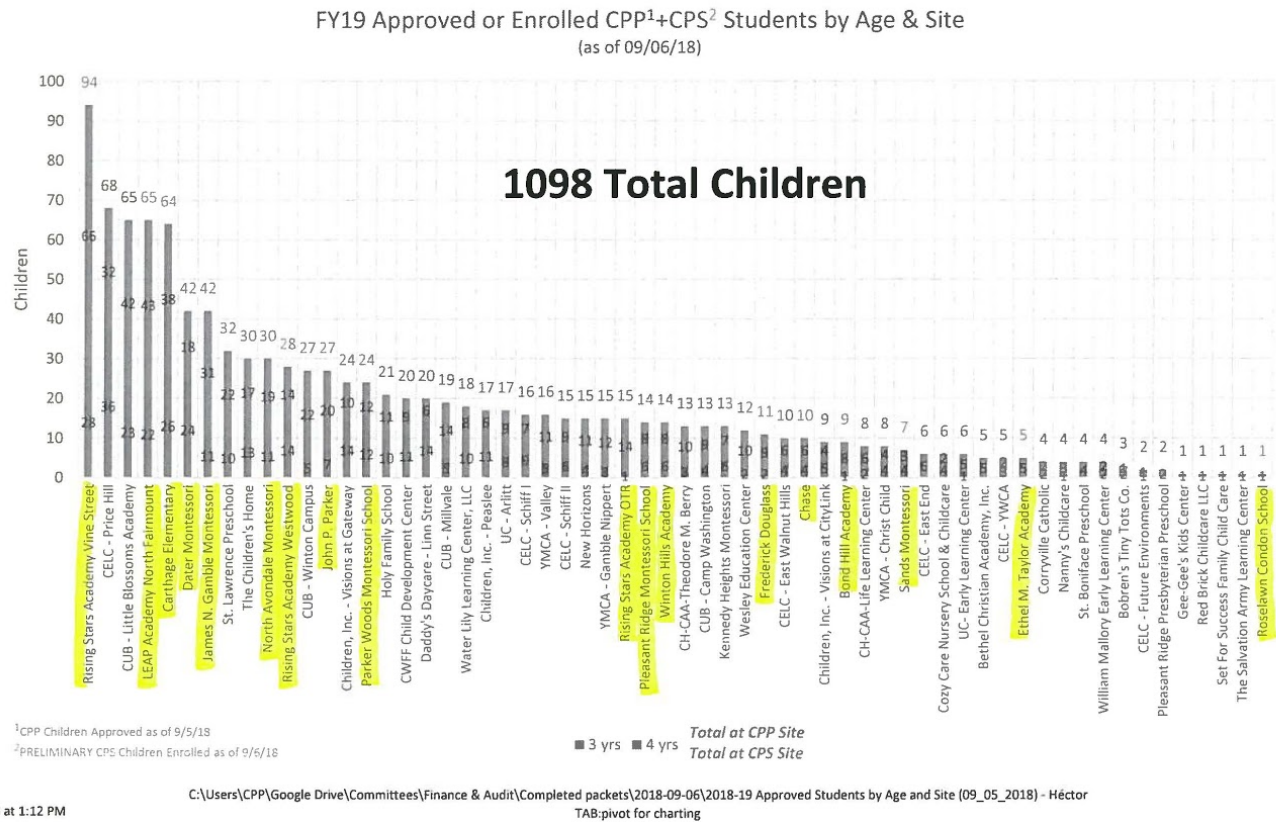
<sup>12</sup> Cincinnati Preschool Promise. *ED Presentation - Community Provider Charrette on Wage Implementation*. Sept 5, 2018.

<sup>13</sup> Cincinnati Preschool Promise. *Preliminary FY 2018 Report*. 2018.

<sup>14</sup> Cincinnati Preschool Promise. *Summarized CPP + CPS FY 2019 Budget*. 2018.

Quality [SUTQ] system). There are currently 41 CPS public preschool classrooms (at 22 different schools) and 42 community-based preschool sites (through 29 different community providers).<sup>15</sup>

During the 2017-2018 school year, 1,341 preschoolers were served by Cincinnati Preschool Promise in both public and private settings (622 with community providers, and 719 through CPS)<sup>16</sup>. As of September 6, 2018, a total of 1098 had been enrolled for the 2018-2019 school year (594 in CPP, and 504 in CPS).<sup>17</sup>



**Figure 2.1:** FY19 approved or enrolled CPP + CPS students by age and site. Source: Cincinnati Preschool Promise.

Tuition Assistance is a “last dollar in” program, meaning that it builds upon the funding sources that low-income families are already receiving to offset the cost of care for their children. These sources include subsidies from the Ohio Department of Jobs and Family Services and the Ohio Department of Education. CPP is currently able to provide up to \$8,581 per child per school year. Due to the “last dollar in” framework, the average subsidy provided per child is currently lower: around \$4,500.<sup>18</sup>

The second core program of CPP is Quality Improvement (QI) support of 0-2 star community-based programs. To date, this program has consisted of tangible, non-monetary support, in the form of coaching (for quality and business practices), curriculum, professional development support for teachers, planning, providing supplies, equipment to improve the classroom environment, substitute teachers and assessments.<sup>19</sup> In the first year and a half of the program, 33 community based programs participated in QI

<sup>15</sup> Cincinnati Preschool Promise. FY19 Approved Students by Age & Site. 2018.

<sup>16</sup> Cincinnati Preschool Promise. Executive Director Report. September 12, 2018.

<sup>17</sup> Cincinnati Preschool Promise. FY19 Approved or Enrolled CPP+CPS Students by Age & Site. September 6, 2018.

<sup>18</sup> Author's Calculations.

<sup>19</sup> Cincinnati Preschool Promise. Provider Manual - Quality Improvement. May 2017.

<sup>20</sup> and received \$158,239 worth of support to increase their programs' SUTQ rating out of \$2.5M budgeted. Currently, CPP has over 60 programs enrolled and has budgeted \$1.6M for QI for the 2018-19 school year.

Funds have also been used for communications and outreach (\$96,532 in FY 2017-2018; \$176,582 budgeted for FY 2019), data systems (\$927,744 in FY 2018; \$840,124 budgeted for FY 2019), and administration of CPP (\$774,657 in FY 2018; \$1,471,580 budgeted for FY 2019).<sup>21</sup>

## **Levy's Commitment to Supporting Increased Wages for Early Childhood Educators**

During the negotiation phase of the Cincinnati Preschool Promise levy there were discussions, research, and commitments regarding support of a wage floor of \$15 for preschool teachers.

The RAND Corporation was commissioned to conduct a study which laid the foundation for passage of Cincinnati Preschool Promise, titled "Options for Investing in Access to High-Quality Preschool in Cincinnati." The RAND study mentioned \$15 per hour wages, up to wages that are "advancing towards parity with CPS" a total of 22 times. "Advancing towards parity with CPS preschool teachers" is defined throughout the report as "80 percent of the entry-level CPS earnings for lead teachers and \$15 per hour for assistant teachers." Since starting wages within CPS are currently \$20.83/hour plus benefits, this wage benchmark for starting wages would currently be \$16.66 per hour plus benefits according to the contract between CPS and the Cincinnati Federation of Teachers.<sup>22</sup> Paraprofessionals starting wages are \$15.13 per hour plus benefits. In addition to making the case for the importance of paying competitive wages for teachers working at the highly-rated providers receiving children's tuition assistance, the RAND study also recommended wage supports for teachers working at providers in the quality improvement program, stating: "This component also includes the wage supplements to allow preschool lead teachers with equivalent education to advance toward parity with CPS preschool teachers."<sup>23</sup>

When the CPS Board passed a resolution to put a levy on the ballot to expand preschool in 2016, it included this \$15+ per hour commitment, stating:

"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."<sup>24</sup>

This same language was included in the final Master Agreement for Preschool Expansion Services signed by representatives of CPS and CPP on March 24, 2016. The Master Agreement set forth the current structure and goals of Cincinnati Preschool Promise.

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<sup>20</sup> Cincinnati Preschool Promise. Report on Providers that Participated in Quality Improvement during the 2017-2018 School Year. 2018.

<sup>21</sup> Cincinnati Preschool Promise. Preliminary FY 2018 Report. 2018. and Cincinnati Preschool Promise. Summarized CPP + CPS FY 2019 Budget. 2018.

<sup>22</sup> Cincinnati Federation of Teachers Union contract with Cincinnati Public Schools. CPS Teacher Performance Schedule (2018-2019). signed July 1, 2017.

<sup>23</sup> Karoly, L.A., Auger, A., Kase, C.A., McDaniel, R.C., Rademacher, E.W. (2016). Options for investing in high-quality preschool in Cincinnati. The RAND Corporation, Santa Monica, California.

<sup>24</sup> Cincinnati Public School Board Meeting. Cincinnati Board of Education Preschool Expansion Resolution passed 8.2.16.



However, due to the complicated nature of the issue and lack of clear guidance on how to implement the \$15 wage floor or parity, teachers working for community providers have not yet benefited from the anticipated wage supports.

## The UC Wage Survey

CPP commissioned the University of Cincinnati Economics Center to conduct a wage survey to determine the current baseline of wages, benefits, and education levels of the teachers working for community providers. The survey was conducted between December 2017 and April 2018. The study found that the average wages for lead teachers in centers is \$12.79 with a median of \$12.50. The average wage for lead teachers in Family Child Cares (FCCs) was \$12.34 per hour. Assistant teachers in centers were paid an average of \$10.12 per hour, with a median of \$10.00 per hour.

The UC researchers also found that—despite the importance of professional development for child outcomes and for programs to move up the quality rating system—increased professional development of ECE teachers only resulted in a \$0.03 per hour pay differential, which made it impossible for teachers to recoup the time and money they invested in their education.<sup>25</sup> They also found that other benefits such as health insurance, paid time off, disability, tuition assistance, and other benefits ranged significantly among child care providers.<sup>26</sup>

**Table 2.1:** Wages of teachers working for community providers in Cincinnati. Source: University of Cincinnati Economics Center.

Provider type	Observations	Min	Max	Mean	Median	SD
Non-Family Lead	115	\$8.75	\$21.56	\$12.79	<b>\$12.50</b>	\$2.72
Non-Family Associate	131	\$8.15	\$14.42	\$10.12	<b>\$10.00</b>	\$1.25
Total Non-Family	24	\$8.15	\$21.56	\$11.37	<b>\$10.50</b>	\$2.46
Family (Lead)	68	\$5.00	\$40.00	\$12.34	<b>\$10.00</b>	\$5.88

Once UC completed the report in April of 2018, a series of presentations and public meetings were held to inform CPP Board members, providers, community members, and other stakeholders of the current state of wages in the field and to start gathering feedback.

<sup>25</sup> UC Economics Center: Research and Consulting. Preschool Wage Survey Findings. April 2018.

<sup>26</sup> UC Economics Center: Research and Consulting. Preschool Wage Survey Findings. April 2018.

# 3. Overview of the CUCI Wage Implementation Study/Plan

In July, the Cincinnati Union Cooperative Initiative (CUCI) offered to provide its services free of charge to conduct a Wage Implementation Study for Cincinnati Preschool Promise and the Preschool Workforce Development Council to “develop scenarios for how to improve wages for CPP providers with a target of \$15 per hour.”<sup>27</sup>

CUCI is a nonprofit organization that works directly with stakeholders to design business solutions for our community’s most pressing problems. In its seven years of operations, CUCI has created cooperative businesses to provide healthy, affordable food in food deserts (Our Harvest Cooperative, Apple Street Market); an insulation company that lowers homeowners’ energy bills and reduces their carbon footprint (Sustainergy Cooperative); and a nonprofit that creates permanently-affordable housing for renters who earn between \$25,000 and \$40,000 per year (Renting Partnerships). Now CUCI is creating childcare cooperatives to increase affordable options for parents while paying living wages and helping existing childcare companies reduce their expenses. All of CUCI’s projects strive to create family-sustaining jobs within organizations that are responsive to the most important stakeholders.

The objectives for the project were to:

- Work with stakeholders to **fully understand the opportunities and challenges of implementing \$15 per hour minimum wages up to parity in pay (\$20.83) and benefits with Cincinnati Public School Preschool Teachers.** (According to the union contract, the starting wage of a CPS Preschool teacher is \$43,331.60 for teaching 191 days a year, seven hours a day. However, it is understood that the vast majority of teachers also work additional hours during the evenings, on weekends, and over the summer, at their discretion.)
- Establish agreement on key questions we need answered.
- **Develop possible options, scenarios and timelines** for how wage supports, minimum wage requirements, or other incentives can be used to impact quality and compensation. The goal is to define options that could be applied to all of the providers participating in the CPP program with an emphasis on the providers that serve our most disenfranchised children, while at the same time recognizing that short-term achievables will be limited by current constraints and priorities.
- Determine a clear understanding of how scenarios would impact the market (including possible unintended consequences). Complete this study/plan with the goal of **September 2018** in time for supports to be enacted for the 2018-2019 school year.

The guiding principles for the contract were that the plan for wage supports should take into account:

1. **Solutions** for a variety of child care businesses including **rated and non-rated; family childcare and centers.**
2. The gross deficiencies of the current U.S. child care system, which have resulted in a disproportionate number of vulnerable businesses being located in low income communities of color in Cincinnati, therefore requiring an **emphasis on** discerning what is needed for providers located in these **“quality care deserts.”**

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<sup>27</sup> Cincinnati Union Cooperative Initiative. *Scope of Services for Cincinnati Preschool Promise (CPP) and Preschool Workforce Development Council (PWDC) for a Wage Support Implementation Study and Plan.* July 2018.

3. **A holistic view of child care businesses and the opportunities and challenges of implementing a \$15 per hour minimum wage or other supports.** This includes factors such as:
  1. Wage increases that need to be given to all staff so as not to “rob the infant and toddler teachers.”
  2. How to mitigate the “cliff effect” for teachers who are receiving public subsidies.
  3. How to mitigate the loss of early education teachers from community-based programs to other institutions including public child care programs due to wage disparities for degreed teachers.
  4. The year-round nature of child care businesses and related needs for wage support.
  5. Other types of supports that may be needed to implement CPP’s programs equitably, such as back-end office, bookkeeping, and paperwork facilitation.
4. **Best “equity” practices** from other cities including **direct contracting**.
5. These issues must be balanced by a recognition that taxpayers have provided a specific level of funding for the effort. Recommendations for immediate implementation should be achievable within those financial constraints. It is understood that options that call for additional funding are unlikely to be immediately achievable. Additionally, the report will strive to outline options for what needs to be done long term through advocacy by raising additional funds, including public and private funding sources.
6. **Strategies to make public dollars go the furthest.**
7. The **need for higher wages should also be balanced with the need for higher quality and access.**<sup>28</sup>

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<sup>28</sup> Cincinnati Union Cooperative Initiative. *Scope of Services for Cincinnati Preschool Promise (CPP) and Preschool Workforce Development Council (PWDC) for a Wage Support Implementation Study and Plan*. July 2018.

## **Wage Implementation Study Methodology**

Due to CPP's public funding and public mission, CUCI's study emphasized transparency and accountability to stakeholders and the public, as well as a highly participatory, stakeholder-informed process led by the Preschool Workforce Development Council in partnership with CPP staff. To do this, CUCI utilized a variety of tested methodologies. One methodology that has been most prominently featured in this study is LEAN interviewing and LEAN startup methodologies. LEAN principles involve high numbers of interviews with direct stakeholders, with immediate testing and iterating of key ideas and concepts. To accomplish this, CUCI developed a series of stakeholder interview tools in collaboration with CPP and PWDC, copies of which can be found in the Appendix. The quality of interviews and data gathering events were prioritized over quantity of interviewees. Interviews conducted in the course of the study included:

Providers:

- Collected data from 17 providers (goal 20-25); 5 follow up interviews
  - 12 centers, 5 family child care
  - 15 single-site, 2 multi-site organizations
  - 3 connected to churches, 1 part of larger organization
  - 3 programs with more than 50 CPP subsidized children/site
  - 14 with majority of kids at or below 200% of poverty
  - 6 in quality care deserts

Other (Non-provider) Stakeholders: (Board Members, Experts, CPP staff)

- First Round: 12 interviews (study structure, key data, initial thoughts)
- Second Round: 23 interviews (feedback on provider concerns and example scenarios)
- Third Round: 5 interviews (understanding local experience with direct contracting and vouchers)

Talking to Other Cities and Experts on Wages, Cliff Effect, and Equity

- Center for American Progress, Policy Matters Ohio
- Cities: Seattle, Denver, Dayton
- States: Georgia

A comprehensive list of all interviews and data gathering events can also be found in the Appendix under CUCI 9/12/2018 Wage Implementation Progress Report.

The study began on July 16, 2018. Research and feedback concluded September 12, 2018.



**Figure 3.1:** Wage implementation study timeline.

## Research Questions

Key research questions that guided the work include:

- What does research say regarding wages in early childhood education and care (ECEC)?
- How can CPP best implement the promised wage increases?
- Where are Cincinnati's quality care deserts?
- What have other cities and states done to expand access to child care? What has worked? Challenges? Equity impact?
- Which solutions make sense to owners of child care businesses? To other child care providers?
- Which unintended consequences do we need to consider? For example, what have other geographies done to ease the potential impact of the cliff effect?
- Given current funding constraints, what is the best way to accomplish our complementary goals of expanding access for the children and neighborhoods that need it most, stabilizing our most vulnerable child care businesses, and increasing the quality of care in Cincinnati?
- How can we design a comprehensive pilot project which sets CPP up to deliver results on these complementary goals in the medium- and long-term?

# 4. Industry Research

## Our Opportunity

According to the U.S. Departments of Education and Health and Human Services, “High quality early education for young children is a multi-pronged strategy to support [a] Young children in their social, emotional, physical, and cognitive development, to ensure they are prepared for success in school and beyond; [b] Working parents with their need for safe, reliable child care so they can work, go to school, or attend training; and [c] Employers and the local economy, which are dependent on working parents.”<sup>29</sup>

The authors also conclude that parity in compensation between public school teachers and early childhood educators in public and private settings is essential: “As long as large pay disparities persist, it will be difficult to promote effective training and professional development, reduce workforce turnover, and establish sustainable high-quality early learning programs – all of which undermines the quality of early learning experiences we can offer our youngest learners. Education, training, and fair compensation are essential to promoting high-quality experiences for all children, across all early education settings. In order for programs to be effective, early educators across all settings must be compensated at comparable rates to their elementary school counterparts.”<sup>30</sup>

The most effective compensation strategies are those that raise base pay on an ongoing basis, providing predictable income for all teachers, rather than one-time or occasional salary supplements for individual teachers.<sup>31</sup> The Urban Institute summarizes the Whitebook argument this way: “[S]trategies for supplementing salaries and wages, such as stipends and refundable tax credits, increase compensation on a periodic or one-time basis for individual teachers. These approaches can provide valuable financial support and encourage professional development, but they are also limited in their ability to provide reliable, ongoing financial relief.”<sup>32</sup>

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<sup>29</sup> U.S. Department of Health and Human Services and U.S. Department of Education, “High-Quality Early Learning Settings Depend on a High-Quality Workforce: Low Compensation Undermines Quality,” 2016. <https://www.qrisnetwork.org/sites/all/files/resources/2017-01-23%2011%3A05/ece-low-compensation-undermines-quality-report-2016.pdf>

<sup>30</sup> U.S. Department of Health and Human Services and U.S. Department of Education, “High-Quality Early Learning Settings Depend on a High-Quality Workforce: Low Compensation Undermines Quality,” 2016. <https://www.qrisnetwork.org/sites/all/files/resources/2017-01-23%2011%3A05/ece-low-compensation-undermines-quality-report-2016.pdf>

<sup>31</sup> 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. Available at <http://cscce.berkeley.edu/files/2014/ReportFINAL.pdf> and McLean, C., Dichter, H., & Whitebook, M. (2017). Strategies in Pursuit of Pre-K Teacher Compensation Parity: Lessons From Seven States and Cities. Berkeley, CA: Center for the Study of Child Care Employment, University of California, Berkeley and New Brunswick, NJ: the National Institute for Early Education Research. Available at <http://cscce.berkeley.edu/files/2017/10/Strategies-in-Pursuit-of-Pre-K.pdf>

<sup>32</sup> Boushey and Glynn 2012, as cited in as cited in Isaacs, J. B., Adelstein, S., Kuehn, D., Loprest, P., Genua, D. and Gebrekristos, S., “Early Childhood Educator Compensation in the Washington Region,” Urban Institute, April 2018. [https://www.urban.org/research/publication/early-childhood-educator-compensation-washington-region/view/full\\_report](https://www.urban.org/research/publication/early-childhood-educator-compensation-washington-region/view/full_report)

Long-term studies of participants in comprehensive preschool intervention programs demonstrate lower rates of incarceration, higher earnings, and higher levels of satisfaction with life, when compared to peers who did not participate in the programs.<sup>33</sup> Most studies have shown that children in low-income households benefit more from high-quality early learning than do children from moderate- and high-income households.<sup>34</sup> Therefore, public dollars will be most effective when targeted to low-income children, and neighborhoods with high concentrations of poverty.

## Neuroscience Demonstrates the Importance of Early Learning

Research from Harvard’s Center on the Developing Child shows that the first few years of a child’s life “have the greatest potential for setting a strong foundation for lifelong learning and health. Advances in neuroscience show that the earliest years are the most critical for brain development, that brain development is cumulative, and that future growth and development stems from a child’s earliest experiences.”<sup>35</sup> The report

continues, “[R]esearch recognizes the importance of high-quality early education to healthy child development, and...indicates that high-quality providers and educators are the single most important factors in these early experiences.”<sup>36</sup>

*“[R]esearch recognizes the importance of high-quality early education to healthy child development, and ...indicates that high quality providers and educators are the single most important factors in these early experiences...”*

– U.S. Department of Health and Human Services  
and U.S. Department of Education

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<sup>33</sup> Minervino, J. (2014). Lessons from Research and the Classroom: Implementing High-Quality Pre-K That Makes a Difference for Young Children. Seattle, WA: Bill & Melinda Gates Foundation. Subpaper: Quality in Center-Based Early Learning: High-Level Findings and Trends (January 2013). Retrieved from [https://docs.gatesfoundation.org/documents/lessons%20from%20research%20and%20the%20Classroom\\_September%202014.pdf](https://docs.gatesfoundation.org/documents/lessons%20from%20research%20and%20the%20Classroom_September%202014.pdf).

<sup>34</sup> Burchinal et al., 2000; Duncan et al., 2003; Gormley, 2007; Dearing et al., 2009, as cited in Minervino, J. (2014). Lessons from Research and the Classroom: Implementing High-Quality Pre-K That Makes a Difference for Young Children. Seattle, WA: Bill & Melinda Gates Foundation. Subpaper 1: Minervino, J., Quality in Center-Based Early Learning: High-Level Findings and Trends (January 2013). Retrieved from [https://docs.gatesfoundation.org/documents/lessons%20from%20research%20and%20the%20Classroom\\_September%202014.pdf](https://docs.gatesfoundation.org/documents/lessons%20from%20research%20and%20the%20Classroom_September%202014.pdf)

<sup>35</sup> U.S. Department of Health and Human Services and U.S. Department of Education, “High-Quality Early Learning Settings Depend on a High-Quality Workforce: Low Compensation Undermines Quality,” 2016. Available at <https://www.qrisnetwork.org/sites/all/files/resources/2017-01-23%2011%3A05/ece-low-compensation-undermine-s-quality-report-2016.pdf>

<sup>36</sup> U.S. Department of Health and Human Services and U.S. Department of Education, “High-Quality Early Learning Settings Depend on a High-Quality Workforce: Low Compensation Undermines Quality,” 2016. Available at <https://www.qrisnetwork.org/sites/all/files/resources/2017-01-23%2011%3A05/ece-low-compensation-undermine-s-quality-report-2016.pdf>



## Scientific Consensus: Quality Work for Caregivers Is a Prerequisite for Quality Care

Between 1990 and 2018, the National Academies of Sciences, Engineering and Medicine published a series of consensus reports which emphasize the importance of creating child care “settings and conditions that value adults as well as children” in order to achieve quality child care (1990). Subsequent reports echoed, “good quality care requires an environment that values adults as well as children,” (2000) and added, “It is through the quality work of these adults that the nation can make it right from the very beginning for all of its children.” The most recent consensus report from the National Academies concludes, “The deficiencies in the current system are hurtful to all children and families in need of ECE options and the adults who are ECE practitioners and educators—who are themselves often in extreme economic distress.”<sup>37</sup>

The U.S. Departments of Education and Health and Human Services note the interplay between mental health issues faced by early educators and the quality of care provided to children. “Low pay makes it difficult to attract and retain more experienced staff with higher levels of education. In addition, low wages – particularly those that keep early educators and providers at or near poverty levels – also undermine wellness...[M]ental health issues...associated with income and lack of access to supports—such as stress and depression—also influence the quality of care adults provide.”<sup>38</sup>

“Teachers who are more depressed and more stressed have been observed to be less sensitive, more intrusive, and harsher in classroom interactions with children. They’re also more likely to portray their relationships with the children in their care as conflictual, and they’re more prone to consider and act on expelling preschool-age children.”<sup>39</sup>

Research shows that when children are enrolled in centers where there is lower turnover and where providers earn higher wages, they spend more time engaged in positive interactions and developmentally appropriate activities with peers and teachers, bolstering healthy development and ultimately increasing school readiness.<sup>40</sup> Turnover also lowers morale within a program, and undermines children's' relationships and secure attachments.<sup>41</sup> When the Department of Defense child care program increased

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<sup>37</sup> Whitebook, M., McLean, C., Austin, L.J.E., & Edwards, B. (2018). Early Childhood Workforce Index – 2018. Berkeley, CA: Center for the Study of Child Care Employment, University of California, Berkeley. Retrieved from <http://cscce.berkeley.edu/topic/early-childhood-workforce-index/2018/>

<sup>38</sup> U.S. Department of Health and Human Services and U.S. Department of Education, “High-Quality Early Learning Settings Depend on a High-Quality Workforce: Low Compensation Undermines Quality,” 2016. Available at <https://www.qrisnetwork.org/sites/all/files/resources/2017-01-23%2011%3A05/ece-low-compensation-undermines-quality-report-2016.pdf>

<sup>39</sup> As cited in Phillips, Austin and Whitebook 2016

<sup>40</sup> U.S. Department of Health and Human Services and U.S. Department of Education, “High-Quality Early Learning Settings Depend on a High-Quality Workforce: Low Compensation Undermines Quality,” 2016. Available at <https://www.qrisnetwork.org/sites/all/files/resources/2017-01-23%2011%3A05/ece-low-compensation-undermines-quality-report-2016.pdf>

<sup>41</sup> U.S. Department of Health and Human Services and U.S. Department of Education, “High-Quality Early Learning Settings Depend on a High-Quality Workforce: Low Compensation Undermines Quality,” 2016. Available at <https://www.qrisnetwork.org/sites/all/files/resources/2017-01-23%2011%3A05/ece-low-compensation-undermines-quality-report-2016.pdf>

wages by 76 percent, staff turnover fell dramatically.<sup>42</sup> The cost of increased wages may be partially offset by other decreases in costs: median turnover costs in several industries are 20 percent of an employee's annual salary.<sup>43</sup> Taxpayer investment will also pay off in the long run; cost-benefit ratios for early education programs range from \$1 to \$17 returned for every dollar invested.<sup>44</sup>

*“Our strongest policy recommendation is that legislation or regulations should firmly link requirements or incentives for improving professional learning to salary equity and improved working conditions.”*

--The Early Care and Education Workforce  
by Phillips, Austin and Whitebook

In “The Early Care and Education Workforce,” expert ECE researchers conclude, “Our strongest policy recommendation is that legislation or regulations should firmly link requirements or incentives for improving professional learning to salary equity and improved working conditions.”<sup>45</sup>

According to U.S. Departments of Education and Health and Human Services, “The quality of any early

learning setting is directly related to the quality of their staff, their understanding of child development, and their ability to translate that understanding into positive interactions, securely attached relationships, and age-appropriate learning opportunities with children.”<sup>46</sup>

The Urban Institute summarizes some of the literature on teacher compensation and pre-K quality this way:

“The seminal, multistate ‘Cost, Quality and Child Outcomes’ study found that the two most significant factors predicting classroom quality were child-to-staff ratios and teacher wages and that the relationship between teacher wages and quality persisted even after controlling for teacher education, training, and experience (Helburn 1995; Kashen, Potter, and Stettner 2016). In another multistate study, teacher wages were found to contribute to quality of classroom processes, as were the more common indicators of child-to-staff ratios, teacher training, and group sizes (Phillips et al. 2000). Teacher wages were also a predictor of quality in studies of classrooms in Massachusetts and Canada (Goelman et al. 2006; Marshall et al. 2001).”<sup>47</sup>

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<sup>42</sup> 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.

Available at <http://cscce.berkeley.edu/files/2014/ReportFINAL.pdf>

<sup>43</sup> Boushey and Glynn 2012, as cited in as cited in Isaacs, J. B., Adelstein, S., Kuehn, D., Loprest, P., Genua, D. and Gebrekristos, S., “Early Childhood Educator Compensation in the Washington Region,” Urban Institute, April 2018. [https://www.urban.org/research/publication/early-childhood-educator-compensation-washington-region/view/full\\_report](https://www.urban.org/research/publication/early-childhood-educator-compensation-washington-region/view/full_report)

<sup>44</sup> Rohacek, Greenberg, and Massey 2017 and Isaacs 2017, as cited in Isaacs, J. B., Adelstein, S., Kuehn, D., Loprest, P., Genua, D. and Gebrekristos, S., “Early Childhood Educator Compensation in the Washington Region,” Urban Institute, April 2018. [https://www.urban.org/research/publication/early-childhood-educator-compensation-washington-region/view/full\\_report](https://www.urban.org/research/publication/early-childhood-educator-compensation-washington-region/view/full_report)

<sup>45</sup> Phillips, D., Austin, L. J. E., and Whitebook, M., “The Early Care and Education Workforce,” 2016. Retrieved from <https://files.eric.ed.gov/fulltext/EJ1118553.pdf>

<sup>46</sup> U.S. Department of Health and Human Services and U.S. Department of Education, “High-Quality Early Learning Settings Depend on a High-Quality Workforce: Low Compensation Undermines Quality,” 2016. Available at <https://www.qrisnetwork.org/sites/all/files/resources/2017-01-23%2011%3A05/ece-low-compensation-undermines-quality-report-2016.pdf>

<sup>47</sup> Isaacs, J. B., Adelstein, S., Kuehn, D., Loprest, P., Genua, D. and Gebrekristos, S., “Early Childhood Educator Compensation in the Washington Region,” Urban Institute, April 2018.

Current wages cause economic stressors for early childhood teachers.

Child care workers—defined by the Bureau of Labor Statistics as people who “attend to children ... and perform a variety of tasks, such as dressing, feeding, bathing, and overseeing play” averaged \$10.33 an hour in 2013, which put them in the lowest 3 percent of all wage-earners tracked by the Bureau of Labor Statistics. This means that 97 percent of wage earners in the U.S. were paid more than child care workers. “Preschool teachers” fared slightly better – averaging \$15.11 and landing at 19 percent – meaning that 81 percent of U.S. workers were paid more than preschool teachers. By comparison, kindergarten teachers earned an average \$25.40 per hour, more than most U.S. workers (60th percentile).<sup>48</sup>

Child care workers are almost twice as likely as other workers in the U.S. to rely on public assistance, and child care workers are classified as “low wage” in all fifty states.<sup>49</sup> It is telling that, between 2015 and 2017, child care workers were most likely to get a raise if they lived in a state that increased its minimum wage in that time period.<sup>50</sup>

In Ohio and 31 other states, the median annual earnings for a child care worker is below the federal poverty level for a family of three (\$20,090 according to the 2015 poverty threshold).<sup>51</sup> In a recent survey, teachers working with young children reported worrying about having adequate food for their families—including 57 percent of those supporting children of their own, and 42 percent of all teachers with associate’s or bachelor’s degrees.<sup>52</sup>

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[https://www.urban.org/research/publication/early-childhood-educator-compensation-washington-region/view/full\\_report](https://www.urban.org/research/publication/early-childhood-educator-compensation-washington-region/view/full_report)

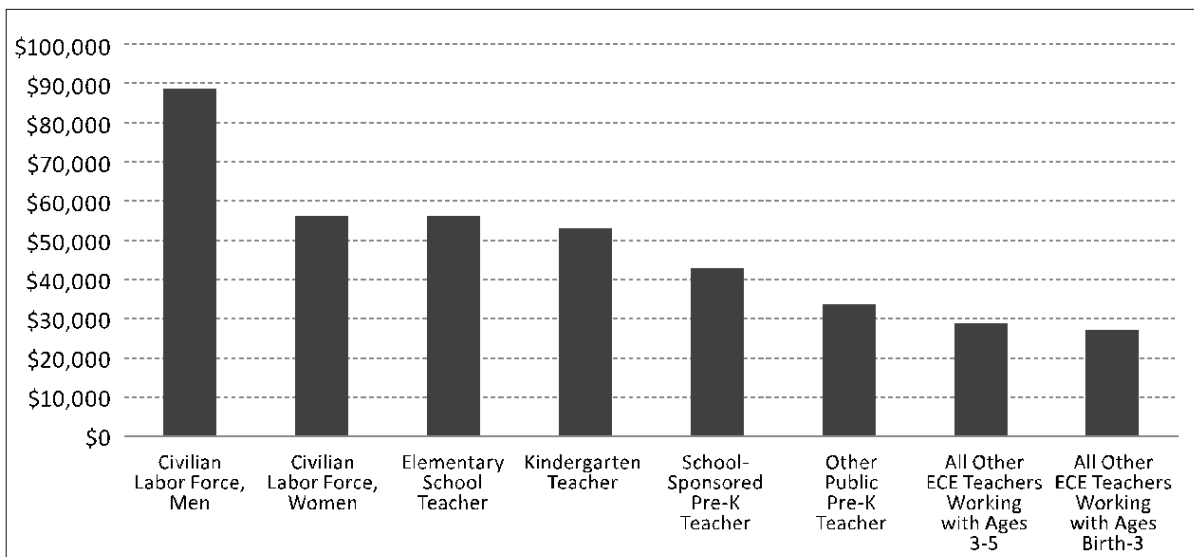
<sup>48</sup> Phillips, D., Austin, L. J. E., and Whitebook, M., “The Early Care and Education Workforce,” 2016. Retrieved from <https://files.eric.ed.gov/fulltext/EJ1118553.pdf>

<sup>49</sup> Phillips, D., Austin, L. J. E., and Whitebook, M., “The Early Care and Education Workforce,” 2016. Retrieved from <https://files.eric.ed.gov/fulltext/EJ1118553.pdf>

<sup>50</sup> Whitebook, M., McLean, C., Austin, L.J.E., & Edwards, B. (2018). Early Childhood Workforce Index – 2018. Berkeley, CA: Center for the Study of Child Care Employment, University of California, Berkeley. Retrieved from <http://cscce.berkeley.edu/topic/early-childhood-workforce-index/2018>

<sup>51</sup> U.S. Department of Health and Human Services and U.S. Department of Education, “High-Quality Early Learning Settings Depend on a High-Quality Workforce: Low Compensation Undermines Quality,” 2016. Available at <https://www.qrisnetwork.org/sites/all/files/resources/2017-01-23%2011%3A05/ece-low-compensation-undermines-quality-report-2016.pdf>

<sup>52</sup> Phillips, D., Austin, L. J. E., and Whitebook, M., “The Early Care and Education Workforce,” 2016. Retrieved from <https://files.eric.ed.gov/fulltext/EJ1118553.pdf>



Source: Marcy Whitebook, Deborah Phillips, and Carollee Howes, *Worthy Work, STILL Unlivable Wages: The Early Childhood Workforce 25 Years after the National Child Care Staffing Study* (Berkeley: Center for the Study of Child Care Employment, University of California, Berkeley, 2014).

**Figure 4.1:** Mean annual salary of civilian labor force and of teachers with a BA or higher, 2012. Source: Center for the Study of Child Care Employment, University of California, Berkeley.

Note that the school-sponsored pre-K teachers, who average the highest ECE wages in the chart above, represent only a sliver of the distribution of early educators. Only 6 percent of the workforce is employed in school-based settings. The remaining 94 percent work in community-based centers and family child care.<sup>53</sup>

In the Bureau of Labor Statistics chart below, we see that Ohio’s preschool teachers are in the lowest bracket (\$21,630 - \$28,070 annually), along with preschool teachers in ten other states and Puerto Rico.

<sup>53</sup>U.S. Department of Health and Human Services and U.S. Department of Education, “High-Quality Early Learning Settings Depend on a High-Quality Workforce: Low Compensation Undermines Quality,” 2016. Available at <https://www.qrisnetwork.org/sites/all/files/resources/2017-01-23%2011%3A05/ece-low-compensation-undermines-quality-report-2016.pdf>

Annual mean wage of preschool teachers, except special education, by state, May 2017

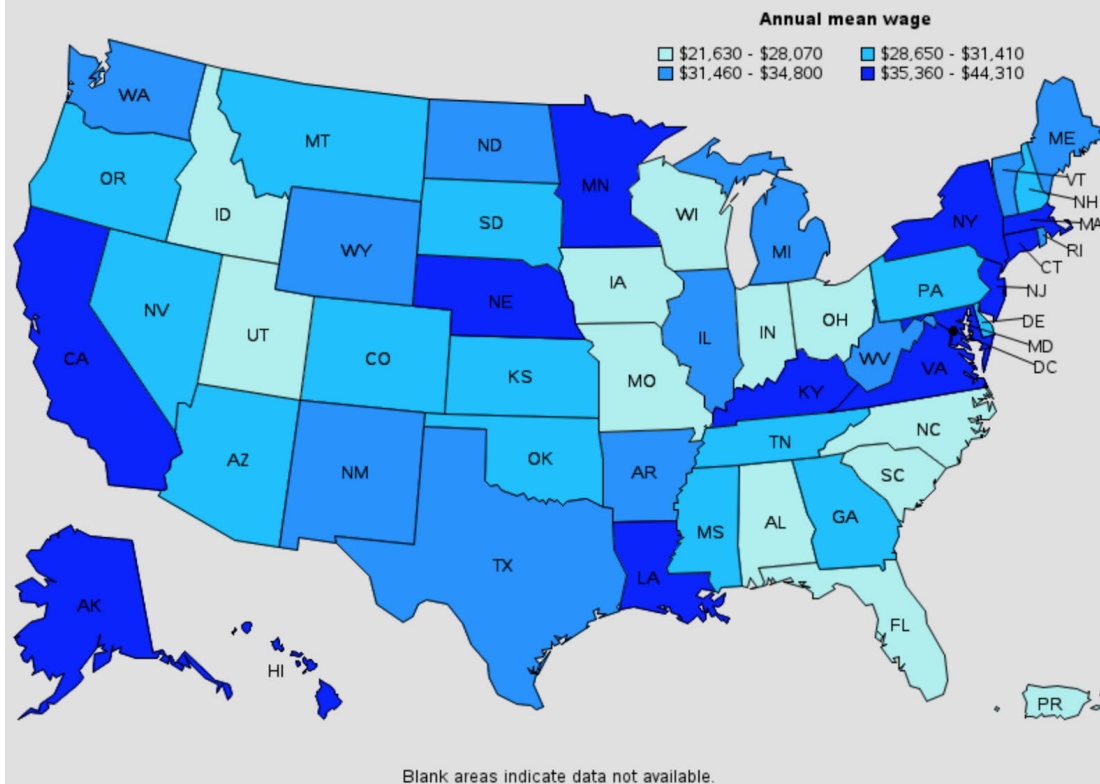
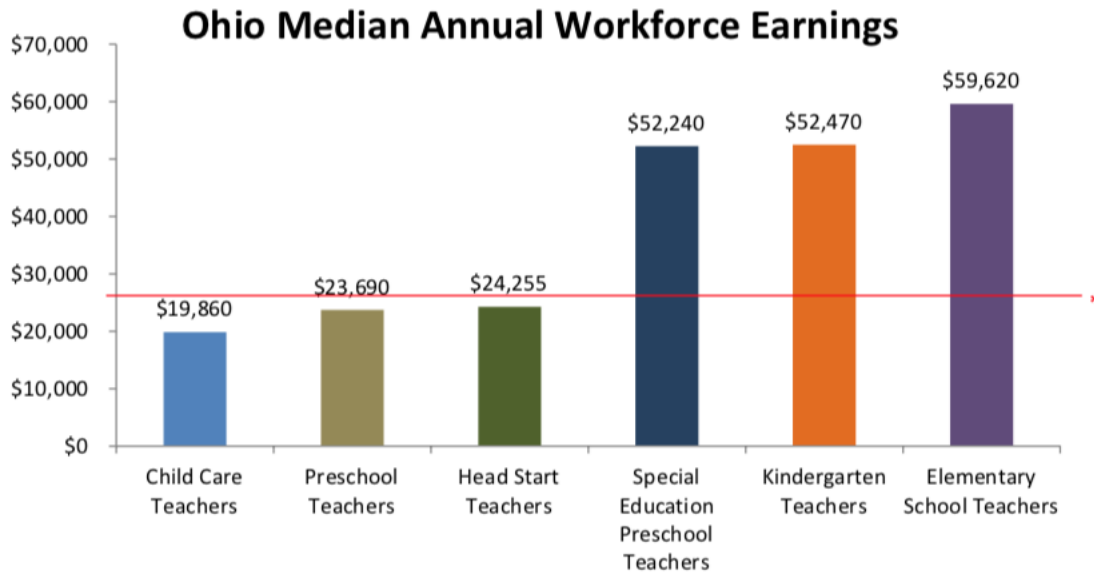


Figure 4.2: Annual mean wage of preschool teachers, except special education, by state, May 2017. Source: Bureau of Labor Statistics.<sup>54</sup>

<sup>54</sup> <https://www.bls.gov/oes/current/oes252011.htm#st>



**Figure 4.3:** Ohio median annual workforce earnings. Source: U.S. Departments of Education and Health and Human Services.<sup>55</sup>

Early learning teachers with bachelor’s degrees average just over half of the average earnings overall for working people with bachelor’s degrees (\$14.70 per hour compared to \$27 per hour in 2013).<sup>56</sup>

<sup>55</sup> U.S. Department of Health and Human Services and U.S. Department of Education, “High-Quality Early Learning Settings Depend on a High-Quality Workforce: Low Compensation Undermines Quality,” 2016. Available at <https://www.qrisnetwork.org/sites/all/files/resources/2017-01-23%2011%3A05/ece-low-compensation-undermines-quality-report-2016.pdf>

<sup>56</sup> Number and Characteristics of Early Care and Education (ECE) Teachers and Caregivers: Initial Findings from the National Survey of Early Care and Education (NSECE). October 2013. [http://www.acf.hhs.gov/sites/default/files/opre/nsece\\_wf\\_brief\\_102913\\_0.pdf](http://www.acf.hhs.gov/sites/default/files/opre/nsece_wf_brief_102913_0.pdf)

## Women of Color Bear the Brunt of Our Dysfunctional System

Nationally, 62 percent of center-based early childhood educators are people of color, compared to only 16 percent of K-12 teachers.<sup>57</sup> The 2018 Early Childhood Workforce Index summarizes the situation: “[T]he current system reflects gender, class, racial, and cultural inequities that exist across U.S. institutions, and it breeds inequities that directly reflect policy and resource decisions in the early childhood field.”<sup>58</sup>

The 2018 Early Childhood Workforce Index recommends that implementers maintain diversity while disrupting stratification. “Although the early educator workforce is racially and linguistically diverse, that diversity is not distributed equitably across positions within the field. Women of color occupy a disproportionate share of the lowest paying jobs in the field and are underrepresented in leadership roles. As states advance workforce reforms, development of intentional strategies and mechanisms to ameliorate racial and ethnic stratification will be critical to ensuring that diversity translates to equity going forward.”<sup>59</sup>

*“[T]he current system reflects gender, class, racial, and cultural inequities that exist across U.S. institutions, and it breeds inequities that directly reflect policy and resource decisions in the early childhood field.”*

--Early Childhood Workforce Index 2018

Dollars have the highest impact when they reach low-income children.

Nationwide, an estimated 42 percent of three-year-olds and 66 percent of four-year-olds are enrolled in a preschool program of some kind.<sup>60</sup> In 2014, the average cost of center-based infant care exceeded 10 percent of the median income for a two-parent family and was higher than public college tuition in most states.<sup>61</sup> According to the U.S. Department of Health and Human Services and the U.S. Department of

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<sup>57</sup> Number and Characteristics of Early Care and Education (ECE) Teachers and Caregivers: Initial Findings from the National Survey of Early Care and Education (NSECE). October 2013.

[http://www.acf.hhs.gov/sites/default/files/opre/nsece\\_wf\\_brief\\_102913\\_0.pdf](http://www.acf.hhs.gov/sites/default/files/opre/nsece_wf_brief_102913_0.pdf)

<sup>58</sup> Whitebook, M., McLean, C., Austin, L.J.E., & Edwards, B. (2018). Early Childhood Workforce Index – 2018.

Berkeley, CA: Center for the Study of Child Care Employment, University of California, Berkeley. Retrieved from <http://cscce.berkeley.edu/topic/early-childhood-workforce-index/2018/>

<sup>59</sup> Whitebook, M., McLean, C., Austin, L.J.E., & Edwards, B. (2018). Early Childhood Workforce Index – 2018. Berkeley, CA: Center for the Study of Child Care Employment, University of California, Berkeley. Retrieved from <http://cscce.berkeley.edu/topic/early-childhood-workforce-index/2018/>

<sup>60</sup> U.S. Department of Health and Human Services and U.S. Department of Education, “High-Quality Early Learning Settings Depend on a High-Quality Workforce: Low Compensation Undermines Quality,” 2016. Available at <https://www.qrisnetwork.org/sites/all/files/resources/2017-01-23%2011%3A05/ece-low-compensation-undermines-quality-report-2016.pdf>

<sup>61</sup> Fraga, Dobbins, and McCready 2015, as cited in Rohacek, Greenberg, and Massey 2017 and Isaacs 2017, as cited in Isaacs, J. B., Adelstein, S., Kuehn, D., Loprest, P., Genua, D. and Gebrekristos, S., “Early Childhood Educator Compensation in the Washington Region,” Urban Institute, April 2018.

[https://www.urban.org/research/publication/early-childhood-educator-compensation-washington-region/view/full\\_report](https://www.urban.org/research/publication/early-childhood-educator-compensation-washington-region/view/full_report)

Education, “Many children, particularly low-income children, depend on high-quality early learning settings for school readiness.”<sup>62</sup>

Long-term studies of participants in comprehensive preschool intervention programs demonstrate lower rates of incarceration, higher earnings, and higher levels of satisfaction with life, when compared to peers who did not participate in the programs.<sup>63</sup> Most studies have shown that children in low-income households benefit more from high-quality early learning than do children from moderate- and high-income households.<sup>64</sup>

A Gates Foundation analysis found that programs such as New Jersey’s Abbott pre-K program, which target children in high-poverty areas, have set the stage for other cities and states to replicate successful elements of their programs, at lower costs than previously thought. The Gates Foundation study also looked at programs such as North Carolina’s More at Four, which targeted four-year-old children in poverty, as well as some lower-middle-income children, and children with other risk factors. Program evaluators found significant differences in academic achievement, with effects persisting into third grade. Of note, participation was associated with higher sustained math and reading scores for poor children, but not for non-poor children.<sup>65</sup>

The New Jersey program, which targeted children living in high-poverty areas, demonstrated large gains in the quality of classrooms and instruction. Students who participated in the program for two years, instead of just one, showed 50 percent larger gains when they entered kindergarten. Measurement through fifth grade showed strong remaining effects, equivalent to a 10 percentile increase in state test scores.<sup>66</sup> A longitudinal follow-up study of fourth- and fifth-graders who completed the Abbott preschool program in 2004-2005 showed increased achievement in math, science, and language arts equivalent to 10-20 percent of the achievement gap for those who participated for one year of Abbott pre-K, and

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<sup>62</sup> U.S. Department of Health and Human Services and U.S. Department of Education, “High-Quality Early Learning Settings Depend on a High-Quality Workforce: Low Compensation Undermines Quality,” 2016. Available at <https://www.qrisnetwork.org/sites/all/files/resources/2017-01-23%2011%3A05/ece-low-compensation-undermine-s-quality-report-2016.pdf>

<sup>63</sup> Minervino, J. (2014). *Lessons from Research and the Classroom: Implementing High-Quality Pre-K That Makes a Difference for Young Children*. Seattle, WA: Bill & Melinda Gates Foundation. Subpaper: Quality in Center-Based Early Learning: High-Level Findings and Trends (January 2013). Retrieved from [https://docs.gatesfoundation.org/documents/lessons%20from%20research%20and%20the%20Classroom\\_September%202014.pdf](https://docs.gatesfoundation.org/documents/lessons%20from%20research%20and%20the%20Classroom_September%202014.pdf).

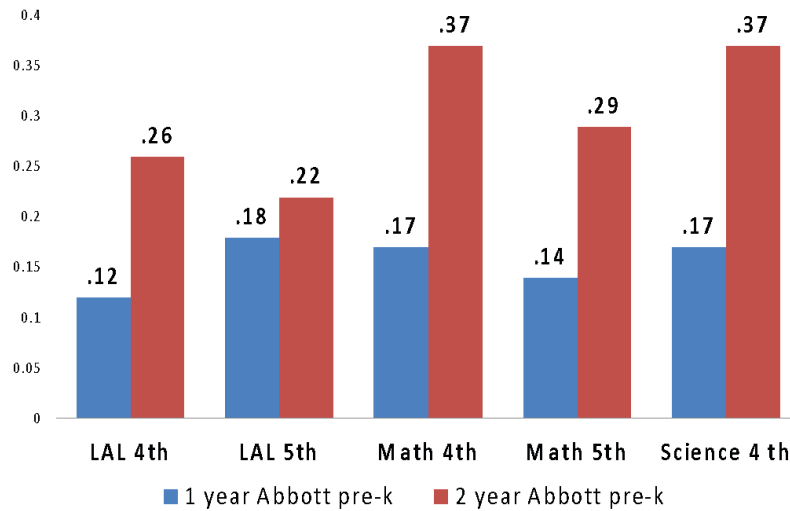
<sup>64</sup> Burchinal et al., 2000; Duncan et al., 2003; Gormley, 2007; Dearing et al., 2009, as cited in Minervino, J. (2014). *Lessons from Research and the Classroom: Implementing High-Quality Pre-K That Makes a Difference for Young Children*. Seattle, WA: Bill & Melinda Gates Foundation. Subpaper 1: Minervino, J., Quality in Center-Based Early Learning: High-Level Findings and Trends (January 2013). Retrieved from [https://docs.gatesfoundation.org/documents/lessons%20from%20research%20and%20the%20Classroom\\_September%202014.pdf](https://docs.gatesfoundation.org/documents/lessons%20from%20research%20and%20the%20Classroom_September%202014.pdf).

<sup>65</sup> Minervino, J. (2014). *Lessons from Research and the Classroom: Implementing High-Quality Pre-K That Makes a Difference for Young Children*. Subpaper 2: Minervino, J. and Pianta, R., Early Learning: The New Fact Base and Cost Sustainability, 2013. Seattle, WA: Bill & Melinda Gates Foundation. Retrieved from [https://docs.gatesfoundation.org/documents/lessons%20from%20research%20and%20the%20Classroom\\_September%202014.pdf](https://docs.gatesfoundation.org/documents/lessons%20from%20research%20and%20the%20Classroom_September%202014.pdf).

<sup>66</sup> Barnett, et al, as cited in Minervino, J. (2014). *Lessons from Research and the Classroom: Implementing High-Quality Pre-K That Makes a Difference for Young Children*. Subpaper 2: Minervino, J. and Pianta, R., Early Learning: The New Fact Base and Cost Sustainability, 2013. Seattle, WA: Bill & Melinda Gates Foundation. Retrieved from [https://docs.gatesfoundation.org/documents/lessons%20from%20research%20and%20the%20Classroom\\_September%202014.pdf](https://docs.gatesfoundation.org/documents/lessons%20from%20research%20and%20the%20Classroom_September%202014.pdf).



equivalent to 20-40 percent of the achievement gap for those who participated in Abbott pre-K for two years.<sup>67</sup> Because the children in this study participated before the program had time to achieve its maximum quality, children who entered the program more recently could be expected to have obtained even larger gains.<sup>68</sup>



**Figure 4.4:** Pre-K Abbott Effects on NJASK by years of participation. Source: National Institute for Early Education Research.

While noting the practical difficulty of achieving such a feat, the Gates Foundation analysis estimates that existing ECE investments could cover most or all of the cost of a targeted, narrowly-focused program, based on best practices from previous programs. “[F]ederal, state and local governments are already making substantial investments in early learning totaling \$21-27 billion annually. Were those dollars to be strictly focused on early learning for the 3 million lowest-income children in the U.S., \$7,000--\$9,000 per child would be available. Though repurposing these dollars is no easy matter, the amount of existing dollars in the system would comprise all or a large portion of the early learning cost-sustainability target of \$8,000-\$10,000 per child. This repurposing would also cover all costs to systematically implement all of the observation, measurement, teacher feedback, proven curricula, establishing and connecting standards, and measuring child outcomes noted in this paper.”<sup>69</sup>

<sup>67</sup> Barnett, W. S., Jung, K., Youn, M., and Frede, E. C., “APPLES: Abbot Preschool Program Longitudinal Effects Study: Fifth Grade Follow-Up,” National Institute for Early Education Research (NIEER), March 20, 2013.

<sup>68</sup> Barnett, W. S., Jung, K., Youn, M., and Frede, E. C., “APPLES: Abbot Preschool Program Longitudinal Effects Study: Fifth Grade Follow-Up,” National Institute for Early Education Research (NIEER), March 20, 2013.

<sup>69</sup> Minervino, J. (2014). Lessons from Research and the Classroom: Implementing High-Quality Pre-K That Makes a Difference for Young Children. Subpaper 2: Minervino, J. and Pianta, R., Early Learning: The New Fact Base and Cost Sustainability, 2013. Seattle, WA: Bill & Melinda Gates Foundation. Retrieved from: [https://docs.gatesfoundation.org/documents/lessons%20from%20research%20and%20the%20Classroom\\_September%202014.pdf](https://docs.gatesfoundation.org/documents/lessons%20from%20research%20and%20the%20Classroom_September%202014.pdf).

## Predictable Base Compensation Is Key

The most effective compensation strategies are those that raise base pay on an ongoing basis, providing predictable income for all teachers, rather than one-time or occasional salary supplements for individual teachers.<sup>70</sup> The Urban Institute summarizes the argument this way: “[S]trategies for supplementing salaries and wages, such as stipends and refundable tax credits, increase compensation on a periodic or one-time basis for individual teachers. These approaches can provide valuable financial support and encourage professional development, but they are also limited in their ability to provide reliable, ongoing financial relief.”<sup>71</sup>

## Patchwork of Funding Results in Uneven Compensation

In 2012, the National Survey of Early Care and Education (NSECE) found that 53 percent of center-based teachers and caregivers had a college degree (associate’s or higher), compared to 30 percent of home-based early educators.<sup>72</sup>

Private sector programs have difficulty attracting and retaining staff with a bachelor’s degree or higher because the wages they can offer are dependent upon parent fees. Since staff wages comprise the largest component of center budgets, directors often restrict wages to keep programs affordable. Degreed teachers often move quickly into public school settings, where their salaries nearly double.<sup>73</sup>

Although early childhood educators with degrees tend to earn slightly more than those without degrees, their wages are affected more strongly by funding source than by their own qualifications. According to the 2018 Early Childhood Workforce Index, “The wage penalty for early educators with a bachelor’s or graduate degree can be as high as \$6 an hour, depending on the type of program in which they work.”<sup>74</sup>

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<sup>70</sup> 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.

Available at <http://cscce.berkeley.edu/files/2014/ReportFINAL.pdf> and McLean, C., Dichter, H., & Whitebook, M. (2017). Strategies in Pursuit of Pre-K Teacher Compensation Parity: Lessons From Seven States and Cities. Berkeley, CA: Center for the Study of Child Care Employment, University of California, Berkeley and New Brunswick, NJ: the National Institute for Early Education Research. Available at

<http://cscce.berkeley.edu/files/2017/10/Strategies-in-Pursuit-of-Pre-K.pdf>

<sup>71</sup> Boushey and Glynn 2012, as cited in as cited in Isaacs, J. B., Adelstein, S., Kuehn, D., Loprest, P., Genua, D. and Gebrekristos, S., “Early Childhood Educator Compensation in the Washington Region,” Urban Institute, April 2018. [https://www.urban.org/research/publication/early-childhood-educator-compensation-washington-region/view/full\\_report](https://www.urban.org/research/publication/early-childhood-educator-compensation-washington-region/view/full_report)

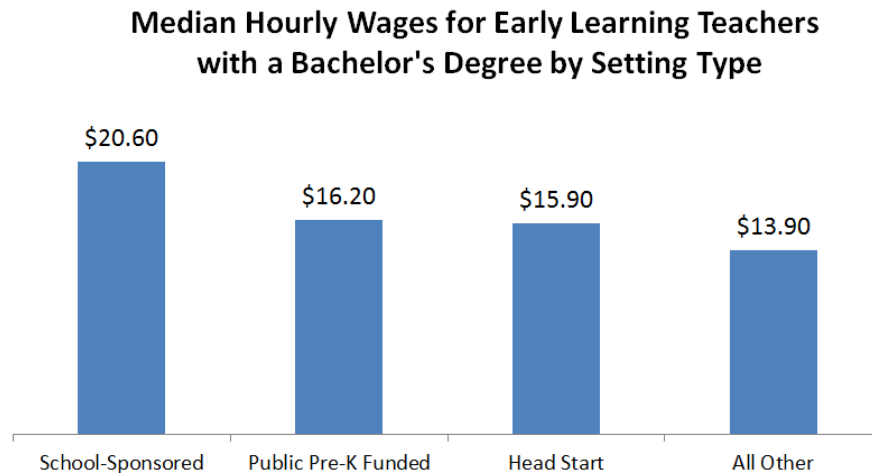
<sup>72</sup> U.S. Department of Health and Human Services and U.S. Department of Education, “High-Quality Early Learning Settings Depend on a High-Quality Workforce: Low Compensation Undermines Quality,” 2016. Available at <https://www.qrisnetwork.org/sites/all/files/resources/2017-01-23%2011%3A05/ece-low-compensation-undermine-s-quality-report-2016.pdf>

<sup>73</sup> U.S. Department of Health and Human Services and U.S. Department of Education, “High-Quality Early Learning Settings Depend on a High-Quality Workforce: Low Compensation Undermines Quality,” 2016. Available at <https://www.qrisnetwork.org/sites/all/files/resources/2017-01-23%2011%3A05/ece-low-compensation-undermine-s-quality-report-2016.pdf>

<sup>74</sup> Whitebook, M., McLean, C., Austin, L.J.E., & Edwards, B. (2018). Early Childhood Workforce Index – 2018. Berkeley, CA: Center for the Study of Child Care Employment, University of California, Berkeley. Retrieved from <http://cscce.berkeley.edu/topic/early-childhood-workforce-index/2018/>

According to the 2018 Early Childhood Workforce Index, “Progress toward an equitable, efficient, and effective early childhood system requires advancing preparation, workplace supports, and compensation of the workforce simultaneously. Adequate preparation is necessary for teachers to develop the skills to provide high-quality learning experiences for children, while workplace supports are needed to ensure ongoing reflection, development, and educator well-being. Similarly, appropriate compensation and some measure of economic security are indispensable for attracting and retaining skilled educators.”<sup>75</sup>

Although over 80 percent of child care and preschool programs are private entities, many receive some public funding.<sup>76</sup>



**Figure 4.5:** Median hourly wages for early learning teachers with a bachelor’s degree by setting type. Source: U.S. Departments of Education and Health and Human Services.<sup>77</sup>

## The Importance of Parity

In a 2016 report, the U.S. Departments of Education and Health and Human Services conclude:

“As long as large pay disparities persist, it will be difficult to promote effective training and professional development, reduce workforce turnover, and establish sustainable high-quality early learning programs – all of which undermines the quality of early learning experiences we can offer our youngest learners.

Education, training, and fair compensation are essential to promoting high-quality experiences for all children, across all early education settings. In order for programs to

<sup>75</sup> Whitebook, M., McLean, C., Austin, L.J.E., & Edwards, B. (2018). Early Childhood Workforce Index – 2018. Berkeley, CA: Center for the Study of Child Care Employment, University of California, Berkeley. Retrieved from <http://cscce.berkeley.edu/topic/early-childhood-workforce-index/2018/>

<sup>76</sup> NSECE 2014, as cited in Rohacek, Greenberg, and Massey 2017 and Isaacs 2017, as cited in Isaacs, J. B., Adelstein, S., Kuehn, D., Loprest, P., Genua, D. and Gebrekristos, S., “Early Childhood Educator Compensation in the Washington Region,” Urban Institute, April 2018. [https://www.urban.org/research/publication/early-childhood-educator-compensation-washington-region/view/full\\_report](https://www.urban.org/research/publication/early-childhood-educator-compensation-washington-region/view/full_report)

<sup>77</sup> U.S. Department of Health and Human Services and U.S. Department of Education, “High-Quality Early Learning Settings Depend on a High-Quality Workforce: Low Compensation Undermines Quality,” 2016. Available at <https://www.qrisnetwork.org/sites/all/files/resources/2017-01-23%2011%3A05/ece-low-compensation-undermine-s-quality-report-2016.pdf>

be effective, early educators across all settings must be compensated at comparable rates to their elementary school counterparts.”<sup>78</sup>

*Compensation parity: parity for salary and benefits for equivalent levels of education and experience, adjusted to reflect differences in hours of work in private settings, and including payment for non-child contact hours (such as paid time for planning).*

In order to introduce their framework for pre-K parity, Whitebook and McLean summarize the need this way:

“More than half of all state-funded pre-kindergarten (pre-K) programs now require lead teachers to earn a bachelor’s degree or higher, as do many city-funded pre-K programs, yet salaries and benefits for pre-K teachers are consistently lower than the average salary for public school elementary school teachers. While these differences in earnings may reflect variation in experience and educational attainment beyond a four-year degree, on average, a pre-K teacher with a bachelor’s degree or higher can expect to earn about \$10,000–\$13,000 less per year than her colleagues teaching older children, even when she works in a public school setting. For a similarly educated pre-K teacher working in a community-based program, the earnings gap is even higher: approximately \$20,000–\$22,000 less per year, accompanied with fewer benefits as well.”<sup>79</sup>

Whitebook and McLean define “compensation parity” as parity for salary and benefits for equivalent levels of education and experience, adjusted to reflect differences in hours of work in private settings, and including payment for non-child contact hours (such as paid time for planning). Compensation parity can be broken down into salary parity, benefit parity, and parity in payment for professional responsibilities. An important tool in establishing salary parity is a salary schedule, with clear increments based on qualifications and years of experience, leading to salary increases over time.<sup>80</sup>

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<sup>78</sup> U.S. Department of Health and Human Services and U.S. Department of Education, “High-Quality Early Learning Settings Depend on a High-Quality Workforce: Low Compensation Undermines Quality,” 2016. Available at <https://www.qrisnetwork.org/sites/all/files/resources/2017-01-23%2011%3A05/ece-low-compensation-undermine-s-quality-report-2016.pdf>

<sup>79</sup> Whitebook, M. and McLean, C. (2017). In Pursuit of Pre-K Parity: A Proposed Framework for Understanding and Advancing Policy and Practice. Berkeley, CA: Center for the Study of Child Care Employment, University of California, Berkeley and New Brunswick, NJ: the National Institute for Early Education Research.

<sup>80</sup> Whitebook, M. and McLean, C. (2017). In Pursuit of Pre-K Parity: A Proposed Framework for Understanding and Advancing Policy and Practice. Berkeley, CA: Center for the Study of Child Care Employment, University of California, Berkeley and New Brunswick, NJ: the National Institute for Early Education Research.

## Benefits of Closing the Wage Gap

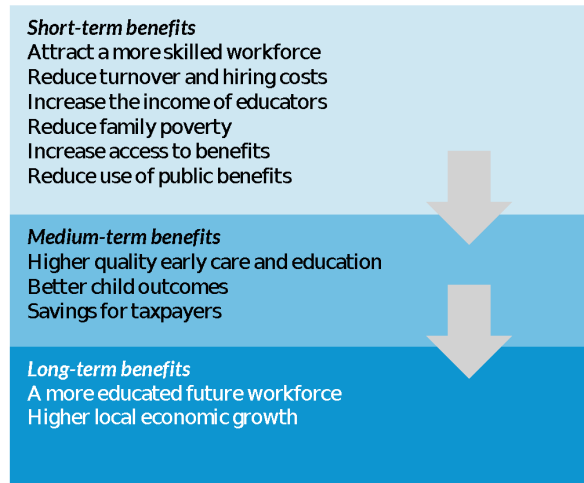


Figure 4.6: Benefits of closing the wage gap. Source: Urban Institute.<sup>81</sup>

Table 4.1: Compensation parity & related forms of compensation improvement: a framework. Source: Center for the Study of Child Care Employment, University of California, Berkeley and New Brunswick, NJ: The National Institute for Early Education Research.

Table 1: Compensation Parity & Related Forms of Compensation Improvement: A Framework				
Components of Compensation				
Type of Compensation Improvement	Salary		Benefits	Payment for Professional Responsibilities <sup>3</sup>
	Starting Salary	Salary Schedule <sup>2</sup>		
Parity (defined as equivalent)	Same, prorated for day length and number	Same, prorated for day length and number	Same package, same options for coverage for health, retirement, and vacation/holiday/sick leave	Same menu of supports and dosage for non-child contact responsibilities (e.g., planning time, professional development days)
Partial Parity (defined as equivalent for select components)	Same, prorated for day length and number	Not same or absent	Equivalent options for some benefits, but not full package of benefits	Equivalent options for some supports, but not full menu of supports
Sub-Parity (defined as similar but not equivalent)	Same, not prorated	Same, not prorated or not same/absent	Same package of benefits, not equivalent value	Same menu of supports, not equivalent value
Alternative Forms of Compensation Improvement	Strategies that improve pre-K compensation in order to close the gap with teachers of older children but fall well short of parity. In theory, compensation improvement strategies could also set goals higher than earnings of K-12 teachers in public schools, though in practice this is rare. <sup>4</sup>			

Source: Whitebook, M. & McLean, C. (2017). In Pursuit of Pre-K Parity: A Proposed Framework for Understanding and Advancing Policy and Practice. Berkeley, CA: Center for the Study of Child Care Employment, University of California, Berkeley and New Brunswick, NJ: The National Institute for Early Education Research.

<sup>81</sup> Isaacs, J. B., Adelstein, S., Kuehn, D., Loprest, P., Genua, D. and Gebrekristos, S., “Early Childhood Educator Compensation in the Washington Region, Highlights from a Research Report,” Urban Institute, April 2018. More involved version of this graphic, including interplay and causality, is available in the full report, which we have also cited. [https://www.urban.org/sites/default/files/publication/97921/early\\_childhood\\_educator\\_factsheet-final\\_0.pdf](https://www.urban.org/sites/default/files/publication/97921/early_childhood_educator_factsheet-final_0.pdf)

According to Whitebook and McLean, compensation parity should be applied to the entire ECE workforce, regardless of the ages of children or the type of setting in which they work.<sup>82</sup>

When compared to states without salary parity policies, those states that have implemented parity policies have higher pre-K wages (median earnings of \$46,121 compared to \$40,825), score higher on the National Institute for Early Education Research’s pre-K quality benchmarks, and have higher enrollment in pre-K (median enrollment of 39 percent compared to 34 percent).<sup>83</sup>

**Table 4.2:** State policies for lead Pre-K teachers: do they meet the criteria for salary parity? Source: New Brunswick, NJ: the National Institute for Early Education Research and Berkeley, CA: Center for the Study of Child Care Employment, University of California, Berkeley.

States with self-reported salary parity policies for lead teachers	Georgia, Hawaii, Iowa, Kentucky, Louisiana, Maryland, Mississippi, Missouri, Nevada, New Jersey, New Mexico, North Carolina, Oklahoma, Rhode Island, Tennessee, Texas, Virginia, West Virginia	18 states
YES: Salary parity (same starting salary and salary schedule) at least for teachers in public schools	Hawaii, Iowa, Kentucky, Maryland, Mississippi, Missouri, Nevada, New Jersey, New Mexico, North Carolina, Oklahoma, Tennessee, Texas, West Virginia <sup>21</sup>	14 states
For public and private settings (prorated)	New Jersey (2 out of 3 state programs), Oklahoma, Tennessee, West Virginia	4 states
NO: Partial salary parity (same starting salary only, prorated)		0 states
NO: Sub-parity (same starting and ongoing salary, not prorated; or same starting, not prorated and not same salary schedule)	Georgia, Louisiana, Rhode Island, Virginia	4 states

<sup>82</sup> Whitebook, M. and McLean, C. (2017). In Pursuit of Pre-K Parity: A Proposed Framework for Understanding and Advancing Policy and Practice. Berkeley, CA: Center for the Study of Child Care Employment, University of California, Berkeley and New Brunswick, NJ: the National Institute for Early Education Research.

<sup>83</sup> Whitebook, M. and McLean, C. (2017). In Pursuit of Pre-K Parity: A Proposed Framework for Understanding and Advancing Policy and Practice. Berkeley, CA: Center for the Study of Child Care Employment, University of California, Berkeley and New Brunswick, NJ: the National Institute for Early Education Research.

## Key Considerations for Designing a System of Compensation Parity:<sup>84</sup>

1. Which members of the early childhood workforce will be targeted by the policy effort?
2. What benchmark should be used to identify the level of compensation improvement?
3. How will “equivalent” be defined for the purposes of education, experience, and working hours?
4. Should compensation parity be pursued incrementally or initiated all at once?

## Specific Recommendations for Implementation

The 2018 Early Childhood Workforce Index recommends these specific compensation strategies:<sup>85</sup>

- Articulate long- and short-term goals for increasing annual earnings of early educators as distinct from financial relief and educational support.
- Establish compensation standards for starting and ongoing wages, benefits, and non-contact time for professional responsibilities, including:
  - Pay scales for all teaching and auxiliary roles and education levels, using living wage/self-sufficiency standards as a minimum, and
  - For lead teachers with bachelor’s degrees, regardless of setting, the compensation standard should be at least parity with K-3 teachers.
- Ensure adequate public funding is available to meet articulated compensation standards.
- Frame advocacy messages to clarify that financial relief initiatives are an interim strategy, not a long-term solution to achieve appropriate wages and benefits.
- Elevate compensation as an essential component of state workforce strategies and educate policymakers and the public at large about the importance of better pay in ensuring a skilled and stable early educator workforce.

A Gates Foundation analysis of four successful (“exemplar”) preschool programs notes essential elements which the author believes most states could achieve at a cost of less than \$10,000 per child:<sup>86</sup>

- Lead teachers with a B.A. and early learning credentials, paid at the same level as K-3 teachers in that state.
- Two adults in the classroom—one lead teacher and one paraprofessional—at all times.
- Maximum class size of 22 or less, with adult-to-child ratios ranging from 2:22 to 2:15. Lower ratios are particularly important in classrooms with many English language learners (ELLs) or children with special needs.

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<sup>84</sup> McLean, C., Dichter, H., & Whitebook, M. (2017). *Strategies in Pursuit of Pre-K Teacher Compensation Parity: Lessons From Seven States and Cities*. Berkeley, CA: Center for the Study of Child Care Employment, University of California, Berkeley and New Brunswick, NJ: the National Institute for Early Education Research.

<sup>85</sup> Whitebook, M., McLean, C., Austin, L.J.E., & Edwards, B. (2018). *Early Childhood Workforce Index – 2018*. Berkeley, CA: Center for the Study of Child Care Employment, University of California, Berkeley. Retrieved from <http://cscce.berkeley.edu/topic/early-childhood-workforce-index/2018>

<sup>86</sup> Minervino, J. (2014). *Lessons from Research and the Classroom: Implementing High-Quality Pre-K That Makes a Difference for Young Children*. Subpaper 3: Minervino, J. (2014). *The Essential Elements of High-Quality Pre-K: An Analysis of Four Exemplar Programs*, Seattle, WA: Bill & Melinda Gates Foundation. Retrieved from [https://docs.gatesfoundation.org/documents/lessons%20from%20research%20and%20the%20Classroom\\_September%202014.pdf](https://docs.gatesfoundation.org/documents/lessons%20from%20research%20and%20the%20Classroom_September%202014.pdf).

- Required dosage (number of hours and days per year) is related to the size of the achievement gap that must be closed. For most low-income children, at least one year in full-day, high-quality pre-K is needed to be kindergarten-ready. For most ELLs, children with special needs, and children who are significantly below age-level competency, two years is necessary for kindergarten readiness. If two years are not possible, supplemental instruction or summer wraparound programs are options for children who are significantly behind their peers.

## Complementary Strategies

Besides the essential core strategy of raising base compensation to achieve parity with public school teachers of older children, the Urban Institute noted some complementary strategies for consideration in the DC region, including:<sup>87</sup>

- Shared services alliances allow networks of ECE providers to centralize administrative and operational duties. By creating an economy of scale, shared services alliances free up resources that ECE providers can dedicate to improving compensation and program quality. Approaches to shared services vary and may include shared resources, administrative support, and educator staff.
- Organizing the workforce: Unions offer early childhood educators the opportunity to participate in collective bargaining for better wages and workplace conditions. In some cases, educator unions also provide insurance and other services for their members.
- Workforce compensation committees are a high-level, long-term compensation strategy. Through extensive study, these groups establish action plans to boost early childhood educators profile and compensation package.

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<sup>87</sup> Isaacs, J. B., Adelstein, S., Kuehn, D., Loprest, P., Genua, D. and Gebrekristos, S., "Early Childhood Educator Compensation in the Washington Region," Urban Institute, April 2018. [https://www.urban.org/research/publication/early-childhood-educator-compensation-washington-region/view/full\\_report](https://www.urban.org/research/publication/early-childhood-educator-compensation-washington-region/view/full_report)



# 5. Insight From Cincy Stakeholders

Learning from the policies and practices of other cities and states for raising wages in the early childhood sector is extremely helpful and can provide a baseline for where to start. Additionally, in order to design wage supports that meet our local needs and reality, having direct stakeholders lead and inform these policy decisions every step of the way is invaluable.

In order to capture the wide range of opinions, experiences, insights and challenges that our local stakeholders bring to the table, CUCI's main data collection tool during this study was quality, one on one in-depth interviews. The authors of this study: completed more than 40 individual interviews with child care business owners and directors of centers and family child care; non-provider stakeholders including CPP Board Members, industry experts, and CPP staff; and over-the-phone interviews with program administrators from preschool expansion programs around the country including representatives from Georgia, Seattle, Denver, and Dayton.

Additionally, CUCI attended, presented at, and received feedback from stakeholders at 12 different community, board and committee meetings and facilitated a Community-Provider Charrette to glean key priorities from all stakeholder groups. The authors completed the local data collection by holding in-depth interviews with key local industry experts who have participated in both voucher and direct contracting programs, to better understand the opportunities and challenges of each.

We also convened a leadership group of diverse stakeholders, which included members of the Cincinnati Preschool Promise Staff, Preschool Workforce Development Council, Cincinnati Preschool Promise Board, Early Childhood Education providers (active and retired), representatives of the Cincinnati Business Committee, and CUCI staff--the Wage Implementation Working Group--to synthesize final thoughts and suggestions in advance of the final report.

For additional data regarding the opinions, concerns and suggestions of teachers, CUCI partnered with the Quality Caucus of the PEOPLE for Early Childhood coalition. P4EC conducted a survey with over 40 early childhood educators to understand their thoughts and opinions regarding the cliff effect, how to fairly implement wage supports, and to gather initial thoughts regarding which additional supplementary benefits would be most interesting to those working in this field.

The following are the key themes and data points that emerged from all this work.

## Access for all Children

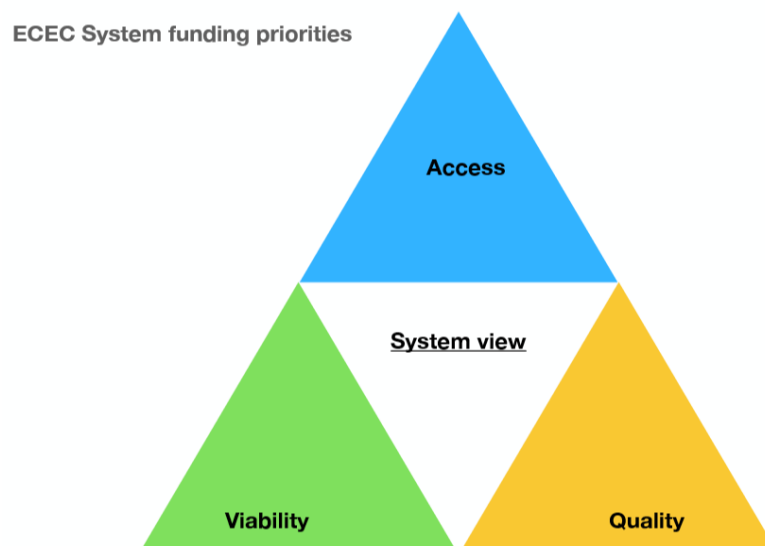
**Insight:** All Stakeholders want to **serve as many children as possible**, in high-quality settings.

### Support for this insight:

- CPP Mission Statement: “The Cincinnati Preschool Promise makes it possible for families to have equitable access to high-quality, culturally competent preschool in public and private settings within the Cincinnati Public School district boundary.”<sup>88</sup>
- Top Concerns from Non-provider stakeholders: Investing too many resources in increasing wages could result in reduced access to quality child care seats for our lowest-income children, and narrow the types of providers that are able to participate. (42%)<sup>89</sup>

**Tension:** ECEC System Funding Priorities: A key tension in this work lies in balancing the allocation of limited resources to maximize access to early childhood education for our children, maximize the quality of early childhood programs by providing these programs and their teachers (their most important asset in providing quality ECE) the resources needed to achieve these standards and to do all of this in a manner that enables (and doesn't harm) the long term financial sustainability of these child care businesses. When any one side of this picture is over emphasized the other key elements suffer.

**Figure 5.1:** ECEC System funding priorities.



Source: Center for Community Change

<sup>88</sup> Cincinnati Preschool Promise. Executive Director Report. September 11, 2018.

<sup>89</sup> CUCI Round 1 Other Stakeholder Interviews Data. 2018.

## Agreement on the Importance of Raising Wages in the EC Sector

**Insight:** All Stakeholders believe it is important to have **high-quality, viable and sustainable child care programs with teachers who are paid a living wage.** All stakeholders recognize the importance of raising wages to the process of raising the quality of care.

### Support for this insight:

- This is a shared understanding coming out of the Wage Implementation Working Group composed of key stakeholders on 9/7/18.
- In the P4EC Quality Caucus Wage Cliff Survey, early childhood educators insisted that higher wages would provide economic stability for their families, and a professional incentive to continue their commitment to quality education. Financial stability would reduce the stress which burdens educators and create better relationships and instruction for preschool teachers.

*"As a child care business owner I want to pay my staff more. They work really hard and deserve higher wages, but I can't afford it. Right now, if Cincinnati Preschool Promise provided wage supports, I would be able to serve more children, because I have the space to open up another preschool classroom. I have been unable to do so because I can't find another qualified teacher with the wages being so low."*

--Garri Davis,  
Owner of Waterlily Early Learning Center



- 67% of stakeholders interviewed stated that increased wages would create **better outcomes for the children** in our care, due to consistency of staff and increased professional development.<sup>90</sup>

## Taking Action on Improving Wages Now

**Insight:** All stakeholders want to **do something realistic to improve wages now.** The Framework agreement suggested \$15/hour wages up to parity, but unfortunately the current funding structure does not enable that reality for all teachers.

### Support for this insight:

- This is a shared understanding coming out of the Wage Implementation Working Group composed of key stakeholders on 9/7/18.

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<sup>90</sup> CUCI Stakeholder Interviews Data. 2018.



*"We need to be bold, and we need to do something now."*  
 --Pastor Ennis Tait, CPP Board Member at the CPP Board Meeting (7/17/2017)

Picture of CPP Board from Cincinnati Preschool Promise website.

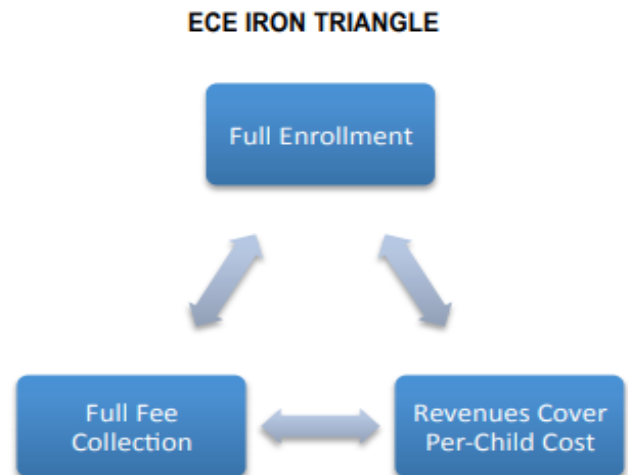
## Importance of Viability

**Insight:** In order for child care businesses to operate sustainably, they must have full enrollment, revenue per child must cover the per child cost of care, and they must be able to collect the full fees, on time. If any one of these factors are absent, the business becomes unsustainable.<sup>91</sup>

### Support for this insight:

- 42% of stakeholders suggested increased wages would improve the economic sustainability of providers.<sup>92</sup>
- 53% of providers interviewed are concerned about wage requirements that are not sufficiently funded.<sup>93</sup>

The early childhood education iron triangle (above) describes how to best achieve a financially solvent business.<sup>94</sup>



**Figure 5.2:** Early Childhood Education Iron Triangle. Source: Louise Stoney, Alliance for Early Childhood Finance.

<sup>91</sup> Louise Stoney, Alliance for Early Childhood Finance, 2010.

<sup>92</sup> CUCI Stakeholders Interviews Data. 2018.

<sup>93</sup> CUCI Provider Interviews Data. 2018.

<sup>94</sup> Louise Stoney, Alliance for Early Childhood Finance, 2010.

## Importance of Flexibility

**Insight:** Each early childhood provider has different revenue streams and cost structures. We should consider variations between organizational size, administrative capacity, and staff size in program design. Flexibility will be key to understanding the impact of wage processes, and coming up with effective models.

### Support for this insight:

- “You can’t dictate [solutions] without knowing ins & outs of the organization,”  
--Early childhood education provider<sup>95</sup>
- More than 30 percent of providers mentioned that every child care business is different, and therefore any type of wage support program shouldn’t be too rigid.<sup>96</sup>

## All Early Childhood Educators Should Be Supported

**Insight:** Key stakeholders recognize that early childhood education starts before pre-K classrooms and that available support should go to all educators, including infant and toddler educators. Decent compensation should apply to all educators in the classroom as research shows this is one of the most influential factors impacting turnover, quality of care and consequently outcomes for children.

### Support for this insight:

#### Infant and Toddler

- "Paying infant & toddler teachers differently than preschool teachers is concerning because both preschool and infants/toddlers are equally important but less profitable. "<sup>97</sup>  
--ECE Administrator, 10+ years of experience

*“As a Center Director it is often MORE difficult for me to fill my infant and toddler staffing slots. It is a harder job because you never have a free moment (or hand), yet you still have to have the same training, credentials, and experience.”*

--Center Director, CUCI Provider Interviews

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<sup>95</sup> CUCI Provider Interviews Data. 2018.

<sup>96</sup> CUCI Provider Interviews Data. 2018.

<sup>97</sup> CUCI Provider Interviews Data. 2018.

- “Research shows that 0-3 years in a child’s life are some of the most formative years in terms of child brain development. In many ways, I would want the most highly trained and paid teachers in those positions.”  
--Center Owner with 40+ years in the early childhood sector, CUCI Provider Interviews
- “We should be really careful about disrupting the infant and toddler sector of the early childhood field. It is really difficult for parents to find quality care during this time in their child’s life and we are already seeing adverse effects on our infant and toddler supply due to increased investment in preschool only.”<sup>98</sup>  
--Expert in EC, 25+ years
- Charrette exercise #1: **Participants considered giving wage supports to infant and toddler to be essential.** (They selected this option over every other pairing, at all levels of calibration.)
- 60% of providers expressed: We work with teachers that serve infants, toddlers, and school age children. How can we raise the wages of preschool teachers without raising the wages of all the others?<sup>99</sup>
- 75% of stakeholders were concerned about creating **negative unintended consequences on infant and toddler** teachers and classrooms.<sup>100</sup>

#### All Teachers in Classroom

- “Low wages – particularly those that keep early educators and providers at or near poverty levels – also undermine wellness...also influence the quality of care adults provide.”<sup>101</sup>
- “Teachers who are more depressed and more stressed have been observed to be less sensitive, more intrusive, and harsher in classroom interactions with children. They’re also more likely to portray their relationships with the children in their care as conflictual, and they’re more prone to consider and act on expelling preschool-age children.”<sup>102</sup>
- Research shows that when children are enrolled in centers where there is lower turnover and where providers earn higher wages, they spend more time engaged in positive interactions and developmentally appropriate activities with peers and teachers, bolstering healthy development and ultimately increasing school readiness. Turnover also lowers morale within a program, and undermines children's’ relationships and secure attachments.<sup>103</sup>
- In the P4EC Quality Caucus Wage Cliff Survey, 63% of the 38 respondents were non-lead teachers and listed benefits that could be achieved from increasing wages for all teachers as: less

<sup>98</sup> CUCI Provider Interviews Data. 2018.

<sup>99</sup> CUCI Provider Interviews Data. 2018.

<sup>100</sup> CUCI Provider Interviews Data. 2018.

<sup>101</sup> Phillips, D., Austin, L. J. E., and Whitebook, M., “The Early Care and Education Workforce,” 2016. Retrieved from <https://files.eric.ed.gov/fulltext/EJ1118553.pdf>

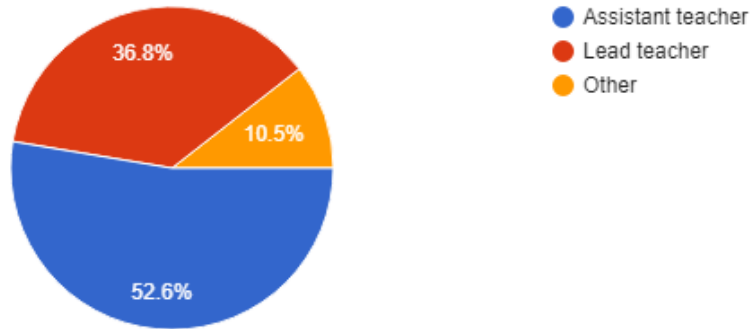
<sup>102</sup> U.S. Department of Health and Human Services and U.S. Department of Education, “High-Quality Early Learning Settings Depend on a High-Quality Workforce: Low Compensation Undermines Quality,” 2016. Available at <https://www.qrisnetwork.org/sites/all/files/resources/2017-01-23%2011%3A05/ece-low-compensation-undermines-quality-report-2016.pdf>

<sup>103</sup> Phillips, D., Austin, L. J. E., and Whitebook, M., “The Early Care and Education Workforce,” 2016. Retrieved from <https://files.eric.ed.gov/fulltext/EJ1118553.pdf>

stress financially, being able to provide better for their families, making teachers more motivated and able to provide better care for the children at work, recruitment of higher quality individuals to the field, less teachers being on government assistance and enabling teachers to buy more materials and supplies for their classrooms.<sup>104</sup>

## Are you an assistant or lead teacher?

38 responses



- “Preschool Promise needs to pay a professional wage to show how we value the profession. People in this industry need to be able to live and do this work”  
-- Early childhood educator, with 20+ years of experience.<sup>105</sup>

## Year-Round Support for Year-Round Education

**Insight:** Cincinnati Preschool Promise is structured on a school day, school year (9.5 month) cycle. While this reflects the relationship with Cincinnati Public Schools, the gap in funding leaves providers and parents in a precarious financial and educational situation. Since providers must hire employees for year-round work, and educate most children year-round, a school year cycle alone does not provide enough stability for their business model.

### Support for this insight:

- All but one provider interviewed operate year-round.<sup>106</sup>
- 47% of providers interviewed ranked the disconnect between 9-month support for year round programs as one of their top concerns, since CPP’s school-year-only structure could mean that wages supports would only be available for part of the year, as well.<sup>107</sup>

<sup>104</sup> Parents, Educators, Owners/Directors for Learning and Equity in Early Childhood (P4EC). Quality Caucus Wage Cliff Survey Data. 2018.

<sup>105</sup> CUCI Provider Interviews Data. 2018.

<sup>106</sup> CUCI Provider Interviews Data. 2018.

<sup>107</sup> CUCI Provider Interviews Data. 2018.

## Effect of Pay on Ability to Attract and Retain Quality Teachers

**Insight:** As long as child care programs are unable to pay truly competitive, livable wages, they will always experience the negative side effects of high turnover. Many programs lose valuable staff members to larger or wealthier centers, CPS early childhood, K-12 programs or even other industries.

### Support for this insight:

- 47% of providers interviewed were concerned with competing against better paying providers including CPS. Overall, most community providers are simply unable to offer comparable compensation packages.<sup>108</sup> This means community providers are constantly losing teachers to CPS. Even when they invest in teachers' professional development, their inability to pay sustainable wages results in educators leaving once their credentials improve. High teacher turnover makes it difficult to maintain high star levels, creating a cycle of destabilization for parents, owners, and educators.
- 67% of providers are concerned about the idea of having a fixed wage that does not take into account experience, education and time with the business (i.e., all teachers making \$15/hr, rather than using a salary scale).<sup>109</sup>

Providers expressed the need for a wage scale that accounts for their teachers' experience and education.

- 94% of providers felt that a wage scale with multiple, graduated "minimums," based on a combination of CPL levels and experience, would be a fair way to allocate raises.<sup>110</sup>
- 50% of stakeholders interviewed suggested that increased wages would make it easier to attract and retain qualified staff.<sup>111</sup>

## Couple Wage Support With Professional Development

**Insight:** As state requirements continue to grow for early childhood providers it is crucial that educators have access to professional development. As it currently stands, there is very little financial incentive for continuing education. Maintaining Career Pathway Levels (CPLs) can be expensive and time-consuming. To address this, it would be beneficial to support the improved education for early childhood educators while providing financial encouragement.

### Support for this insight:

- "Our strongest policy recommendation is that legislation or regulations should firmly link requirements or incentives for improving professional learning to salary equity and improved working conditions."<sup>112</sup>

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<sup>108</sup> CUCI Provider Interviews Data. 2018.

<sup>109</sup> CUCI Provider Interviews Data. 2018.

<sup>110</sup> CUCI Provider Interviews Data. 2018.

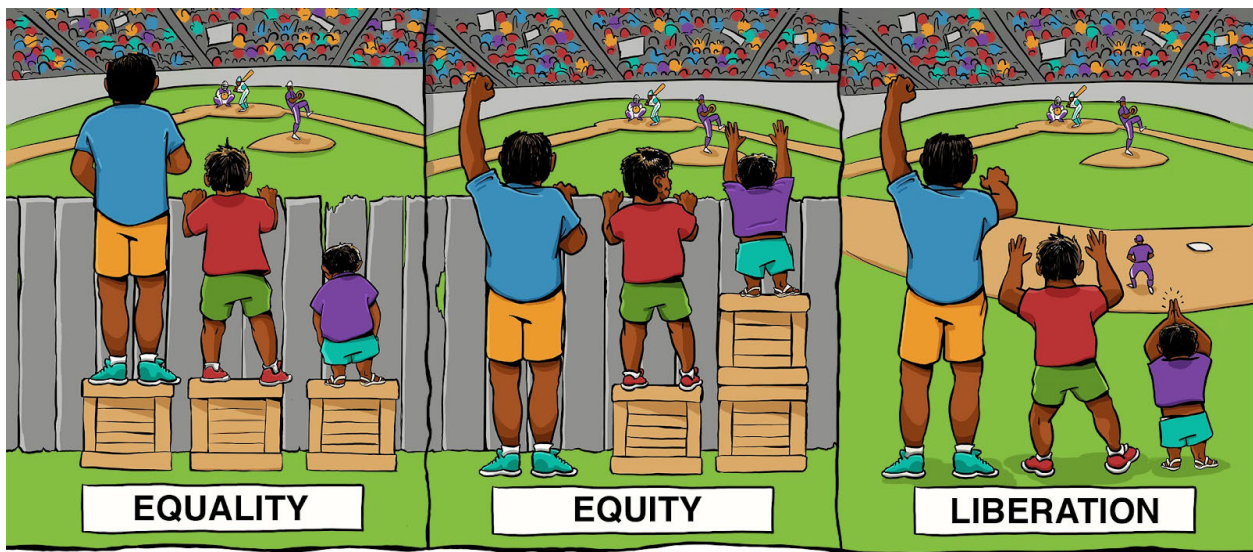
<sup>111</sup> CUCI Stakeholders Interviews Data. 2018.

<sup>112</sup> Phillips, D., Austin, L. J. E., and Whitebook, M., "The Early Care and Education Workforce," 2016. Retrieved from <https://files.eric.ed.gov/fulltext/EJ1118553.pdf>



- Most non-provider stakeholders and providers expressed the importance of couple professional development with increased wages.<sup>113</sup>
- UC researchers' wage survey found that--despite the importance of professional development for child outcomes and for programs to move up the quality rating system--increased professional development of EC teachers only resulted in a \$0.03 per hour pay differential, which made it impossible for teachers to recoup the time and money they invested in their education.<sup>114</sup>

## Enacting Wage Supports Equitably



**Figure 5.3:** Equality, equity, and liberation. Source: Interaction Institute for Social Change | Artist: Angus Maguire.

**Insight:** There are not enough funds in the current levy for CPP alone to fund increase wage increases for all preschool teachers or early childhood educators. However, it is undeniable that throughout our City's (and country's) history certain constituencies have been systematically denied resources and opportunity and are therefore in greater need of support.

### Support for this insight:

- 25% of stakeholders expressed concern that the funding necessary for a comprehensive program that equitably ensures quality early education and care for all children would be very expensive, and exceed current CPP funding.<sup>115</sup>
- Currently, only 55 out of 585 community early childhood programs have achieved ratings of 3-5 stars.<sup>116</sup>
  - 10 programs are 2-star

<sup>113</sup> CUCI Stakeholders Interviews Data. 2018. & CUCI Provider Interviews Data. 2018.

<sup>114</sup> UC Economics Center: Research and Consulting. Preschool Wage Survey Findings. April 2018.

<sup>115</sup> CUCI Provider Interviews Data. 2018.

<sup>116</sup> Data Analysis of ODJFS Child Care Provider 7/31/18 data. Provided by 4C for Children to CUCI Aug 2018.

- 63 programs are 1 star.
  - The remaining 457 programs (78 percent) have not yet achieved any star ratings.
- Two thirds of preschoolers come from families under 200 percent of the Federal Poverty Level (FPL, 6,097 out of 9,150)<sup>117</sup>
- There are approximately 3,755 EC educators city-wide, for 0-5 year-olds<sup>118</sup>
- Demographics of EC educators in our city.
- 95% are women
  - Average annual income: \$17,500 (in 2016)
  - Family status
    - Only 1 in 5 Cincinnati early childhood educators is married (21 percent)
    - 2 in 5 have children under 18 (39 percent)
    - 13 percent have children under the age of 5
  - Racial composition:
    - 54 percent are Black
    - 42 percent are white and/or Hispanic
    - 4 percent Asian/other/two or more races
  - Average age is 38
    - 29 percent are under 25
    - 29 percent are between 25 and 40
    - 22 percent are between 40 and 55
    - 20 percent are older than 55
- Nationally, 40 percent of child care workers are women of color.<sup>119</sup>
- Women of color also hold the most underpaid jobs in the sector. Hispanic women are more likely to be aides, rather than classroom teachers. And **black women are more likely to work with infants and toddlers, rather than with preschoolers.**<sup>120</sup>
- Even controlling for education level, Black child care workers are paid an average of \$1,622 less than their white colleagues. Black women are also overrepresented among unlisted home-based care providers, an especially poorly-paid segment of the workforce."<sup>121</sup>

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<sup>117</sup> Karoly, L.A., Auger, A., Kase, C.A., McDaniel, R.C., Rademacher, E.W. (2016). Options for investing in high-quality preschool in Cincinnati. The RAND Corporation, Santa Monica, California.

<sup>118</sup> U.S Census Bureau. "Occupation & Industry." American Community Survey, 2016. American Community Survey "Occupation & Industry", 2012-2016 Occupation

<sup>119</sup> Mongeau, L. (2018). Five things you should know about the people watching your children - The Hechinger Report. [online] The Hechinger Report.

<sup>120</sup> Mongeau, L. (2018). Five things you should know about the people watching your children - The Hechinger Report. [online] The Hechinger Report. Available at: <https://hechingerreport.org/four-things-you-should-know-about-the-people-watching-your-children/> [Accessed 10 Sep. 2018].

<sup>121</sup> Mongeau, L. (2018). Five things you should know about the people watching your children - The Hechinger Report. [online] The Hechinger Report. Available at: <https://hechingerreport.org/four-things-you-should-know-about-the-people-watching-your-children/> [Accessed 10 Sep. 2018].

## Importance of Mitigating the Cliff Effect

The “cliff effect” is when a household loses eligibility for public assistance programs once a family’s income surpasses the threshold set by the Federal Poverty Guidelines. In some cases, the value of a lost or reduced benefit can exceed an increase in wages.<sup>122</sup>

**Insight:** Educators showed less concern for this potentiality than expected. However, a small subset of educators (5 percent) were highly concerned, and 27 percent expressed lesser degrees of concern.<sup>123</sup>

*"The biggest struggle I face in this profession is having to choose between what I love to do and the well being of my family. When things happen and you have to take off work, you have to worry about not receiving a check at all. For instance, I just gave birth and it would be nice to have maternity leave. Even if I couldn't receive more money per hour because I was too afraid to lose my benefits, I would love the option to put the money elsewhere: paid sick days, paid holidays, paid time off or even a pot of money to afford training. Things happen and life happens and right now I have to ask other people to help, it would be nice to know that something else was there for me if I need it."*

--Early Childhood Educator,  
Nikkia Morris



<sup>122</sup> Design Impact. The Cliff Effect: New Approaches to Overcoming Self-Sufficiency Barriers. The Women’s Fund, 2016.

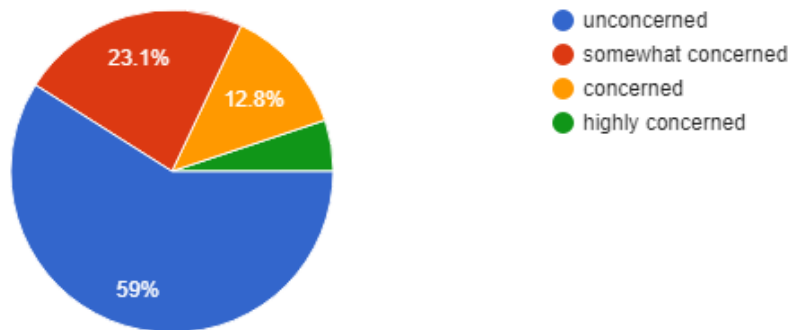
<sup>123</sup> CUCI Provider Interviews Data. 2018.

**Support for this insight:**

- Overall educators were less concerned with the cliff effect as well according to the P4EC Quality Caucus Wage Cliff Survey.<sup>124</sup>

If you were to receive a raise of \$15/hr up to \$20/hr, how concerned would you be about losing your public benefits?

39 responses



- While the majority of folks were less concerned about the cliff effect, it is still important that any tactic adopted keep the impact of the cliff effect in mind.

## The Importance of Parent Choice: Expanding Options for Parents and Kids

**Insight:** Families have a variety of needs for their children. Some variables that impact families' decisions about where to send their children include cost of care options, proximity to home or work, educational philosophy, quality of care, and culturally responsive pedagogy. Given this dynamic, it is important to take into consideration potential adverse impacts on parent choice, while also working to expand the reach of the CPP program, which is still very limited.

**Support for this insight:**

- Only 29 programs out of 585 are currently participating in CPP Tuition Assistance.<sup>125</sup>

*"Do no harm to parental choice. Be sure there's an equitable field for parental choice & cultural preference."*

--CPP Board Member

<sup>124</sup> Parents, Educators, Owners/Directors for Learning and Equity in Early Childhood (P4EC). Quality Caucus Wage Cliff Survey Data. 2018.

<sup>125</sup> CUCI Provider Interviews Data. 2018.

- Of these 29, only 3 are family childcare and can accept kids whose parents work 2nd and 3rd shifts.<sup>126</sup>
- 13 of the 29 providers are located in quality care deserts with high rates of childhood poverty.<sup>127</sup>

## CPP Providers & Quality Care Deserts

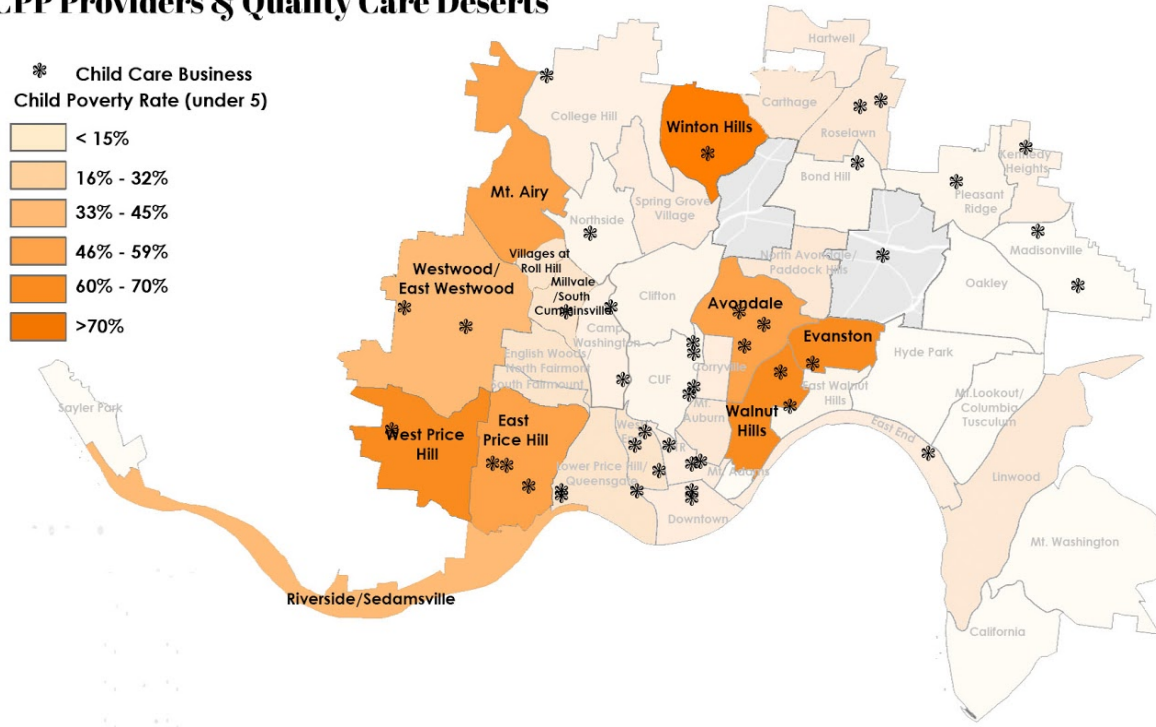


Figure 5.4: Existing CPP providers & quality care deserts map. Source: Center for American Progress with data from 4C for Children.

## Continuous Feedback From Direct Stakeholders

**Insight:** To truly understand the impact of any policy adoption or problem solving strategy, it is essential that those directly impacted play a key role in the process. While wages are of direct concern to educators, directors, and owners of childcare businesses, it is also crucial to incorporate parents throughout the process, to address concerns around access and affordability. A parent and provider council which meets at times that are accessible for working families will be an essential vehicle to incorporate community voices in shaping the future of Cincinnati Preschool Promise.

### Support for this insight:

- “Nothing about us, without us,” is one of the core values of P4EC (Parents, Educators, Owners, Partnering for Learning Equity 4 Early Childhood), which the inclusion of parents, business

<sup>126</sup> CUCI Provider Interviews Data. 2018.

<sup>127</sup> CUCI Provider Interviews Data. 2018.

owners, and educators in decisions regarding ECE.<sup>128</sup> The coalition, including providers and early educators, has been a key source of data and insight for this study, and the implementation and evaluation phases will benefit from their continued involvement.

## Innovate, but Limit Disruption

**Insight:** CPP is still in the early stages of implementation. As parents and providers are now growing accustomed to the processes and the program overall, any programs should consider how changes might create confusion or destabilize the program.

### Support for this insight:

- 42% of non-provider stakeholders expressed concern about disruption: Preschool Promise is a new program.<sup>129</sup> Providers and parents are just starting to understand how the current system works. Big changes that could cause disruption should be taken into consideration carefully. - CUCI Interviews
- 60% of providers expressed **concern about the future of the funding stream**. What happens if we raise wages and funds run out? <sup>130</sup>

## We Need to Advocate to Increase Funding and Respect for the Profession

**Insight:** There are not enough funds in the current levy for CPP alone to fund wage increases for all preschool teachers or early childhood educators. Given the overall unfunded and underfunded mandates in the early childhood education sector, it is crucial for advocates to use their power to call for increased appreciation and resources.

### Support for this insight:

- One of the top 3 concerns expressed by stakeholders was the degree of funding needed for a comprehensive program that equitably ensures quality early education and care for all children. Such a program will be very expensive, and exceeds current CPP funding and capacity. <sup>131</sup>



Educators and Director, Courtesy of P4EC.

- All stakeholders agree that we hold shared responsibility for the expansion of resources. CPP is part of a larger network of educators, decision-makers, philanthropists, business leaders and advocacy organizations who bear a responsibility to expand and improve early childhood education on a city, county, state and national level. Locally, CPS, the Preschool Worker Development Council, the United Way, business leaders and community leaders must partner with CPP and early educators.

<sup>128</sup> (2018, March). P4EC Post, 1.

<sup>129</sup> CUCI Stakeholder Interviews Data.2018.

<sup>130</sup> CUCI Provider Interviews Data. 2018.

<sup>131</sup> CUCI Stakeholders Interviews Data. 2018.

# 6. Lessons From Other Cities and States

Given the immense need in the early childhood sector, and the chronic underfunding that has plagued the sector, models for best practices on increasing wages are still evolving. CUCI and our partners conducted research and interviews with implementers in other cities and states to learn from their experience. While most programs have found it necessary and beneficial to implement a combination of strategies, we can group these into three main categories: direct contracting; wage grants and stipends; and other.

Successful direct contracting programs were implemented in New Jersey, Georgia, New York City, Seattle, Oklahoma, and San Francisco (hybrid wage grant model).

Wage stipend programs are in effect in Florida, Iowa, North Carolina, Kansas, New Mexico.

We also spoke to implementers in Denver and Dayton, cities which have implemented voucher-based systems but--despite local conversations about the importance of wages to improve quality of care--have not begun to tackle the issue of wages or other forms of compensation.

## Direct Contracting

According to the Office of Child Care, at the US Department of Health and Human Services, direct contracting for child care is defined as:

[Governments] use contracts and grants to purchase slots, generally establishing reasonable standards for maintaining minimum enrollment levels for providers to receive the full contract payment. States establish the parameters of these contracts, including payment rates, method of payment, performance measures, and reporting requirements. Contracts and grants can be a key strategy for building the supply of quality child care in underserved areas or for vulnerable populations. Often, these grants and contracts are used in combination with vouchers to build supply and ensure there are legitimate choices for families when selecting the most appropriate care for their children.<sup>132</sup>

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<sup>132</sup> Office of Child Care, US Department of Health and Human Services. Definition of Direct Contracting in Child Care. Accessed August 2018.  
[https://childcareta.acf.hhs.gov/sites/default/files/public/contracts\\_paper\\_2017\\_508\\_compliant.pdf](https://childcareta.acf.hhs.gov/sites/default/files/public/contracts_paper_2017_508_compliant.pdf)

**Table 6.1:** Direct Contracting (Examples 1-3 out of 6).

	<b>New Jersey</b>	<b>Georgia</b>	<b>New York City</b>
Which teachers can participate?	School districts contract with local providers and with Head Start	Licensed private providers and public schools	Licensed and unlicensed private providers and public schools
Wages	\$55,000-\$57,000 for Abbott public (compare to average statewide pre-K wage of \$15.57)	\$35,000 (B.A. certified)	\$44,000 (B.A.) \$50,000 (M.A.) in private settings
Wage scale or stipend?	Existing teachers receive funds and supports to acquire degrees that allow them to achieve comparable salaries and benefits with the public schools.	Mandated wage scale for lead teachers, based on qualifications and years of experience	No single wage scale, but participating providers must have their own wage scale for lead teachers and assistants
Demographics of children served	Universal eligibility for all 3- and 4-year-old children living in economically disadvantaged school districts. Once phased in under SFRA, open to low-income children in other districts.	4-year-olds. Contracted slots weighted towards high-need areas.	3- and 4-year-olds. Universal program, no targeting. 47% Hispanic, 30% Black, 17% white, 13% Asian, 1.5% Native American, 1.5% multiracial.
Equity Considerations (in pay and other factors)	Longitudinal studies show mitigation of achievement gap in all grades. Initiatives identify the number of underserved children and obstacles to enrollment, intensive outreach and recruitment.	Parity achieved for lead teachers in all pre-K settings (public and private). Includes salary supplements on top of base wage, to reward experience and education. Parity decreased turnover problems. Ongoing raises introduced recently.	Full parity between pre-K and K-12 exists in the public schools, where they are paid on the same salary scale, as members of the city's teachers' union. Funds budgeted to increase salaries in community-based settings, but a substantial gap remains despite equivalent education levels. Robust participation by single-site and home-based providers often based in the most underserved and racially-segregated neighborhoods.



**Table 6.2:** Direct Contracting (Examples 4-6 of 6).

	<b>Seattle</b>	<b>Oklahoma</b>	<b>San Francisco</b>
Which teachers can participate?	Any teacher in a directly-contracted classroom	Direct contracts with private early learning centers and Head Start through public schools	Private programs and public schools
Wages	\$15 minimum wage (city law), plus parity with public schools	Salary parity with public kindergarten teachers (compare to \$15.40 average statewide pre-K wage)	Wage scale for early learning system for 0 - 5 years. Recent transition from C-WAGES to universal system. Goal is parity between public and private pre-K.
Wage scale or stipend?	Minimum salary guidelines, including bonuses for education.	Requires salary parity for public pre-K teachers, and offered a wage supplement for early educators working outside of public pre-K. However that supplement program ended due to recent budget cuts.	Under the city's Early Learning Scholarship program, qualified providers pay teachers and teaching assistants based on a suggested pay scale. Per-child subsidy rates are calculated based on suggested pay rates.
Demographics of children served	3- and 4-year-olds (1,618 children). Under-resourced neighborhoods are targeted for contracts.	Universal for 4-year-olds. Statewide enrollment of 74%. Low income children and children of color are targeted through Head Start requirements.	Now universal for 4-year-olds
Equity Considerations (in pay and other factors)	Goal: eliminate the racially-based kindergarten readiness gap. Shared services hubs and other accommodations for FCCs. Children of color and low-income children participate at rates found in K-12.	Tulsa report found lasting effects above national outcomes. Study attributes results to teacher compensation, professional supports, and coordination. Robust participation by single-site and home-based providers, often based in the most underserved and racially-segregated neighborhoods.	Initial goal: target resources to build the supply of slots in the lowest-income neighborhoods first. The city also scaled reimbursement rates for providers based on children's income status. Eventually the city was able to build the supply to support a truly universal program.

## New Jersey

New Jersey's Abbott Pre-K program, which targeted children in high-poverty areas, set the stage for other cities and states to replicate successful elements of the program. The programs in New Jersey, Oklahoma (Tulsa Pre-K Program), and the Maryland (Judy Centers) are all based on best practices in terms of child outcomes. The program served 45,355 children in 35 of the state's poorest school districts during the 2016-2017 school year. The state spends \$609,503,219 per year, an average of \$13,439 per child. The New Jersey Department of Education (DOE) provides funding to eligible districts to provide the program to all 3- and 4-year olds who live in those districts.

Following a lawsuit filed by the Education Law Center, an advocacy group for New Jersey public-school children, the New Jersey Supreme Court ordered 31 low-income school districts to provide high-quality preschool for all 3- and 4-year-olds.<sup>133</sup> The New Jersey Supreme Court's definition of "high-quality" included full-day programs staffed by college-educated teachers who earned salaries equal to those of their K-12 counterparts.<sup>134</sup>

Under the publicly-funded program which stemmed from the 1998 ruling, school districts contracted with local providers and with Head Start. The program included universal eligibility for all 3- and 4-year-olds living in the targeted, economically disadvantaged school districts. The program was later expanded, under the state's SFRA to include low-income children in other districts. The New Jersey program developed initiatives to identify the number of underserved children, obstacles to enrollment, and conduct intensive outreach and recruitment.

Abbott public salaries of \$55,000 to \$57,000 stand in contrast to the average statewide pre-K wage of \$15.57, and existing teachers received funds and supports to acquire degrees which moved them to salaries and benefits comparable to the public schools. The New Jersey program also has a deliberate strategy of recruiting and supporting teachers from the private early learning system in the communities of greatest need to become teachers.

Abbott pre-K demonstrated large gains in the quality of classrooms and instruction. Students who participated in the program for two years, instead of one, showed 50 percent larger gains when they entered kindergarten. Measurement through fifth grade showed strong remaining effects, equivalent to a 10 percentile increase in state test scores.<sup>135</sup> A longitudinal follow-up study of fourth- and fifth-graders who completed Abbott preschool program in 2004-2005 showed increased achievement in math, science, and language arts equivalent to 10-20 percent of the achievement gap for those who participated for one year of Abbott pre-K, and equivalent to 20-40 percent of the achievement gap for

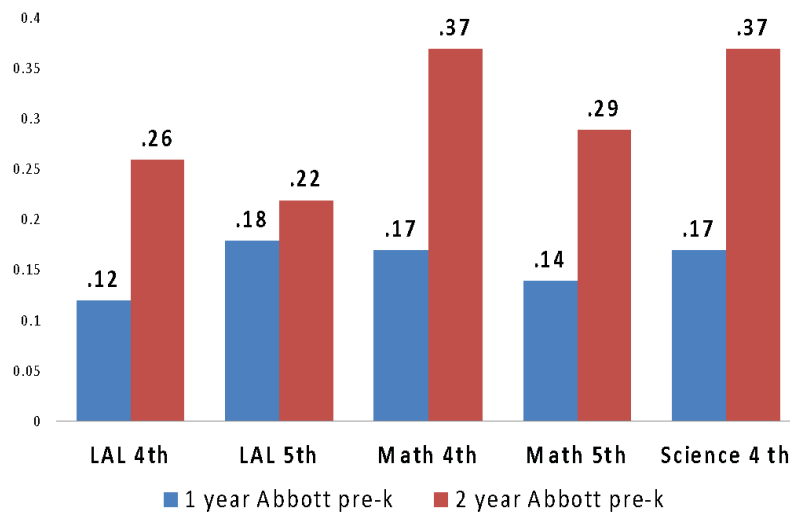
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<sup>133</sup> Education Law Center. The history of Abbott v. Burke. 2011-2018. Retrieved from <http://edlawcenter.org/litigation/abbott-v-burke/abbott-history.html>

<sup>134</sup> Interlandi, J. Why are our most important teachers paid the least? The New York Times, 2018. Retrieved from <https://www.nytimes.com/2018/01/09/magazine/why-are-our-most-important-teachers-paid-the-least.html>

<sup>135</sup> Barnett, et al, as cited in Minervino, J. (2014). *Lessons from Research and the Classroom: Implementing High-Quality Pre-K That Makes a Difference for Young Children*. Subpaper 2: Minervino, J. and Pianta, R., Early Learning: The New Fact Base and Cost Sustainability, 2013. Seattle, WA: Bill & Melinda Gates Foundation. Retrieved from [https://docs.gatesfoundation.org/documents/lessons%20from%20research%20and%20the%20Classroom\\_September%202014.pdf](https://docs.gatesfoundation.org/documents/lessons%20from%20research%20and%20the%20Classroom_September%202014.pdf)

those who participated in Abbott pre-K for two years.<sup>136</sup> Because the children in this study participated before the program had time to achieve its maximum quality, children who entered the program more recently could be expected to have obtained even larger gains.<sup>137</sup>



**Figure 6.3:** Pre-K Abbott Effects on NJASK by Years of Participation. Source: National Institute for Early Education Research (NIEER).

## Georgia

Since 1995, the state of Georgia Department of Early Care and Learning has contracted with public schools and private child care centers to establish free pre-K classrooms under the state’s universal pre-K program, Bright from the Start. The program currently serves over 80,000 4-year-olds (60 percent of all 4-year-olds in the state) in nearly 3,900 classrooms.<sup>138</sup> Contracts are for a minimum of 22 seats per classroom. The contract provides funding for the academic year, eight hours per day. Using direct contracting for classrooms, the state is able to ensure that pre-K teachers are paid according to a base salary schedule that varies based on teacher qualifications.<sup>139, 140</sup> The state awards providers additional funds to increase compensation for teachers as they accrue years of service. Though contracts mandate base salaries, the minimum salaries in community-based settings are not on par with pay for preschool

<sup>136</sup> Barnett, W. S., Jung, K., Youn, M., and Frede, E. C., “APPLES: Abbott Preschool Program Longitudinal Effects Study: Fifth Grade Follow-Up,” National Institute for Early Education Research (NIEER), March 20, 2013.

<sup>137</sup> Barnett, W. S., Jung, K., Youn, M., and Frede, E. C., “APPLES: Abbot Preschool Program Longitudinal Effects Study: Fifth Grade Follow-Up,” National Institute for Early Education Research (NIEER), March 20, 2013.

<sup>138</sup> <http://decal.ga.gov/documents/attachments/prekfirstday2018.pdf>

<sup>139</sup> Ditcher, H., McLean, C., and Whitebook, M. “Strategies in Pursuit of Pre-K Teacher Compensation Parity Lessons From Seven States and Cities,” Center for the Study of Child Care Employment Institute for Research on Labor and Employment, University of California, Berkeley National Institute for Early Education Research (NIEER), 2017. Retrieved from [http://nieer.org/wp-content/uploads/2017/10/Pre-K-parity-case-studies-report\\_FINAL-1.pdf](http://nieer.org/wp-content/uploads/2017/10/Pre-K-parity-case-studies-report_FINAL-1.pdf)

<sup>140</sup> Georgia Department of Early Care and Learning. The 2018-2019 Salary Schedule for New Lead Teachers. 2018. Retrieved from <http://www.decal.ga.gov/documents/attachments/NewTeacherSchedule2018.pdf>

teachers in public schools. Other contract requirements include: approved curricula, teacher qualifications, parent involvement, licensed playground, and regulation of student discipline.

What makes Georgia's pre-K program accessible for low-income families and relatively high-quality are the following features: **a mandated wage scale for lead teachers, emphasis on pay equity in private and public settings, directly contracting with providers for slots, and--in the early years of the program--prioritizing the creation of slots in low-income communities first.** The relatively low wages and the exclusion of unlicensed providers are among the weaker features of the program.

## New York City

New York City simultaneously expanded publicly subsidized pre-K programs and invested in higher wages for workers using direct contracting to achieve their equity outcomes. In 2014, the city created Pre-K for All, a universal, full-day Pre-K program that is open to all 4-year-olds, regardless of family income. In 2014–2015, the first year of the expansion, enrollment in full-day universal pre-K programs grew to over 53,000 students, nearly tripling enrollment from the previous year. By the following year, the city achieved its goal of fully meeting demand for pre-K. [With nearly 69,000 children enrolled](#) in 2015–2016, universal pre-K served roughly 60 percent of the city's four-year-olds, and enrolled almost as many children as public kindergarten.<sup>141</sup>

NYC relies on community-based programs to accommodate the demand for services created by the NYC pre-K expansion. In 2016, 60 percent of children in the program were enrolled in community-based settings. Staff in community-based settings, however, are not paid according to the public school salary scale—creating a perverse dynamic that made it challenging for private centers to retain teachers. In response to concerns about the wage gaps between equally qualified pre-K teachers in the community-based and public school settings, NYC allocated additional funds and established higher starting salaries for these pre-K teachers. The city contracts directly with providers and in doing so, mandates a wage scale for teachers and assistants. This move **reduced, but did not eliminate**, the gap between universal pre-K teacher salaries in community-based child care centers and public elementary schools. At the same time, once salaries for teachers in the pre-K classrooms increased, disparities between them and other teachers working with younger children arose. The union representing teaching staff in these programs negotiated with NYC to increase wages of represented teachers in non-pre-K programs funded by the city.

The expansion of universal pre-K and new starting wage standards, accompanied by public funds, led to significant wage increases for many ECE workers. NYC has plans to expand universal pre-K to three-year-olds.

The city's approach to contracting with providers for pre-K slots has helped them achieve their equity goals in terms of enrollment and race. In 2015, of the 52,741 children enrolled in pre-K, 37 percent were Hispanic, 30 percent black, 17 percent white, 13 percent Asian, 1.5 percent Native American, and 1.5

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<sup>141</sup> Potter, H. "Diversity in New York City's Universal Pre-K Classrooms", Century Foundation, September 20, 2017. <https://tcf.org/content/report/diversity-new-york-citys-universal-pre-k-classrooms/?agreed=1>

percent multiracial. Compared to the kindergarten enrollment, pre-K children were slightly less likely to be Hispanic or Asian, and slightly more likely to be Black.<sup>142</sup>

The strengths of New York City's universal pre-K program include: the **inclusion of unlicensed providers\***, **progress towards pay equity between public and private settings and teachers of different age groups**, **a mandated wage scale**, and **contracting directly with private providers and public schools to grow high-quality slots in every neighborhood**. The challenge is the difficulty of achieving pay equity between workers in public and private settings. Initially, the program set wages for pre-K teachers in private settings at levels competitive to wages for pre-K teachers in public settings. But over time, wages in public settings have grown faster. The pay gap has fueled the migration of pre-K teachers in private settings to public settings.

*\*Inclusion of unlicensed providers: The vast majority of providers in NYC (as in many places) are unlicensed home-based programs, especially in low-income neighborhoods. As in several other states, being unlicensed in NYC does not preclude providers from receiving public funds for subsidized children. From an equity perspective this is interesting, as these programs are an important part of our care delivery system. More research is needed to understand the impacts of allowing public resources to go to these programs in terms of giving parents full choice, meeting providers where they are at, and outcomes for children, especially in low-income neighborhoods. More research is also needed to understand the amount of resources actually going to unlicensed programs.*

## Seattle

Seattle is in the last year of a preschool demonstration project started four years ago. The preschool program has grown to serve 1,615 children in up to 85 classrooms.<sup>143</sup> With new money from an education levy that will be on the ballot in November 2018, the program would expand to include a total of 2,750 children. Under the Mayor's proposal for the levy, approximately \$362 million over seven years would go to the pre-K program (out of a proposed total of \$636.5 million in the same time period).<sup>144</sup>

One of the goals for the demonstration project was to eliminate the racially disproportionate kindergarten readiness gap. Their approach is to "support teachers to meet the needs of all children through student-focused coaching, ongoing curriculum training and data analysis that uses a racial equity lens."<sup>145</sup> The program is administered by the city's Department of Education and Early Learning (DEEL). DEEL oversees implementation of the SPP by contracting for services with community providers, directly

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<sup>142</sup> Potter, H. "Diversity in New York City's Universal Pre-K Classrooms", Century Foundation, September 20, 2017. <https://tcf.org/content/report/diversity-new-york-citys-universal-pre-k-classrooms/?agreed=1>

<sup>143</sup> D. Chappelle "Seattle Preschool Levy", City of Seattle, 2017-18. <https://www.seattle.gov/financedepartment/17proposedbudget/documents/SPP.pdf>

<sup>144</sup> Beekman, D. "Seattle council may shift millions from preschool to elementary in fall ballot measure", The Seattle Times, June 8, 2018. <https://www.seattletimes.com/seattle-news/politics/seattle-council-may-shift-millions-from-preschool-to-elementary-in-fall-ballot-measure/>

<sup>145</sup> Chappelle, D. "Seattle preschool program." City of Seattle, 2018. <https://www.seattle.gov/education/for-parents/child-care-and-preschool/seattle-preschool-program>

providing coaching for preschool directors and teachers, and investing in capacity building (e.g., tuition support for teaching staff to attain required educational credentials, facility construction and renovations, and other organizational supports). The contracts with community preschool providers are for entire classrooms. With the help of DEEL, providers take on the responsibility of recruiting 3- and 4-year-olds to fill slots that are made available to parents for a sliding-scale fee. Evaluation of the first two years of the program shows that the traditionally underserved Black and brown children and low-income children are participating in the program at rates found in K-12 classrooms, and that educational results are on par with peer programs around the country.<sup>146</sup>

Contracting with providers allows the Department to ensure providers meet wage standards and to deploy additional funds as incentives for teachers to obtain additional credentials. Contract payments include funds to allow providers to meet minimum salary guidelines. Payments include staff education bonuses when teachers exceed minimum credentials. Crucially, Seattle preschool teachers are paid on par with public school teachers.<sup>147</sup>

The strengths of Seattle's pre-K program include: the **use of direct contracting, a robust workforce development program, the inclusion of and investment in home-based providers, and emphasis on pay parity and high wages**. The program has not yet scaled up to provide universal coverage.

## San Francisco

Compensation and Wage Augmentation Grants for Economic Support (C-WAGES)<sup>148, 149</sup> was a compensation program jointly funded by the San Francisco Office of Early Care and Education, the Department of Children Youth and Their Families, and First 5 San Francisco. C-WAGES began in FY 12-13 in response to continued support from the early care and education community to increase compensation.

The version of the C-WAGES program that was based in child care centers provided funding to licensed centers to support wages based on job title and education level, as well as medical insurance and retirement contributions for classroom staff, moving the compensation package closer to living wages. There were 36 center employers representing 85 centers with a budget of over \$10 million in FY 15-16. In the C-WAGES family child care (FCC) program, more than 230 licensed FCC providers accessed business supports through a per child reimbursement based on quality score, funding to support wages of Teachers and Teaching Assistants based on job title and education level, enhanced per child reimbursement rate based on quality for children receiving targeted child care subsidies and linkages to enhanced resources and support by Family Child Care Quality Network staff. Between 225-250 licensed FCCs and approximately 80 Teachers and Teacher Assistants participated in FY 15-16.

In order to participate in C-WAGES, programs had to meet these criteria:

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<sup>146</sup> Last Name Unknown, Kevin. "How's Seattle's Preschool Program Doing?" Insight S.C.C., February 15, 2018. Retrieved from <https://sccinsight.com/2018/02/15/seattle-preschool-program/>

<sup>147</sup> "How some are closing compensation gap for pre-K teachers." University of California, Berkeley. 2017. Retrieved from [http://news.berkeley.edu/story\\_jump/how-some-are-closing-compensation-gap-for-pre-K-teachers/](http://news.berkeley.edu/story_jump/how-some-are-closing-compensation-gap-for-pre-K-teachers/)

<sup>148</sup> San Francisco Office of Early Care and Education. "C-WAGES". 2018. Retrieved from <http://sfoece.org/cwages/>

<sup>149</sup> Whitebook, M., McLean, C., and Austin, L.J.E. (2016). Early Childhood Workforce Index - 2016. Berkeley, CA: Center for the Study of Child Care Employment, University of California, Berkeley.

- Be located in priority neighborhoods, determined by voucher subsidy utilization of early care and education services by families (FCCs)
- Enroll at least 25% of children from families with incomes below 75% of the established State Median Income (SMI)
- Participate in San Francisco’s Quality Rating and Improvement System (QRIS) and maintain established thresholds of quality
- Participate in the CA ECE Workforce Registry (administrators and classroom staff – center and FCCs and their paid employees)

The C-WAGES program ended in FY 16-17, with the creation of OECE’s streamlined funding model, the Early Learning Scholarship. Under the new system, qualified providers are required to pay teachers and teacher assistants according to a suggested pay scale. Per child subsidy rates are calculated based on the suggested pay rates.

## Oklahoma

In 1980, Oklahoma piloted a program to provide universal pre-K to 4-year-olds in select districts. Three years later, the program was expanded to a statewide universal pre-K program. The program costs \$140 million per year and relies heavily on direct contracts between public school districts and private early learning centers and Head Start. As noted in a profile of the program in the American Prospect, “Seventy-four percent of four-year-olds—more than in any other state—are in high-quality pre-K through voluntary enrollment. Virtually every parent who wants a spot can get one, whether in a public school or in a partner organization.”<sup>150</sup>

The Tulsa portion of Oklahoma’s Four Year Old Program.<sup>151</sup> The most recent report on Tulsa found lasting effects above national outcomes. The study attributes results to teacher compensation, professional supports, and coordination.<sup>152</sup> Oklahoma boasts robust participation by single-site and home-based providers, often based in the most underserved and racially-segregated neighborhoods. Head Start requirements help to target low-income children and children of color for participation. In 2016, the Oklahoma Academic Standards (OAS) included Pre-K for the first time, supporting a seamless education from Pre-K through 12 (70 O.S. §11-103.7). The OAS provide learning standards and objectives for classroom learning.<sup>153</sup>

The program requires salary parity for public pre-K teachers, and historically offered a wage supplement for early educators working outside of public pre-K. Although that supplement program ended in July 2016, Oklahoma was classified as one of only four states in the country which met the criteria for compensation parity for publicly funded pre-K teachers in all settings and all programs in 2016.<sup>154</sup> The parity picture is more nuanced than it sounds, however. Because Oklahoma kindergarten teachers also earn some of the lowest wages in the country (\$18.63 in 2015), pre-K teacher wages are not as high as

<sup>150</sup> Lerner, S. “Pre-K On the Range”, The American Prospect., December 4, 2012. Retrieved from: <http://prospect.org/article/pre-k-range>

<sup>151</sup> <http://sde.ok.gov/sde/four-year-old-program>

<sup>152</sup> <https://stateimpact.npr.org/oklahoma/2018/01/12/research-on-tulsa-program-suggests-statewide-pre-k-has-long-term-benefits/>

<sup>153</sup> <http://sde.ok.gov/sde/sites/ok.gov.sde/files/Legislative%20Briefing%20PreK%20Program.pdf>

<sup>154</sup> Whitebook, M., McLean, C., and Austin, L.J.E. (2016). Early Childhood Workforce Index - 2016. Berkeley, CA: Center for the Study of Child Care Employment, University of California, Berkeley. Note: Oklahoma’s wage supplement program ended in July 2016, per this same source.

parity might otherwise suggest. Average wages for all pre-K teachers in the state was \$15.40 in 2015, compared to extremely low wages for those classified as “child care workers” (\$8.90).<sup>155</sup>

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<sup>155</sup> Whitebook, M., McLean, C., and Austin, L.J.E. (2016). Early Childhood Workforce Index - 2016. Berkeley, CA: Center for the Study of Child Care Employment, University of California, Berkeley, as cited in [https://www.tulsaworld.com/news/education/oklahoma-ranks-near-the-bottom-in-child-care-worker-pay/article\\_9c0acf62-352a-5ab3-9e8b-4f2d0c81af80.html](https://www.tulsaworld.com/news/education/oklahoma-ranks-near-the-bottom-in-child-care-worker-pay/article_9c0acf62-352a-5ab3-9e8b-4f2d0c81af80.html)



## Wage Grants and Stipends

**Definition:** Specific initiatives/funding programs designed to improve compensation through:

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

Typically given to teachers on **graduated supplement scales** according to **educational level and retention**.<sup>156</sup>

**Table 6.3:** Participation in wage grants and stipends.

	Wage Stipends (NC, FL, IA, KS, NM)	Wage Grants (Ex: C-WAGES)
<b>Which teachers can participate?</b>	Limited to teachers working in certain types of programs, or those meeting specific education and training requirements.	Center & Family Childcare (80 centers w/ 900 teachers; 230 FCC with 75 employees; ¾ of licensed centers serving low income)
<b>Wages</b>	\$100 to \$6,250 per year, depending on educational level and/or position on a career ladder, sometimes coupled with TEACH for professional development	Suggests minimum rates \$14.00 an hour for an assistant teacher to \$26.30 for a site supervisor
<b>Wage Scale</b>	10 of 12 programs have wage ceilings, which average \$16 per hour  (ceilings range between \$14.45 and \$20-meaning if paid more than this amount they are ineligible for the program)	Scaled by job title and educational level, required wage schedule; goal of parity (\$64K)
<b>Demographics of children served</b>	Sometimes limited to teachers serving particular groups of children	To be eligible, 25 percent of children enrolled in the provider's program must have lived in families with incomes below 75 percent of the state median
<b>Equity Considerations</b>	Overall amounts often not sufficient to substantially change their economic status; does not approach salary parity with K-12, even at highest stipend level; lack of data on who does not participate makes it impossible to determine potential barriers or inequity of access to these stipends; not permanent, often cut.	Designed to augment wages of and contribute to health and retirement benefits for early childhood teachers, significantly included family child care

<sup>156</sup> Whitebook, M., McLean, C., and Austin, L.J.E. (2016). Early Childhood Workforce. Index - 2016. Berkeley, CA: Center for the Study of Childhood Workforce.

## **Wage Grant Model - C-WAGES in San Francisco**

See Direct Contracting section above.

## **Wage Stipends**

Florida, Iowa, North Carolina, Kansas, and New Mexico administer wage stipends by providing a sliding amount of funding (between \$100 and \$6,250) to select educators who are increasing their credentials. Demographics of children served vary based on the priorities of the administering body. The stipend carries a low administrative burden. However, stipends do not provide stability by raising base compensation in a predictable way. This means that stipends alone will necessarily fall short of repairing systemic inequities and disparities, and are often subject to budget cuts during financial shortfalls.<sup>157</sup>

## **Other Cities Interviewed**

**We also spoke to implementers in Denver and Dayton, cities which have implemented voucher-based systems but--despite local conversations about the importance of wages to improve quality of care--have not begun to tackle the issue of wages or other forms of compensation.**

### **Denver**

The Denver Preschool Program (DPP) was “approved by Denver voters in 2006 and reauthorized in 2014 to extend to 2026. The Denver Preschool Program is funded by a 0.15 percent sales tax. Since initial authorization in 2006, it has provided more than \$80 million in tuition support to more than 41,000 children.”<sup>158</sup> These figures from DPP result in an average of only \$1,951 per child--much lower than most programs that have achieved quality early education.

The program is universal for 4 year olds and operates under an income-based sliding-scale with tuition credits available to all families (however, according to the RAND Study, the tuition credits do not cover the full cost of quality).

The current structure of DPP has no existing wage policy or data tracking pertaining to wages. While DPP does not have existing initiatives regarding wages, Colorado statewide early childhood education advocacy organization Qualistar has recognized that wages are urgent to maintain high-quality rated early childhood education. A 2016 Qualistar report titled “Leading Colorado’s Early Care and Education Workforce” states “wages for early care and education professionals must increase.” According to the report data, “Most of the respondents of the current study reported turnover of teachers and assistant teachers where the average full-time teacher current wage was found to be **less** than \$15 per hour;

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<sup>157</sup> Whitebook, M., McLean, C., Austin, L.J.E., & Edwards, B. (2018). Early Childhood Workforce Index – 2018. Berkeley, CA: Center for the Study of Child Care Employment, University of California, Berkeley. Retrieved from <http://cscce.berkeley.edu/topic/early-childhood-workforce-index/2018/>

<sup>158</sup> <https://dpp.org/about-us>

translating to approximately \$29,270 per year.” The authors reference existing efforts to increase compensation in other states.<sup>159</sup>

## Dayton

Dayton Preschool Promise has had various iterations since it began in 2007. It was originally a kindergarten readiness program through the ReadySetSoar initiative, then evolved into a stand alone entity in 2016 when Dayton voters passed an 8 year 0.25% income tax increase (worth \$4.3 million in dedicated annual funding) to support critical city services and to offer 1 year of affordable, quality Preschool to all 4-year-olds in Dayton.<sup>160</sup> For the 2016-17 school year, Dayton Preschool Promise expenses totaled just over \$2 million, serving 800 children in Preschool Promise programs. A total of 77% of Preschool Promise children were in 3-5 Star programs, which are considered “high-quality” by the State of Ohio. Approximately 1 in 4 Preschool Promise children enrolled in programs that are not yet “high-quality.”<sup>161</sup>

Dayton Preschool Promise does not currently have data monitoring wages, or strategies for increasing compensation. However, in the early stages of forming the program, stakeholders articulated the importance of ensuring educators are well compensated. More specifically, the 2015 recommendations report outlining the potential direction of the program states:

**“Providing salary stipends for highly qualified staff:** In recognition of the fact that Preschools are low-margin small businesses and particularly to acknowledge that salaries for Preschool teachers and staff are exceedingly low, we recommend that the Montgomery County Preschool Promise incentivize programs to employ well-trained teachers and staff and to help them minimize teacher turnover (which is academically and socially detrimental to young children who need and benefit from consistency).”<sup>162</sup>

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<sup>159</sup> <https://www.wfco.org/file/Qualistar-Leading-Colorados-ECE-Workforce-Report.pdf>

<sup>160</sup> Dayton Preschool Promise. “Our History.” 2018. Retrieved from <https://www.preschoolpromise.org/our-history>

<sup>161</sup> Dayton Preschool Promise “2016-17 Dayton-Montgomery County Preschool Promise Demonstration”, DPP. 2017. Retrieved from

<https://preschool-promise.s3.amazonaws.com/craft-images/2016-17-Full-Report.compressed.pdf>

<sup>162</sup> “A Montgomery County Preschool Promise: Recommendations for Offering Affordable, High-Quality Preschool to All,” November 17, 2015. Retrieved from [https://learntoearndayton.org/wp-content/uploads/2015/06/A-Preschool-Promise-for-Montgomery-County\\_111615.pdf](https://learntoearndayton.org/wp-content/uploads/2015/06/A-Preschool-Promise-for-Montgomery-County_111615.pdf)

# 7. Local Learnings on Direct Contracting and the Voucher System

## Direct Contracting Systems

**Brief History:** This year, stakeholders brought up the importance of local experiences and learnings with direct contracting through previous and current direct contracting programs; namely, Early Learning Initiative (ELI, 1994-2009), the Coordinated Day Care System (1980s), and Head Start (current).

**ELI** was a direct contracting program funded by a grant from the Ohio Department of Education that lasted from approximately 1994 until 2009.<sup>163</sup> CPS received a grant which facilitated a public-private partnership between Cincinnati Public Schools and community providers. Through this program, CPS contracted directly with community providers to provide preschool services for children who would be entering CPS.

The **Coordinated Day Care System** was a program that functioned in the 1980s, modeled after a program from Rochester, New York. Funding was coordinated among three bodies: the City of Cincinnati (providing approximately \$240,000 per year from the General Fund),<sup>164</sup> the United Way, and Hamilton County.<sup>165</sup> The United Way coordinated one centralized intake, determination of family eligibility, and payment system. The total pool of funds for the program was \$3-4M.<sup>166</sup> It lasted about 10 years and ended when the federal government made a large increase in federal dollars into the states' early childhood sectors through the Child Care Development Block Grant program. At that time, the national infusion in the sector caused local funds to be pulled, and this program ended.<sup>167</sup>

**Head Start** is a federally funded program that has existed for over 50 years and is administered locally by the Community Action Agency (CAA). It is a comprehensive early childhood program that also offers services in health and nutrition such as dental, medical and nutrition services. Currently, CAA contracts with both CPS (650 seats) and community providers (600-700 slots) and operates two of their own programs (300-400 slots), resulting in a total of 1,644 pre-K slots in the City of Cincinnati through this program.<sup>168</sup> CAA also has a program called Early Head Start that directly contracts with providers for 0-3 year olds.<sup>169</sup>

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<sup>163</sup> Patty Craig. Interview with CUCI Staff. 9.10.18.

<sup>164</sup> Sallie Westheimer. Interview with CUCI Staff. 8.27.18.

<sup>165</sup> Deb Allsop. Interview with CUCI Staff. 8.31.18.

<sup>166</sup> Deb Allsop. Interview with CUCI Staff. 8.31.18.

<sup>167</sup> Sallie Westheimer. Interview with CUCI Staff. 8.27.18.

<sup>168</sup> Verline Dotson Interview with CUCI Staff. 9.11.18.

<sup>169</sup>Community Action Agency - Headstart Home Page. Retrieved from <http://www.cincy-caa.org/what-we-do/head-start/about.html> (Accessed 9.11.18)

## Advantages of Direct Contracting

- Increased business stability:

*“If set up in a proper way, [direct contracting] is a pretty clean way to do business. It allows a child care business to have stability and regular cash flow. Business owners can accurately plan their budgets for a whole year. In a voucher model, the volatility of your cash flow can be really hard. With vouchers you always need other sources of funding to really make a difference.”*

--Shannon Starkey, CEO, Children's Inc

*“Over the 35 years that I have worked in the field of early childhood education, in both the private and public sector, I have seen firsthand how the use of direct contracts can greatly impact the success of our local providers in terms of their growth as businesses—increasing access to quality care for more of our children and making it possible for participating providers to pay competitive wages to attract and retain credentialed teachers to achieve high quality. Many of the community based programs who participated in direct contracting opportunities in the 80's, 90's and 2000's are, today, thriving 5-star rated, multisite centers.”*

-- Lisa Garofalo, former Cincinnati Public Schools Early Childhood Teacher & Administrator, 4C for Children Manager/CPS Community Learning Centers, Southwest Ohio AEYC Board Member.

- Ability to target specific neighborhoods or populations:

Past and present direct contracting programs are able to be really specific in terms of where resources are targeted in order to create more supply for child care where needed.

- Auxiliary benefits:

The other services, systems, and support that providers received as a result of participating in the direct contracting program (such as **training, coaching, and the formalization of systems**) helped community providers **increase the professionalization of their business.**

## Challenges of Direct Contracting

➤ **Disparities between classrooms:**

One important negative unintended consequence that occurred when increased funds have been provided for only a specific sector of the early childhood market is the disparities that resulted between directly contracted classrooms (and the teachers in those classrooms) and non direct contract pre-K classrooms in the same location. This is due to increased funding for some classrooms and not all for other classrooms.

➤ **Lack of classroom diversity:**

In the past, we have also seen a concentration of low-income children in the same classrooms. Studies show that diversity in classrooms, including economic diversity, leads to better outcomes for all children.

Although this was not noted in terms of a specific experience, some stakeholders noted a potential decrease in incentives to keep slots filled due to them being “already being paid for”. However, some communities have dealt with this by paying a fixed portion (eg. 60-70%) up front or in installments and the remaining portion (30-40%) based on performance which includes attendance measures.

## Key Learnings

- There was no clear consensus among the individuals interviewed as to whether past direct contracting programs have enhanced or limited parent choice. Some stakeholders suggested that a hybrid of direct contracting and vouchers for families with special circumstances (e.g., not having any quality rated providers in their neighborhood) could mitigate this potential challenge.
- There is significant local experience administering direct contracting programs in Cincinnati, through organizations such as United Way, CPS, and CAA. Moreover, some stakeholders believe that administering a direct contracting program would be much simpler now than it was in the past, due to the state’s robust systems for verifying, monitoring, and maintaining quality (SUTQ).

## Purchase of Services Systems (“Vouchers”)

**Brief history:** In the 1990’s there was a push at the federal and state levels to move to a voucher system (technically called “purchase of services”). Many states and cities abandoned or scaled back their direct contracting models to follow this trend. A **purchase of services system is the current model used in Ohio**. Rates are set based on a percentage of market rates, and providers receive prorated reimbursements (instead of up-front payment as in direct contracting), based on the attendance of qualifying low-income children.

A similar purchase of services system is also the **current model for CPP**. In addition, CPP Tuition Assistance vouchers **build on state and federal subsidies** for low-income children. When Tuition Assistance is combined with these revenue streams during the school day and school year, it gives providers a higher reimbursement rate per child during these hours of care.

### Advantages of Vouchers

- **Open to all qualifying providers:** Any provider who is able to meet the licensing or quality rating requirements can participate no matter how many eligible children they serve.
- **Attendance is in the providers’ self-interest:** Providers have a high incentive to recruit and maintain attendance of eligible children.

### Challenges of Vouchers

- **Reimbursement rates that do not cover the cost of care:**

*“The biggest challenge with Ohio’s current purchase of service [voucher] system is that the rate is subsidized by the teachers’ low pay. The current rates are not enough to buy quality service.”*

*--Sallie Westheimer, CPP Board Member and former President/CEO of 4C for Children for 35 years.*

- **Lack of classroom diversity:** While in theory families can take their vouchers to any provider that is licensed and accepts vouchers, in reality this system leads to the concentration of low-income children in the same classrooms. Many higher-end programs are inaccessible for families who receive vouchers because they are not located where these families live, or they do not accept vouchers, exhibit cultural incompetencies, or have long waiting lists that require “connections” in order to “jump in line” on these lists.

- **Cash-flow challenges and burdensome paperwork:** Providers have to front the money for the services they provide and have good systems to ensure they are reimbursed for every hour of care they provide, which is often extremely challenging for small- and medium-sized providers.

## Key Learnings

- **Lack of resources make fee collection challenging:** Community-based providers often do not have the resources and systems needed to ensure that payments are coming in regularly from families' vouchers—for example, if a parent forgets to swipe their card and the provider doesn't catch it, they often don't get paid for the care they provide.<sup>170</sup>
- **Ease, flexibility, and on-time payments are important:** Many of the providers who are currently participating in the CPP Tuition Assistance program feel it is being administered very well (e.g., they receive their payments on time and the attendance policy is reasonably forgiving).

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<sup>170</sup> Patty Craig. Interview with CUCI Staff. 9.10.18.



# 8. Key Considerations

## Investigation of Potential Cliff Effects

For this wage implementation study, Policy Matters Ohio conducted an analysis of the interactions between wage increases for child care workers and eligibility for benefits through public safety net programs. Policy Matters concluded that a \$15 per hour wage would help Cincinnati child care workers, and that wage increases that don't come close enough to \$15 are the ones which bear more unintended consequences in the form of benefits cliffs.

Many child care jobs in Cincinnati do not pay enough for workers to get by on their earnings alone, particularly if those workers have children of their own. Ohio does not do enough to help low-wage workers. Raising wages for workers who deliver valuable services is an effective way to improve the lives of struggling Ohio families. At the same time, it is also essential to provide benefits that help low-wage workers make up the difference between their workplace income and what they need to support their families.

Raising wages to \$15 an hour makes sense for workers delivering essential services like child care. Someone earning \$15 an hour can much more easily afford what they need and support a child than someone earning a lower wage. A \$15 minimum wage works much better for almost all workers, when compared to a lower wage. But sometimes the interaction between wages and benefits can be a little complicated and requires extra attention.

**The Supplemental Nutrition Assistance Program, child care assistance, Medicaid, and tax credits** are key public programs that help families, particularly those with children, afford the basics when they are underpaid on the job. These crucial benefits help ensure that even our struggling families don't go without healthcare, food, or a safe place for their children while they are at work. Families and communities are better off because of the provision of these benefits.

Many struggling individuals and families are not eligible for these programs, and many who are eligible still don't get them because of barriers like heavy paperwork requirements, work requirements, or having to attend appointments during work hours.

For the workers who are eligible for and get these benefits, however, occasionally wage increases can have the unintended consequence of reducing benefit eligibility and making the employee worse off. This quirk is referred to as a "cliff" in the benefit program, because the worker takes a step up, but then faces a cliff that leaves her below the original level. The best policy tool for dealing with this is to structure benefits to phase out gradually, so that each additional dollar of earnings always results in less than a dollar—preferably far less—of benefit decline. This is how some programs, like the earned income tax credit and the Ohio child care subsidy, are structured.

Unfortunately, other programs, particularly food aid (SNAP), exhibit a cliff that affects a subset of workers.

Policy Matters Ohio modeled the cliff effects for several different sample families, to determine how wage increases would affect overall income including benefits and wages. For each sample family, Policy

Matters included a line graph showing how overall income changed at each incremental wage level between \$7.21 and \$20.67 an hour for workers who work full-time, year-round (2,080 hours per year). They also included a bar graph illustrating the difference between the approximate median wage in child care currently, compared to a \$15 hourly wage. The Policy Matters team did this research in partnership with Columbia University's National Center for Children in Poverty, using public data on SNAP, childcare, taxes and income.

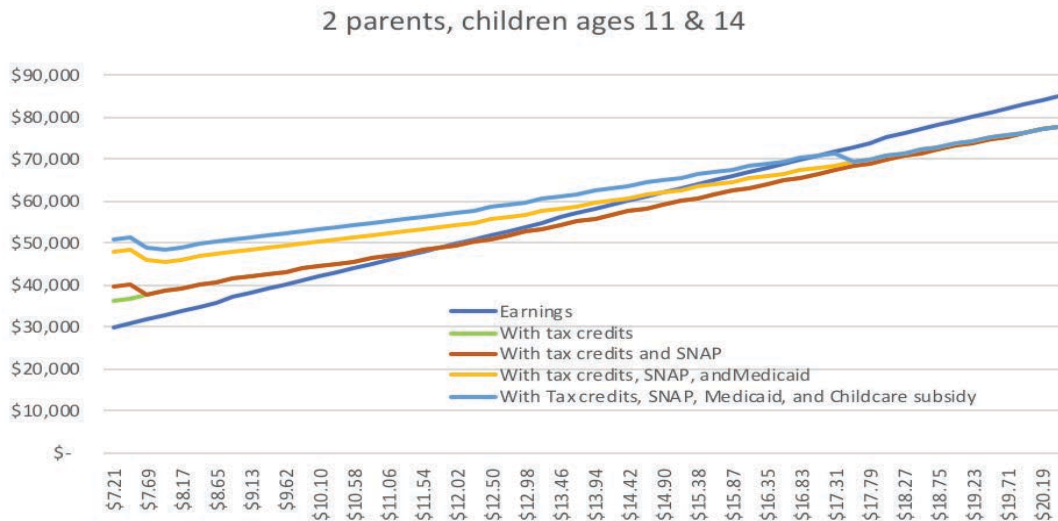
These graphs do not consider the low-income Home Energy Assistance Program (HEAP) and they do not consider any child support payments from non-custodial parents, which would increase household income beyond the scenarios described here, and ameliorate cliff effects. The charts also do not consider housing assistance because of the extremely small share of those eligible for housing assistance who are actually able to secure it.

The charts treat benefits as similar to cash, so someone with a \$12.02 wage and two young kids, despite earning only \$25,000 in work pay, looks on the chart as if she "earns" \$60,000 because that's the cumulative value of her food stamps, Medicaid, EITC and child care, even though she may never actually touch the child care dollars herself. It is important to recognize that families in this situation do not feel like they are really earning \$60,000 a year; however, this is the value of their earned income combined with their benefits.

**Even using this very conservative methodology, Policy Matters found that nearly every worker is better off at \$15 per hour than at lower wages, for all potential benefit levels.**

### Family 1: Two parents, children ages 11 and 14

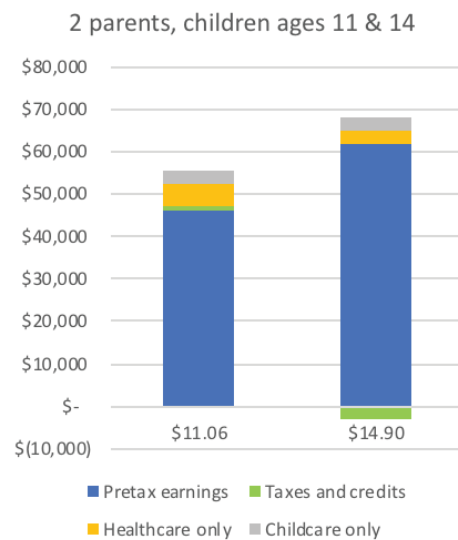
For a two-worker, two-parent family with children who are old enough not to need full-time child care, there are no significant cliffs at any point in the earnings spectrum. The only exception is a small dip due to a loss of tax credits if both parents earn between \$17 and \$18 per hour. As seen in the line graph below, each other increment of increased earning leads to increased income, whether the workers receive only wages and tax credits (the green line); wages, credits and SNAP (red line); wages, credits, and SNAP plus Medicaid (gold line); or all of the above and child care assistance (light blue line).



**Figure 8.1:** The effects of incremental wage increases on overall income for a household with two parents who work full-time, year-round, and have children ages 11 and 14. Source: Policy Matters Ohio.

Breaking this line graph down into a likely scenario, we show a raise from \$11.06 (close to the median childcare wage) to \$14.90 (close to the proposed \$15) for this same family. **The raise from \$11.06 to \$14.90 is an unequivocal boost in income.**

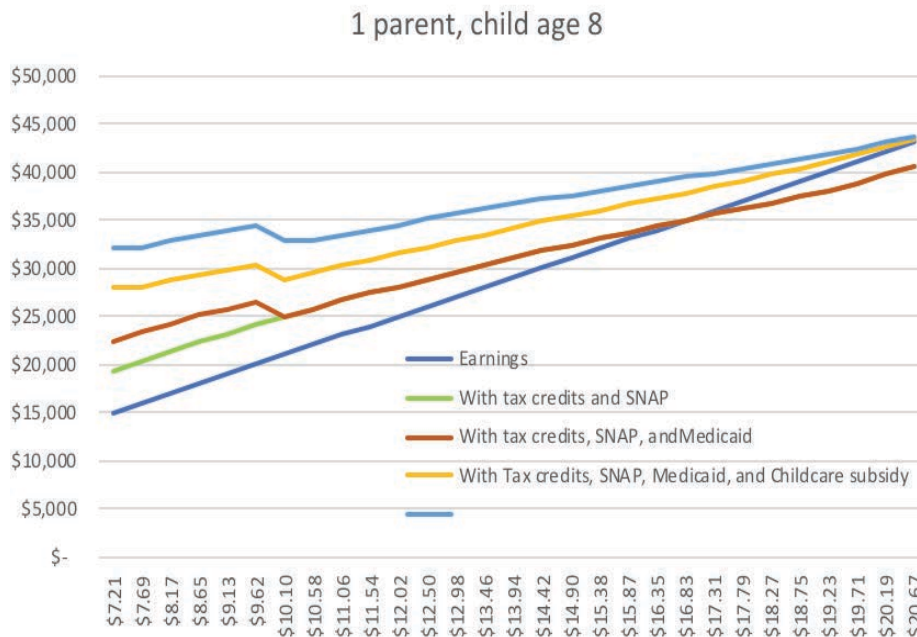
The raise shifts annual income of \$55,250 with two parents earning \$11.06 per hour, to income of \$64,990 with both parents earning \$14.90 per hour (assuming full-time year-round work of 2,080 hours). The green bar is below the zero mark because at the higher level, that family stops getting a tax credit and begins paying into the income tax system. All of the families we model pay other forms of taxes, like sales tax and property tax, which we don't model.



**Figure 8.2:** The difference between current approximate median wage and a \$15/hour wage for a household with two parents who work full-time, year-round, and have children ages 11 and 14. Source: Policy Matters Ohio

## Family 2: One parent, child age 8

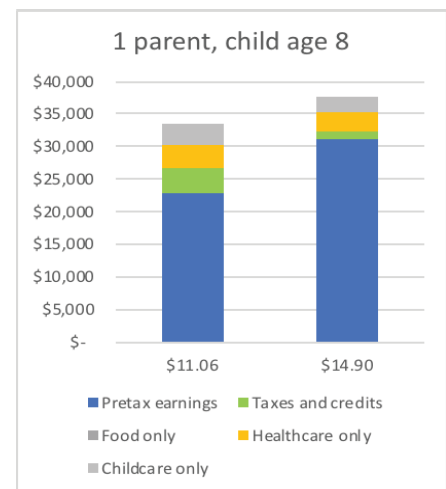
For one parent with one school-age child who still needs aftercare, cliffs are modest and mostly occur between earnings of about \$9.62 and \$10.10 an hour. The family could remain behind until earnings reach more than \$12 an hour with full-time, year-round work at 2,080 hours a year. The cliffs result from reductions or loss of Medicaid and SNAP. For this family, the best solution is to raise wages directly from \$9.62 to \$12 or higher. If that's not possible, it would be worth exploring alternative solutions, such as having a city EITC that made up the difference, or providing some compensation in the form of a free phone and phone plan, transit passes, or other benefits not subject to taxation.



**Figure 8.3:** The effects of incremental wage increases on overall income for a household with one parent working full-time, year-round, with a child age 8. Source: Policy Matters Ohio.

For this one-parent, one-child family, a bigger wage boost eliminates the problem entirely. **A wage increase from \$11.06 to \$14.90 leaves that one-parent, one-8-year-old family substantially better off.** Total income increases to \$37,578 instead of \$33,434. In addition to the overall increase, a greater portion of the family's income is in the form of money (wages) that the family can allocate as they see fit.

Bigger cliffs affect one-parent families with young children if the parent has very low earnings and gets SNAP. Still, if the raise is big enough, there is no benefits cliff.



**Figure 8.4:** The difference between current approximate median wage and a \$15/hour wage for a household with one parent who works full-time, year-round, with a child age 8. Source: Policy Matters Ohio.

### Family 3: One parent, children age 2 and 6

Among the families we modeled, the one who struggles most is a one-parent family with a two- and six-year old. That family experiences a cliff starting at \$12.02. If the family receives tax credits and SNAP, the family is not again better off until the parent earns about \$14.00 an hour, with full-time, year-round work. If the family also received Medicaid, they could experience a cliff between \$12.02 and \$15.38. For these families it would make sense to have a city EITC that compensated for the loss of SNAP and Medicaid.

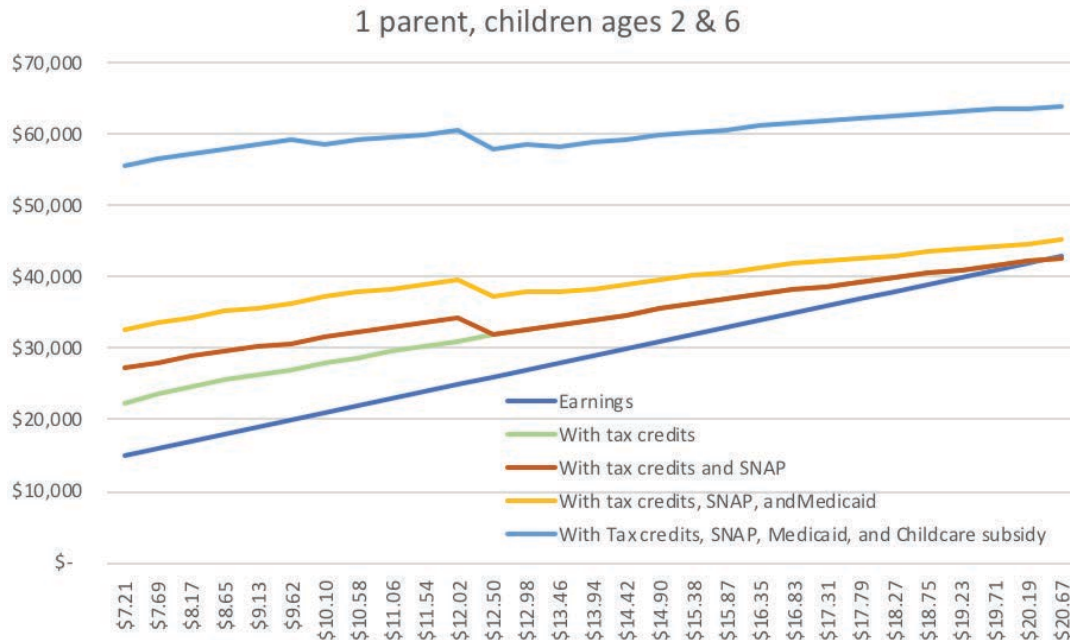


Figure 8.5: The effects of incremental wage increases on overall income for a household with one parent working full-time, year-round, with children ages 2 and 6. Source: Policy Matters Ohio.

A wage increase from \$11.06 to \$14.90, illustrated in the bar graph below, leaves the family only marginally better off, when benefits are computed equally with income. However, most people prefer the freedom of monetary income to restricted benefits. At the lower wage of \$11.06 an hour, the family brings in total resources of \$59,641, while at the higher wage of \$14.90, the family brings in \$59,857, with a much higher proportion of pre-tax earnings, and a smaller portion in tax credits, food, healthcare and child care.

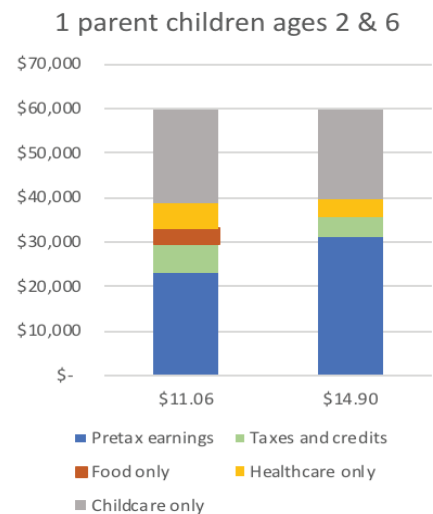


Figure 8.6: The difference between current approximate median wage and a \$15/hour wage for a household with one parent who works full-time, year-round, with children ages 2 and 6. Source: Policy Matters Ohio.

## **Child Care Workers Are Safely Better off With Increases to \$15 or More**

In sum, for most families with earners currently earning around \$11 an hour, a raise to \$14.90 an hour would leave them better off—usually, much better off. As their children get older and age out of full-day child care, or as wages go up beyond \$15 an hour, they will be unequivocally better off with the job-related compensation than with the publicly provided safety net.

This leads to the conclusion that the best policy for wage increases is to move to \$15. In addition, a local EITC or in-kind benefits may provide additional options for early educators in order to boost overall compensation for their work and further support CPP’s goal of increasing quality of care.

## **Strategies to Mitigate the Cliff Effect**

### **Supplementary benefits trust**

For employers operating on extremely tight margins, the ability to offer additional benefits to their staff is often cost prohibitive. Moreover, the administrative burden of providing the benefit is substantial, particularly for small employers. The absence of paid sick days is a perfect illustration of the way that short-term disincentives can impede systemic improvements that are beneficial to all in the long term.

As noted by industry experts and the local Wage Study report performed by UC, workplace benefits such as healthcare and retirement for early childhood educators are inconsistent and, more often than not, non-existent.<sup>171</sup> Additionally, some low-wage educators who are making less than \$15 per hour are at risk of experiencing the “cliff effect,” losing their public benefits when they receive raises that actually make them worse off financially. Thus, creating a general trust, to which educators can choose to allocate resources, would be highly beneficial for all educators. Some examples of possible benefits include: free or low cost child care, money and/or paid time off towards professional development opportunities, paid sick days, transportation subsidies, business cell phone, free meals, money towards the payment of medical bills, and retirement benefits. More research is needed to determine exactly which benefits would not be counted as income, to develop possible structures for the trust and determine how this strategy could realistically be implemented.

### **Other Potential Policy Strategies to Mitigate the Cliff Effect**

#### **TAX CREDITS**

##### **State or Local Earned Income Tax Credits (EITC)**

###### **Statewide**

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<sup>171</sup> Whitebook, M., McLean, C., Austin, L.J.E., & Edwards, B. (2018). Early Childhood Workforce Index – 2018. Berkeley, CA: Center for the Study of Child Care Employment, University of California, Berkeley. Retrieved from <http://cscce.berkeley.edu/topic/early-childhood-workforce-index/2018/> and UC Economics Center: Research and Consulting. Preschool Wage Survey Findings. April 2018.

Increase Ohio's EITC, which was 10% of the taxpayer's federal EITC in 2017. Other states have been expanding theirs.<sup>172</sup>

Examples:

- Minnesota: 24%
- Iowa: 15%
- Illinois: raising to 18% in 2018

In addition, Ohio's EITC is not refundable, meaning taxpayers cannot claim the maximum value of the credit they earn if it exceeds their income tax liability. EITCs are refundable in the vast majority of states that offer them.<sup>173</sup>

### **State child and dependent care credit**

Ohio has a child and dependent care tax credit (Ohio Tax Credit for Child and Dependent Care Services) available to filers with income under \$40,000. For filers with income under \$20,000, the credit is 100% of the federal CTC. For those between \$20,000 and \$40,000, the credit is 25%.<sup>174</sup> The credit is **not** refundable. Twelve states currently have refundable child care tax credits.<sup>175</sup>

### **Local Income and Property Tax Credits**

Locally, Cincinnati City Council Member Greg Landsman has proposed a piece of draft legislation that would create a property tax or earned income tax credit for child care business owners. As mentioned previously, the Urban Institute states that “[S]trategies for supplementing salaries and wages, such as stipends and refundable tax credits, increase compensation on a periodic or one-time basis for individual teachers. These approaches can provide valuable financial support and encourage professional development, but they are also limited in their ability to provide reliable, ongoing financial relief.”<sup>176</sup> In other words, while these types of solutions do not solve the systemic nature of the problem, every strategy to increase child care providers' take home pay is helpful in moving the needle.

## **CHILD CARE SUBSIDIES**

### **Reduce monthly copays for child care (state level)**

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<sup>172</sup> Erica Williams and Samantha Waxman. Center on Budget and Policy Priorities: States Can Adopt or Expand Earned Income Tax Credits to Build a Stronger Future Economy. Feb 7, 2018.

<https://www.cbpp.org/research/state-budget-and-tax/states-can-adopt-or-expand-earned-income-tax-credits-to-build-a>

<sup>173</sup> Internal Revenue Service. States and Local Governments with Earned Income Tax Credit. Accessed July 2018.

<https://www.irs.gov/credits-deductions/individuals/earned-income-tax-credit/states-and-local-governments-with-earned-income-tax-credit>

<sup>174</sup> Ohio 2017 Instructions for Filing. Accessed July 2018.

[https://www.tax.ohio.gov/portals/0/forms/ohio\\_individual/individual/2017/PIT\\_IT1040\\_Booklet.pdf](https://www.tax.ohio.gov/portals/0/forms/ohio_individual/individual/2017/PIT_IT1040_Booklet.pdf)

<sup>175</sup> National Women's Law Center. STATE CHILD AND DEPENDENT CARE TAX PROVISIONS, TAX YEAR 2017 Fact Sheet.

<https://nwlc-ciw49tixqw5lbab.stackpathdns.com/wp-content/uploads/2018/06/State-Child-Care-and-Dependent-Care-TY-2017-Final.pdf>

<sup>176</sup> Boushey and Glynn 2012, as cited in as cited in Isaacs, J. B., Adelstein, S., Kuehn, D., Loprest, P., Genua, D. and Gebrekristos, S., “Early Childhood Educator Compensation in the Washington Region,” Urban Institute, April 2018. [https://www.urban.org/research/publication/early-childhood-educator-compensation-washington-region/view/full\\_report](https://www.urban.org/research/publication/early-childhood-educator-compensation-washington-region/view/full_report) and in Whitebook, M., McLean, C., and Austin, L.J.E. (2016). Early Childhood Workforce Index - 2016. Berkeley, CA: Center for the Study of Child Care Employment, University of California, Berkeley

- Currently 9% of income for families of 3 with one child in care at 150% of FPL >>more than half of states have lower percentage copays than Ohio<sup>177</sup>
- 7% for families of 3 at 100% of FPL >> 34 states have lower copays than Ohio

#### **Increase the initial eligibility ceiling for child care assistance**

- Ohio's exit eligibility limit was recently increased to 300 percent of FPL, but its initial eligibility limit remains relatively low at 128% of FPL as of 2017.<sup>178</sup> Income eligibility limits are higher in many other states.

#### **Expand access to transitional child care assistance**

- Ohio transitional eligibility limit is 150% of FPL.

#### **Examples:**

- Nebraska Legislative Bill 81: All families in child care subsidy program are eligible for two years of transitional assistance even if their incomes rise above current limits.
- Massachusetts: Disregards 100% of earned income for 6 months up to 200% of poverty level.
- Colorado Cliff Effect Pilot Program: Allows counties to experiment with different approaches to **gradually withdrawing child care benefits** as family incomes increase. Counties are encouraged to collaborate with community partners, early childhood education experts, and families to develop a revenue neutral approach for each family as income rises.

#### **Expand funding for preschool or full-day kindergarten**

#### **Examples**

- Colorado Senate Bill 13-213: Increased funding for 5,000 new early learning slots.

#### **Supplemental Nutrition Assistance Program (SNAP)**

While the loss of SNAP for certain families (e.g., a single parent with two children, one of them being young) can have cliff-like effects, efforts have been made to structure SNAP to avoid a steep benefits cliff.<sup>179</sup> Na onally, these benefits have been structured to phase out slowly with increased earnings and include a 20 percent deduction for earned income. The federal gross income limit is 130 percent of the federal poverty line but **states can lift the gross income limit through the “broad-based categorical eligibility” option** if recipients qualify for non-cash TANF or State Maintenance of Effort (MOE) funded benefit. Ohio has already eliminated the asset test for SNAP, TANF, and LIHEAP but has not adopted BBCE.

#### **MEDICAID**

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<sup>177</sup>Karen Schulman and Helen Blank. National Women's Law Center- Persistent Gaps: State Child Care Assistance Policies 2017. <https://nwlc-ciw49tixgw5lbab.stackpathdns.com/wp-content/uploads/2017/10/NWLC-State-Child-Care-Assistance-Policies-2017-1.pdf>

<sup>178</sup>Schulman, K, ( October,2017).Persistent Gaps: State Child Care Assistance Policies 2017. <https://nwlc-ciw49tixgw5lbab.stackpathdns.com/wp-content/uploads/2017/10/NWLC-State-Child-Care-Assistance-Policies-2017-1.pdf>. Retrieved September , 2017 from <https://nwlc.org/>

<sup>179</sup> Testimony of Stacy Dean, Vice President for Food Assistance Policy, Center on Budget and Policy Priorities. The Future of SNAP. Given before the HOuse Agriculture's Nutrition Subcommittee. March 28, 2017. <https://www.cbpp.org/food-assistance/the-future-of-snap>



Ohio has adopted Medicaid expansion under the Affordable Care Act, which covers people up to 138% of the federal poverty line. Those who earn above this amount are eligible for tax credits to purchase insurance.

## GENERAL

Consider 6-month averages rather than monthly income to account for seasonal work/fluctuations.

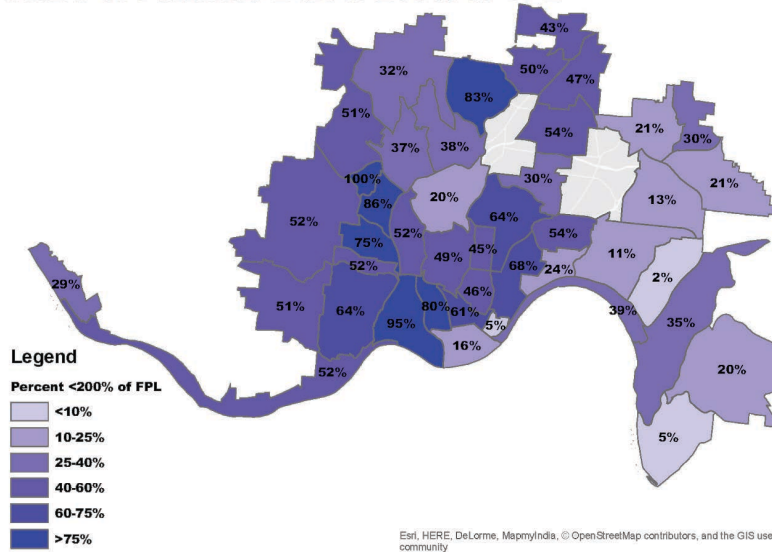
### Other resources

- New Mexico Voices for Children policy proposals  
<https://www.nmvoices.org/wp-content/uploads/2018/05/Cliff-Effect-rpt-web.pdf>
- Women's Fund of Greater Cincinnati [Cliff Effect Qualitative Insights](#)
  - Key finding from their interviews: "the cliff effect may not make recipients worse off after a wage increase; however, they are no better off despite their professional advancement, and that, in effect, feels like a loss."
- Summary of States' Cliff Effect Policy and Legislation  
<https://www.circlesusa.org/wp-content/uploads/2016/08/Cincinnati-Summary-of-States-Cliff-Effect-Policy-and-Legislation-1.pdf>

## High-Quality Rated Care Deserts

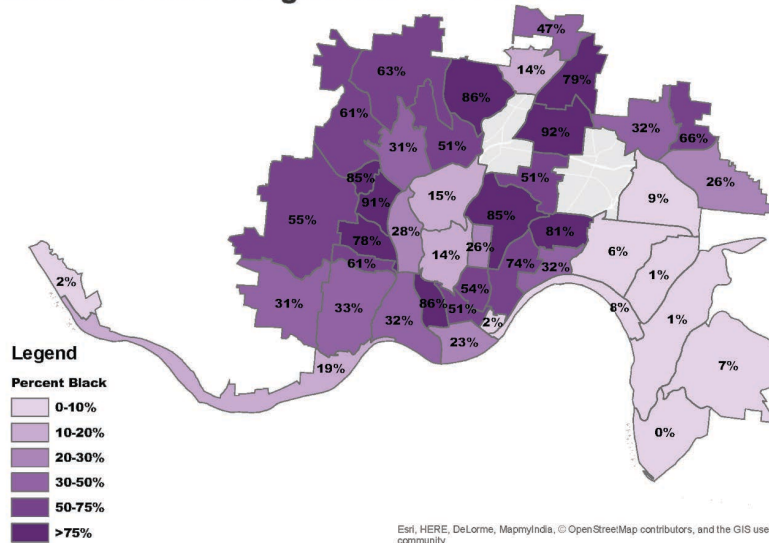
Like most American cities, Cincinnati is highly segregated by race and socioeconomic status. While 41 percent of the overall population is Black, this number varies from 1 percent to 92 percent, neighborhood by neighborhood. Similarly, the child poverty rate is as low as 2 percent in Hyde Park and as high as 80 percent in Winton Hills (measured by percent of children below 100 percent of the FPL). Carthage and Price Hill have significant Hispanic populations.

**Share of Families Below 200% of FPL**



**Figure 8.7:** Share of families below 200% FPL in Cincinnati neighborhoods. Source: Center for American Progress.

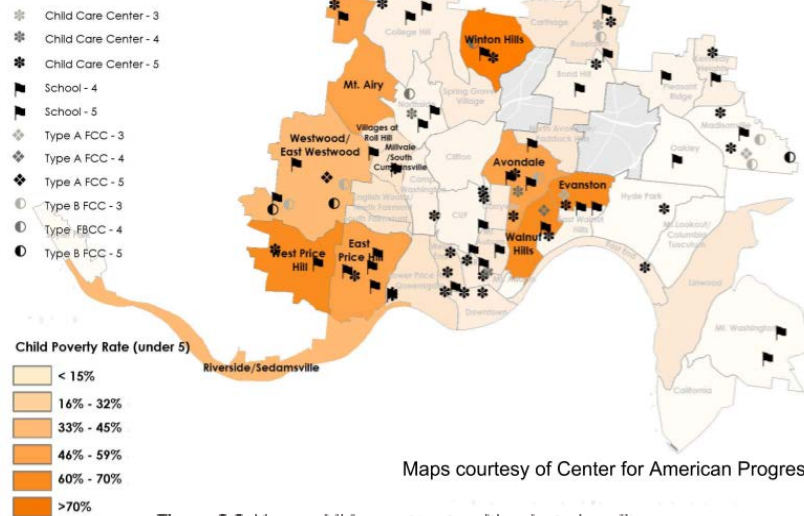
**Share of Black Neighborhood Residents**



**Figure 8.8:** Share of Black neighborhood residents in Cincinnati neighborhoods. Source: Center for American Progress.

High-quality rated care deserts are defined by the Center for American Progress as areas with little or no access to high-quality rated (3-5 star) early child care education providers.

### Young Child Poverty Rate with Selected Quality Care Deserts and High Quality Providers City-Wide

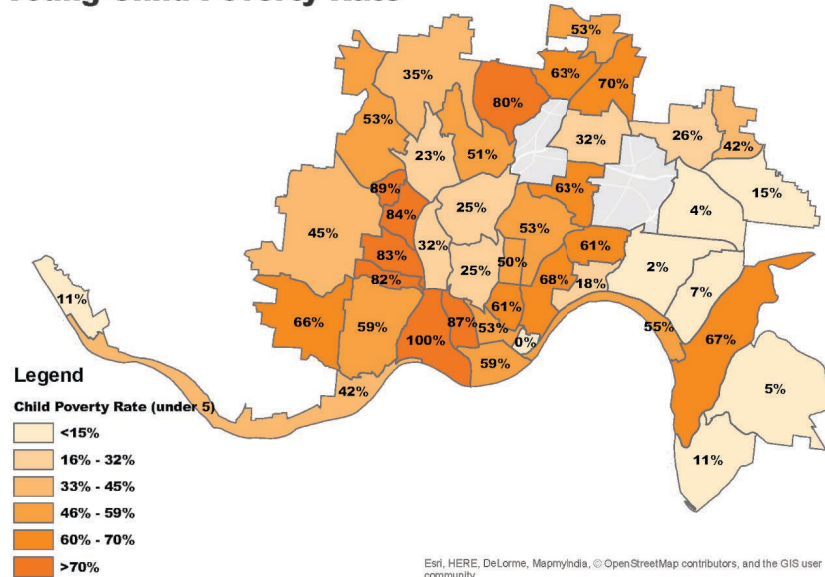


Maps courtesy of Center for American Progress

Figure 8.9: Young child poverty rate with selected quality care deserts and high quality providers city-wide. Source: Center for American Progress.

High-quality rated care deserts overlap with high concentrations of poverty in Avondale, Evanston, Mt. Airy, Walnut Hills, West Price Hill/East Price Hill, Westwood/East Westwood, Winton Hills, and Riverside/Sedamsville as shown in the map on the right (Young Child Poverty Rate).

### Young Child Poverty Rate



Esri, HERE, DeLorme, MapmyIndia, © OpenStreetMap contributors, and the GIS user community

Figure 8.10: Young child poverty rate in Cincinnati neighborhoods. Source: Center for American Progress.

## Dollars Have the Highest Impact When They Reach Low-Income Children

According to the U.S. Department of Health and Human Services and the U.S. Department of Education, “Many children, particularly low-income children, depend on high-quality early learning settings for school readiness.”<sup>180</sup>

Long-term studies of participants in comprehensive preschool intervention programs demonstrate lower rates of incarceration, higher earnings, and higher levels of satisfaction with life, when compared to peers who did not participate in the programs.<sup>181</sup> Most studies have shown that children in low-income households benefit more from high-quality early learning than do children from moderate- and high-income households.<sup>182</sup>

On the map titled “Preschool Slots Per Child + All Licensed Providers,” it is possible to identify a potential opportunity. There are large numbers of family child care providers in most of these high-quality rated care desert neighborhoods.

### Preschool Slots Per Child + High-Quality Providers

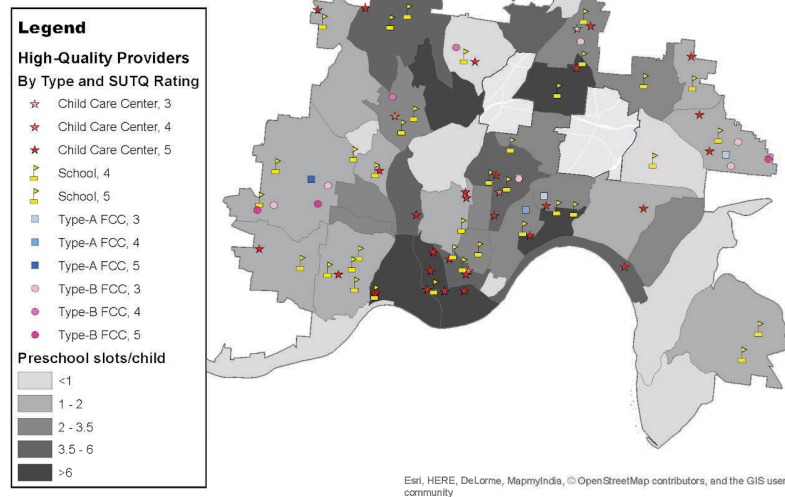


Figure 8.11: Preschool slots per child and all licensed providers in Cincinnati. Source: Center for American Progress.

<sup>180</sup> U.S. Department of Health and Human Services and U.S. Department of Education, “High-Quality Early Learning Settings Depend on a High-Quality Workforce: Low Compensation Undermines Quality,” 2016. Retrieved from <https://www2.ed.gov/about/inits/ed/earlylearning/files/ece-low-compensation-undermines-quality-report-2016.pdf>

<sup>181</sup> Minervino, J. (2014). *Lessons from Research and the Classroom: Implementing High-Quality Pre-K That Makes a Difference for Young Children*. Seattle, WA: Bill & Melinda Gates Foundation. Subpaper: Quality in Center-Based Early Learning: High-Level Findings and Trends (January 2013). Retrieved from [https://docs.gatesfoundation.org/documents/lessons%20from%20research%20and%20the%20Classroom\\_September%202014.pdf](https://docs.gatesfoundation.org/documents/lessons%20from%20research%20and%20the%20Classroom_September%202014.pdf).

<sup>182</sup> Burchinal et al., 2000; Duncan et al., 2003; Gormley, 2007; Dearing et al., 2009, as cited in Minervino, J. (2014). *Lessons from Research and the Classroom: Implementing High-Quality Pre-K That Makes a Difference for Young Children*. Seattle, WA: Bill & Melinda Gates Foundation. Subpaper 1: Minervino, J., Quality in Center-Based Early Learning: High-Level Findings and Trends (January 2013). Retrieved from [https://docs.gatesfoundation.org/documents/lessons%20from%20research%20and%20the%20Classroom\\_September%202014.pdf](https://docs.gatesfoundation.org/documents/lessons%20from%20research%20and%20the%20Classroom_September%202014.pdf).

Investing in existing family child care and unrated center sites to increase quality may expand access to quality care.

### Preschool Slots Per Child + All Licensed Providers

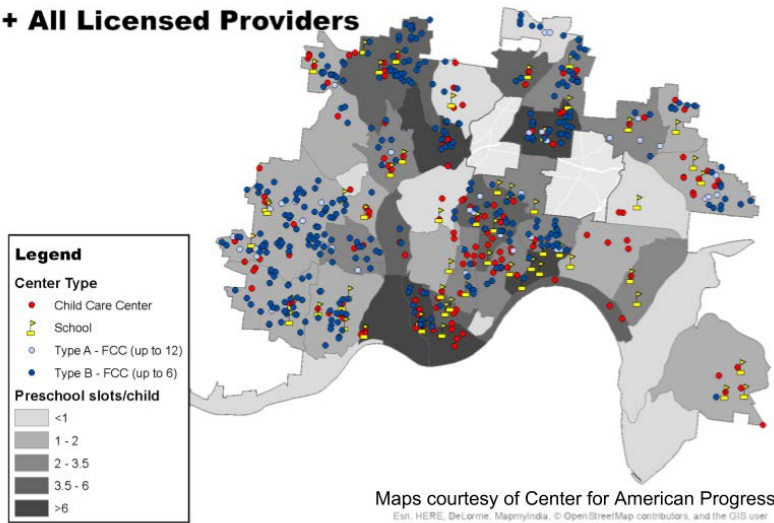


Figure 8.12: Preschool slots per child and all licensed providers in Cincinnati. Source: Center for American Progress.

# 9. Possible Strategies

As has been covered in previous sections, there are multiple strategies that can be implemented to increase teacher compensation in the early childhood education sector. In this section we will present potential applications of these strategies in the current landscape in Cincinnati.

The strategies modeled in this section are:

- Wage Grants
- Increased Tuition Assistance Subsidy (Cost of Quality) / Full Enrollment
- Direct Contracting
- A Solution for Family Child Care Providers
- Shared Services
- Hybrid Strategies

## Wage Grants

To model a wage grant, two main values are needed: a baseline and a target line. In other words, the size of the existing gap between the current state of wages and the desired future state must be determined. The current state of wages in Cincinnati can be obtained from the most recent study on wages conducted by the University of Cincinnati Center for Economics. The desired state of wages is one that approaches parity with public school teachers' earnings.

Early childhood educators in Cincinnati make an average of \$17,500 annually, much less than public preschool teachers (who make \$43,331.60 annually).<sup>183</sup>

**Table 9.1:** Wage survey median and mean wages for ECE providers. Source: University of Cincinnati Economics Center.

University of Cincinnati Economics Center, Wage Survey						
Provider type	Observations	Minimum	Maximum	Mean	Median	SD
Non-Family Lead	115	\$8.75	\$21.56	\$12.79	<b>\$12.50</b>	\$2.72
Non-Family Associate	131	\$8.15	\$14.42	\$10.12	<b>\$10.00</b>	\$1.25
Total Non-Family	24	\$8.15	\$21.56	\$11.37	<b>\$10.50</b>	\$2.46
Family (Lead)	68	\$5.00	\$40.00	\$12.34	<b>\$10.00</b>	\$5.88

The data from the University of Cincinnati Economics Center found that non-family community provider Lead teachers have a median hourly wage of \$12.50, while non-family community provider assistant teachers have a median hourly wage of \$10.00. In the case of family community provider lead teachers, the median hourly wage was \$10.00 (see table above). Using these numbers as a baseline and a desired median hourly wage of \$17.00 for community provider lead teachers and a desired median hourly wage of \$15.00 for community provider assistant teachers, we obtain an hourly gap of \$4.50 and \$5.00 for community provider lead and assistant teachers respectively.

<sup>183</sup> U.S Census Bureau. "Occupation & Industry." American Community Survey, 2016. American Community Survey "Occupation & Industry", 2012-2016 Occupation

According to the data found in 2012-2016 American Community Survey, there are approximately 3,755 early childhood educators in the city of Cincinnati. Based on the data collected by CUCI directly from community providers and from other sources, an even distribution of lead and assistant teachers (i.e., 50/50) exists for home-based Type A and center-based providers. Without accounting for the associated labor burden, and excluding the approximated 192 Cincinnati Public School preschool teachers, the total amount of money required to take the industry's median hourly wage from the current state to its desired state is **\$35,202,440** annually. This is a rather simplistic figure. It does not include payroll burden to employees. It also doesn't include the general cost of care/quality required for each child. Note, the Preschool Promise currently targets \$8,581 as the cost of quality for an individual preschooler for 9.5 months and 6.5 hours of daily instruction. The wage grant would be on top of that amount.

Recognizing existing financial constraints to bridge the gap described above, the question that emerges is how to implement a wage support based on a grant model in the short- and medium-term. To answer this question, a number of key parameters have been identified: (1) Step Up to Quality rating; (2) length of support (year round versus academic year); (3) hourly wage support (in dollars) per position (lead and assistant teachers); (4) positions to be impacted (preschool teachers or all teachers, including infant and toddler teachers); (5) location of providers to be impacted; and (6) enrollment demographics. Although there are other parameters that influence the structure of a wage grant implementation program, we needed to limit the number of parameters and make some assumptions to create a workable cost model.

For each key parameter a couple of options were chosen to include in the model:

1. Step Up to Quality (SUTQ) rating
  - Providers with a 3 to 5 stars SUTQ rating
  - Providers with a 0 to 5 stars SUTQ rating
2. Length of support
  - Year round
  - Academic year (9.5 months)
3. Hourly wage support (in dollars) per position (lead and assistant teachers)
  - Target median hourly wage of \$15.00 for lead teachers, and \$13.00 for assistant teachers
  - Target median hourly wage of \$17.00 for lead teachers, and \$15.00 for assistant teachers
4. Positions to be impacted
  - Preschool teachers
  - All teachers (including infant and toddler teachers, as well as pre-K)
5. Location of providers to be impacted
  - High-quality care deserts with high poverty concentration
  - Any neighborhood
6. Enrollment demographics
  - Minimum number of 10 children with family income level between 100% FPL and 250% (i.e., eligible for Cincinnati Preschool Promise Tuition Assistance)
  - No demographic requirements

The combination of possible choices for each parameter directly affects the two main components of the cost model: size of support required per position (affected by parameters 2 and 3), and number of teachers impacted (affected by parameters 1, 4, 5 and 6). Indirectly, the combination of the possible

choices for each parameter affects the number of children that could be impacted by the wage support their teachers could receive.

Mathematically, the combination of six parameters with two possible options each yields a total number of 64 unique combinations; however, there are cases where certain combinations yield the same results. For example, in a high-quality care desert with a high concentration of poverty, the number of classrooms that would be impacted might be the same regardless of their enrollment demographic characteristics—that is, all classrooms in that high-quality care desert meet the criteria of minimum number of children between the income levels established above.

CUCI used the model to estimate some representative scenarios. To fully model all possible combinations, additional information must be gathered from all existing providers such as average enrollment demographics and average number of teachers, including a breakdown by preschool, infant and toddler teachers. To illustrate how this model works, two possible combinations are presented below in Table 9.2.

**Table 9.2:** Wage grant support model, two possible combinations.

<b>Key parameters</b>		
i. Step Up to Quality (SUTQ) rating	3 to 5	0 to 5
ii. Length of support	Year-round	Year-round
iii. Hourly wage support per position	\$5/hr (Assist. teacher) \$4.5/hr (Lead teacher)	\$3/hr (Assist. teacher) \$2.5/hr (Lead teacher)
iv. Positions to be impacted	Pre-K	All
v. Location of providers to be impacted	1 "high" quality care desert, comprised of two neighborhoods	1 "high" quality care desert, comprised of two neighborhoods
vi. Enrollment demographics	No demographic required	No demographic required
<b>Outputs</b>		
Number of providers impacted	4	69
Number of educators impacted	16	354
Number of children impacted	160	2020
Estimated cost per lead teacher (including labor burden), in dollars	\$10,389.60	\$5,772.00
Estimated cost per assistant teacher (including labor burden), in dollars	\$11,544.00	\$6,926.40
<b>Estimated total cost, in dollars</b>	<b>\$175,468.80</b>	<b>\$2,249,877.75</b>



Another approach to structuring a wage grant support, suggested by a Cincinnati Preschool Promise Board member, is to incorporate a matching component to the wage support. This wage grant support would only be directed to lead teachers in center-based providers. The suggested size of the support would be a total of \$3 per teacher: \$2 would come from CPP and \$1 would come from the child care business. The figure below depicts this wage support for eligible child care providers who are serving at least 10 CPP Tuition Assistance children.

<b>Wage Grant Support Model, with matching component</b>	
<b>Key parameters</b>	
Step Up to Quality (SUTQ) rating	3 to 5
Length of support	Year-round
Hourly wage support	\$3 (Lead teacher)
CPP wage grant, in dollars	2
Provider match, in dollars	1
Positions to be impacted	Pre-K
vi. Enrollment demographics	At least 10 children enrolled in CPP TA
<b>Outputs</b>	
Number of providers impacted	10
Number of educators impacted	60
Number of children impacted	600
Estimated cost to provider per Teacher (excluding labor burden), in dollars	124,800.00
Estimated cost to CPP per Teacher (excluding labor burden), in dollars	249,600.00
<b>Estimated total cost, in dollars</b>	<b>374,400.00</b>

NOTES: 6 lead teachers per provider, 60 children per center.

**Figure 9.1:** Wage grant support model with matching component; model suggested by CPP board member.

#### Concerns with wage grant support model with matching component

- Challenge with match - Across the industry child care providers are spending between 70% and 78% of their income on wages. Ability to provide a match beyond the money they are already spending may prove difficult.
- Absence of support for assistant teachers. As indicated earlier in the report, low wages—particularly those that keep early educators and providers at or near poverty levels—undermine

wellness, influencing the quality of care adults provide.<sup>184</sup> Research shows that when children are enrolled in centers where there is lower turnover and where providers earn higher wages, they spend more time engaged in positive interactions and developmentally appropriate activities with peers and teachers, bolstering healthy development and ultimately increasing school readiness. Turnover also lowers morale within a program, and undermines children's relationships and secure attachments.

- No incentive structure for stepping up to quality. All lead teachers regardless of whether they are 3 stars or 5 stars receive the same wage support.

### Can wage grants incentivize quality?

Cincinnati Preschool Promise programs are set up to incentivize providers to continue improving their SUTQ rating. For example, the Tuition Assistance program has reimbursement rates that increase as providers go higher in the SUTQ rating scale. Table 9.3 shows what a wage grant strategy that would incorporate this incentive system could look like. Calculations in table 9.2 do not incorporate this strategy.

**Table 9.3:** Wage grants by teacher position and SUTQ rating.

	0-Stars	1-Stars	2-Stars	3-Stars	4-Stars	5-Stars
Reimbursement rate	50%	55%	60%	75%	90%	100%
<b>Lead Teacher</b>						
Hourly wage support per lead teacher, in dollars	2.25	2.48	2.70	3.38	4.05	4.50
Estimated cost per lead teacher (including labor burden), in dollars	5,194.80	5,714.28	6,233.76	7,792.20	9,350.64	10,389.60
<b>Assistant Teacher</b>						
Hourly wage support per assistant teacher, in dollars	2.50	2.75	3.00	3.75	4.50	5.00
Estimated cost per assistant teacher (including labor burden), in dollars	5,772.00	6,349.20	6,926.40	8,658.00	10,389.60	11,544.00

<sup>184</sup> Phillips, D., Austin, L. J. E., and Whitebook, M., "The Early Care and Education Workforce," 2016. Retrieved from <https://files.eric.ed.gov/fulltext/EJ1118553.pdf>

## Increased Tuition Assistance Subsidy (Cost of Quality) / Full Enrollment

The current Tuition Assistance subsidy amount that the Cincinnati Preschool Promise utilizes is based on the cost of quality calculated in the 2016 RAND study of \$8,581 for a 5 stars in SUTQ center-based provider. This cost model can be found in Table D2 of the cited study.

Aside from the per-child and fixed expenses costs, there are certain key assumptions underlying these calculations that are worth inspecting. These assumptions are:

- Full enrollment and full collection of cost of quality (\$8,581 for 5 stars provider): All preschoolers (24 per class in the 5 stars center) are bringing in \$8,581. Currently, this scenario can happen when all preschoolers are enrolled in CPP and eligible for the full cost of care (\$8,581). Note: Ohio Department of Jobs and Family Service (ODJFS) reimbursement rates for 5 stars centers during the same school-year, school-day, is \$4,272.
- Teacher-student ratio: The ratio is 1 lead teacher and 1 assistant teacher to 24 kids. Note: CPS has a 2:20 ratio and many high-quality in SUTQ centers have a 2:20 or 1:10 ratio as well.
- 100% collection of fees: The model implicitly assumes that centers are able to collect 100% of the fees. Note: This rarely occurs. 85% is the standard industry collection rate.
- Teacher compensation: After incorporating the above assumptions, the model suggests a lead teacher could make \$15.14 and an assistant teacher could make \$11.73 hourly wages at a center-based 5 stars in SUTQ provider.

**Table 9.4:** RAND study cost model, by Step Up to Quality rating tier, two-classroom center-based program, abbreviated version.

Key Parameters	One Star	Two Stars	Three Stars	Four Stars	Five Stars
Number of classrooms	2	2	2	2	2
Number of children	56	56	52	48	48
Number of lead teachers	2	2	2	2	2
Number of assistant teachers	2	2	2	2	2
Ratio (children per teacher)	14	14	13	12	12
Lead teacher, salary, in dollars	40,600	43,825	49,137	54,829	63,000
Lead teacher, hourly (2080 hr/yr), in dollars	9.76	10.53	11.81	13.18	15.14
Assistant teacher, salary, in dollars	38,000	39,900	41,990	44,080	48,800
Assistant teacher, hourly (2080 hr/yr), in dollars	9.13	9.59	10.09	10.60	11.73
<b>Total cost, in dollars</b>	<b>285,931</b>	<b>299,766</b>	<b>339,856</b>	<b>365,041</b>	<b>411,897</b>
<b>Cost per child, in dollars</b>	<b>5,106</b>	<b>5,353</b>	<b>6,536</b>	<b>7,605</b>	<b>8,581</b>
As a % of original cost of quality (\$8,581)	60%	62%	76%	89%	100%

It is worth noting that in the RAND study cost model, the only expense that increases as it goes higher in the SUTQ rating scale is annual labor costs. The only other cost driver that impacts the total cost per child is the teacher-children ratio. Additionally, this cost model incorporates labor costs based on annual salary.

Now, by maintaining similar assumptions, one can adjust the cost of quality, thereby increasing the Tuition Assistance subsidy, in order to achieve desired compensation and teacher-children ratio outcomes:

**Revenues cover cost per child:** Adjusted “cost of quality”

- **If you want to achieve a 2: 20 or 1:10 ratio = \$10,010 per child**
- **1:10 ratio with \$17/hr wages for lead and \$15/hr for asst. teachers= \$10,676 per child**
- **1:12 ratio with \$17/hr wages for lead and \$15/hr for asst. teachers = \$9,136 per child**

In the next table the key parameters for these calculations are presented.

**Table 9.5:** Cost model by teacher-children ratio, two teachers per classroom, adjusted for teacher compensation.

Key Parameters	Five Stars - Ratio 2:24	Five Stars - Ratio 2:20
Number of classrooms	1	1
Number of children	24	20
Number of lead teachers	1	1
Number of assistant teachers	1	1
Ratio (children per teacher)	12	10
Lead teacher (one per classroom), salary, in dollars	35,360	35,360
Lead teacher, hourly (2080 hr/yr), in dollars	17.00	17.00
Assistant teacher (one per classroom), salary, in dollars	31,200	31,200
Assistant teacher, hourly (2080 hr/yr), in dollars	15.00	15.00
<b>Total cost, in dollars</b>	219,273	200,204
<b>Cost per child, in dollars</b>	9,136	10,010
As a % of original cost of care (\$8,581)	106%	117%

Since small centers rarely have the classroom space for 20-24 students, below is a model of how the cost of quality Tuition Assistance subsidy is calculated for one lead teacher and 10-12 students in a single classroom.

**Table 9.6:** Cost model by teacher-children ratio, one lead teacher per classroom and adjusted for teacher compensation.

Key Parameters	Five Stars - Ratio 1:12	Five Stars - Ratio 1:10
Number of classrooms	1	1
Number of children	12	10
Number of lead teachers	1	1
Number of assistant teachers	N/A	N/A
Ratio (children per teacher)	6	10
Lead teacher, salary, in dollars	35,360	35,360
Lead teacher, hourly (2080 hr/yr), in dollars	17.00	17.00
Assistant teacher, salary, in dollars	N/A	N/A
Assistant teacher, hourly (2080 hr/yr), in dollars	N/A	N/A
<b>Total cost, in dollars</b>	112,237	109,365
<b>Cost per child, in dollars</b>	9,353	10,936
As a % of original cost of care (\$8,581)	109%	127%

The Cincinnati Preschool Promise Tuition Assistance Program is set up to incentivize providers to continue improving their SUTQ rating by establishing reimbursement rates that increase as providers rise in the SUTQ rating scale. Below is a summary table of the current Tuition Assistance program.

**Table 9.7:** Tuition Assistance table, no other funding source, by SUTQ rating and teacher-children ratio, adjusted for cost of quality.

	0-Stars	1-Stars	2-Stars	3-Stars	4-Stars	5-Stars
Reimbursement rate	0%	0%	0%	75%	90%	100%
School year Subsidy amount, Only CPP	0	0	0	6,436	7,723	8,581

Taking into consideration the adjustments made in Table 9.5 and adjusting the proration progression for reimbursement rates, the Tuition Assistance table would be as follows:

**Table 9.8:** Tuition Assistance table with potential wages, no other funding source, by SUTQ rating and teacher-children ratio, adjusted for cost of quality and incentive system.

	0-Stars	1-Stars	2-Stars	3-Stars	4-Stars	5-Stars
Reimbursement rate	0%	0%	0%	90%	95%	100%
School year subsidy amount, ratio 2:20, in dollars	0	0	0	9,009	9,510	10,010
Lead teacher, hourly (2080 hr/yr), in dollars				15.30	16.15	17.00
Assistant teacher, hourly (2080 hr/yr), in dollars				13.50	14.25	15.00
School year subsidy amount, ratio 2:24, in dollars	0	0	0	8,223	8,680	9,136
Lead teacher, hourly (2080 hr/yr), in dollars				15.30	16.15	17.00
Assistant teacher, hourly (2080 hr/yr), in dollars				13.50	14.25	15.00

As currently structured, the Cincinnati Preschool Promise Tuition Assistance program does not support family child care providers or centers with a lower SUTQ rating than 3 stars. Given the existence of high-rated quality care deserts, the need for more high-quality rated providers (there currently are 55 out of 585 3- to 5-star rated providers) and the pressure of the 2020 law requiring SUTQ ratings that will likely lead to many providers closing or going underground as has happened in other states with similar laws, a Quality Improvement Tuition credit may be a helpful tool to accelerate quality improvement, equity and access to quality rated care.

This support would follow the intended incentive system for improving the SUTQ rating and would incorporate the adjustments made to the cost of quality.

**Table 9.9:** Quality Improvement Tuition Credit table with potential wages, no other funding source, by SUTQ rating and teacher-children ratio, adjusted for cost of quality and incentive system.

	0-Stars	1-Stars	2-Stars	3-Stars	4-Stars	5-Stars
Reimbursement rate	75%	80%	85%	0%	0%	0%
School year Subsidy amount, ratio 2:20, in dollars	7,508	8,008	8,509	0	0	0
Lead Teacher, hourly (2080 hr/yr), in dollars	12.75	13.60	14.45			
Assistant Teacher, hourly (2080 hr/yr), in dollars	11.25	12.00	12.75			
School year Subsidy amount, ratio 2:24, in dollars	6,852	7,309	7,766	0	0	0
Lead Teacher, hourly (2080 hr/yr), in dollars	12.75	13.60	14.45			
Assistant Teacher, hourly (2080 hr/yr), in dollars	11.25	12.00	12.75			

## Direct Contracting

As we can see in the previous section, full enrollment is a key component for the subsidy to be efficient at accomplishing the goal of delivering quality care while meeting compensation objectives.

One strategy to achieve full enrollment is to set up a direct contract with providers, thus guaranteeing a full classroom of preschool students receiving the full cost of quality reimbursement rates that allow for teachers to receive compensation targets.

### Application for large and medium centers

Direct contracting for classrooms of 20–24 can work well in large and medium centers that have the space to accommodate that size of classroom. During the 2017–2018 school year, 6 CPP sites had 20 or more CPP students enrolled. In terms of capacity for preschool seats, it appears that 61% (25 out of 41 sites) of 2017–2018 CPP providers had the physical capacity to house a preschool class of 20–24 kids. By adjusting the cost of quality subsidy to reflect the desired ratio and compensation goal, CPP could ensure the preschool teachers are being paid a minimum of \$15/hour. This is the most cost-efficient way to raise wages and ensure quality. An example of this can be found in Table 9.5: for a full classroom of 24 students with the adjusted subsidy increased by \$555 to \$9,136, the lead teacher has the potential to receive \$17/hour while the assistant teacher may receive \$15/hour, and the total additional cost to CPP is \$13,320.

### Application for small centers

Small centers usually do not have the physical space to accommodate classroom sizes of 20–24 students. A size that is workable for the small center is one lead teacher with 10–12 students. This scenario is demonstrated in Table 9.6. In order to pay a lead teacher \$17/hour, the adjusted cost of care is either

\$9,353/student for 12 students or \$10,936/student for 10 students. This reflects a current cost of care adjustment from the RAND study's \$8581/student by \$772 or \$2,358 respectively. In the scenario with one lead teacher and twelve students, the total additional cost to CPP is \$9,264.

### Family child care Type A & B

Seattle has found a dynamic solution for involving family child care centers in direct contracting. It involves creating hubs that have 20 seats and filling those seats with a mix of family child care providers. We take a detailed look at family child care centers in the next section.

### Concerns and opportunities regarding direct contracting

When it comes to scaling a cost effective solution for quality, improved teacher compensation, and desired ratios, it is difficult to find a solution more efficient with public dollars than direct contracting. For example, the total cost of utilizing direct contracting with an increased subsidy adjusted for a cost of quality that ensures teacher compensation at the desired levels to serve 6,000 preschoolers eligible for CPP programs would be approximately \$36.33 million. In contrast, absent a program such as direct contracting which requires full classrooms, a solution to ensure better teacher compensation is more costly. Compare the \$36 million against the \$43.97million that it would cost to fund CPP's current Tuition Assistance program and wage supports to the preschool educators teaching the same 6,000 preschoolers. Figure 9.1 shows a comparison between both approaches.

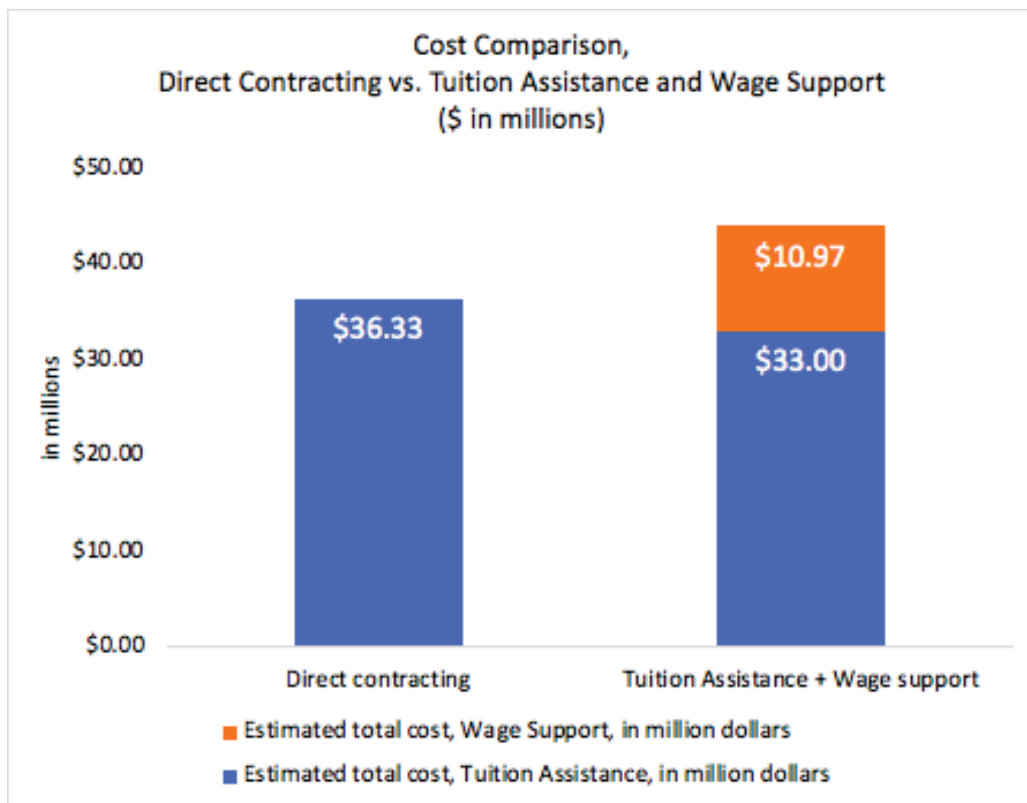


Figure 9.2: Cost comparison between direct contracting and tuition assistance + wage support.

It is worth noting that the calculations above are estimates based on the current mix of other funding CPP children are coming with and the distribution of providers' SUTQ rating, which affect the Tuition



Assistance cost to CPP.

Non-provider stakeholders have identified a concern related to lack of parent choice. However, purchase of services systems (vouchers) have also not been proven to truly allow for parent choice. Currently in Cincinnati, there are 41 sites representing 29 different community providers. There are quality care deserts without sufficient options. Another way to reflect on this, is to observe the experience of Denver. In theory, any provider that meets the quality requirements (in this case 3-5 stars) can participate—in reality, the providers that can meet these requirements and actually participate in the program are the child care businesses that, for a number of reasons such as being located in a neighborhood(s) that have more private pay families which are usually white and better off, have already been receiving more resources which has allowed them to meet these requirements. Despite the Denver Preschool Promise being a universal voucher based system, it was found that enrollment rates for white, relatively affluent neighborhoods were at 100 percent while enrollment rates for predominantly Latino, lower-income Southwest Denver neighborhoods ranged between 16 to 39 percent.<sup>185</sup>

When creative ways are found to include family child care in the form of aggregated hubs as Seattle has done, the concerns regarding parent choice can be mitigated further. Family child care centers are often concentrated in low-income and under-resourced communities and many times they are the only option for families working non-traditional schedules. Having a more robust focus on including family child care and small centers through a hub strategy may prove an exciting tool to truly expand parent choice more equitably. There is a recommended pilot to explore this possibility.

Another concern is the impact that a direct contracting system could have on infant and toddler teachers. Direct contracting impacts the classroom teachers and family child care providers that have contracted seats. This is a similar concern related to wage grants focused solely on preschool teachers. This could be mitigated with a hybrid program that involves additional supports.

Lastly, there is a concern related to incentives to keep seats filled in a direct contracting system. This can be addressed by constructing the program as Seattle and others have done, with a base pay component and later additional funds based on the seat being filled. In Seattle, providers are guaranteed a base pay of 60% of the cost of care per slot throughout the year and receive the other 40% based on how well they keep the slot filled and meet performance standards.

## **A Solution for Family Child Care Providers**

So far, the strategies described in the previous sections do not address the reality of family child care providers. A possible strategy that takes into account the findings from the previous models described in this report has been developed with a combination of Tuition Assistance, as currently designed in the Cincinnati Preschool Promise program with an adjusted cost of quality, and an additional support that is more equitably distributed across all family child care: Quality Improvement Tuition Credit.

As mentioned at the beginning of this chapter (Possible Strategies), to estimate what it would take to increase the median hourly wage, two main values are needed: baseline and target. According to the University of Cincinnati Economic Center Wage Study, family child care providers are bringing a median hourly wage of \$10.00. Interestingly enough, family child care providers, by participating in the Cincinnati

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<sup>185</sup> Padres & Jovenes Unidos. The Great Unequalizer: How Denver's Pre-K System Fails the Children of Southwest Denver and Other Low-Income Communities of Color. February 2016.

Preschool Promise Tuition Assistance program, with at least 2 children for Type B providers or 4 children for Type A providers, could make as much as \$2.43 to \$3.68 additional income on an hourly basis (assuming 2080 hours in a year) if they have 3 to 5 stars in the SUTQ rating (see Table 9.10 for a model for a Type B provider).

**Table 9.10:** Bridging the gap for Type B providers, impact of having 2 children\* receiving Cincinnati Preschool Promise Tuition Assistance, by SUTQ rating.

	0-Stars	1-Stars	2-Stars	3-Stars	4-Stars	5-Stars
Tuition Assistance reimbursement rate	0%	0%	0%	75%	90%	100%
Reimbursement for 1 child family income level <100% FPL**	\$ -	\$ -	\$ -	\$ 3,375	\$ 4,050	\$ 4,500
Number of children on CPP TA	0	0	0	2	2	2
Total TA	\$ -	\$ -	\$ -	\$ 6,750	\$ 8,100	\$ 9,000
Impact on bottom line on an hourly rate (2080 hr/yr)						
85% collection rate***	\$ -	\$ -	\$ -	\$ 2.76	\$ 3.31	\$ 3.68
75% collection rate	\$ -	\$ -	\$ -	\$ 2.43	\$ 2.92	\$ 3.25

NOTES:

\*Both children's family income level that are enrolled in Cincinnati Preschool Promise Tuition Assistance program are at the Federal Poverty Level.

\*\*As reported by Cincinnati Preschool Promise (\$4,500).

\*\*\*Collection rate considers: attendance, swipe rate, ability to collect copayments from parents.

However, as it can be observed even in the best scenario (5 stars SUTQ rating and an 85% collection rate), the support from CPP Tuition Assistance on a 2080-hours-per-year hourly basis might not be enough to achieve the desired compensation support. Additionally, as currently structured, Tuition Assistance does not support family child care providers with a lower SUTQ rating than 3 stars. A possible solution to help bridge the gap for all family child care providers that does not eliminate the incentive to continue advancing in the SUTQ ladder is to add additional support. This additional support would be traceable to at least two children participating in CPP for Type B family child care providers, and at least 4 children participating in CPP for Type A family child care providers. Additional support is broken down into two components: (i) additional Tuition Assistance support, the difference between the adjusted cost of quality and the current Tuition Assistance subsidy, and (ii) Quality Improvement Tuition Credit, quality improvement support tied to tuition credits for family child care providers with SUTQ ratings below 3 stars. This strategy has the potential to allow family child care providers to increase their hourly income to \$4.31 for a 5 stars provider (see Table 9.11, below, for calculations for a Type B provider).

**Table 9.11:** Bridging the gap for Type B providers, impact of having 2 children receiving Cincinnati Preschool Promise Tuition Assistance and additional support, by SUTQ rating.

	0-Stars	1-Stars	2-Stars	3-Stars	4-Stars	5-Stars
Tuition Assistance reimbursement rate	60%	65%	70%	75%	90%	100%
Tuition Assistance reimbursement for 1 child family income level <100% FPL	\$ -	\$ -	\$ -	\$ 3,375	\$ 4,050	\$ 4,500
Quality Improvement Tuition Credit*	\$ 2,700	\$ 2,925	\$ 3,150	\$ -	\$ -	\$ -
Additional Tuition Assistance support**	\$ 463	\$ 502	\$ 540	\$ 579	\$ 695	\$ 772
Number of children enrolled in program	2	2	2	2	2	2
Total support	\$ 6,328	\$ 6,855	\$ 7,382	\$ 7,910	\$ 9,491	\$ 10,546
Impact on bottom line on an hourly rate (2080 hr/yr)						
85% collection rate	\$ 2.59	\$ 2.80	\$ 3.02	\$ 3.23	\$ 3.88	\$ 4.31
75% collection rate	\$ 2.28	\$ 2.47	\$ 2.66	\$ 2.85	\$ 3.42	\$ 3.80

NOTES:

\*Quality Improvement Tuition Credit is based on Tuition Assistance subsidy amount and an adjusted reimbursement rate.

\*\*Additional support is calculated based on the adjusted cost of quality (\$9,353).

Such a strategy would only cost the Cincinnati Preschool Promise \$1,314 for a 5 stars Type B family child care provider impacting 1 teacher and 6 to 12 children, or \$2,628 for a 5 stars Type A family child care provider impacting 2 teachers and 12 to 24 children. For a 2 stars Type B family child care provider, it would cost \$6,275, while for a 2 stars Type A family child care provider it would cost \$12,550. The tables below shows the calculations for both types of family child care provider.

**Table 9.12:** Cost to Cincinnati Preschool Promise, 2 children receiving Tuition Assistance plus additional tuition support per Type B provider, by SUTQ rating, 85% collection rate.

	0-Stars	1-Stars	2-Stars	3-Stars	4-Stars	5-Stars
Total Tuition Assistance (existing strategy)	\$ -	\$ -	\$ -	\$ 6,750	\$ 8,100	\$ 9,000
Additional cost to CPP (i.e., on top of Tuition Assistance)	\$ 5,379	\$ 5,827	\$ 6,275	\$ 986	\$ 1,183	\$ 1,314

**Table 9.13:** Cost to Cincinnati Preschool Promise, 4 children receiving Tuition Assistance plus additional tuition support per Type A provider, by SUTQ rating, 85% collection rate.

	0-Stars	1-Stars	2-Stars	3-Stars	4-Stars	5-Stars
Total Tuition Assistance (existing strategy)	\$ -	\$ -	\$ -	\$ 13,500	\$ 16,200	\$ 18,000
Additional cost to CPP (i.e., on top of Tuition Assistance)	\$ 10,757	\$ 11,653	\$ 12,550	\$ 1,971	\$ 2,366	\$ 2,628

## Shared Services

A Shared Service Alliance or Hub is a community-based partnership comprised of small businesses (whether nonprofit or for-profit) within an industry working together to **share costs and deliver services in a more streamlined and efficient way**. Alliances enable center- and/or home-based ECE providers to join forces administratively to **lower costs for business functions like payroll, benefits management, banking, janitorial and food services, insurance and purchasing; to negotiate collaborative contracts for quality supports and other comprehensive services; and to fundraise together or engage in other shared efforts**. Time and cost savings are then reinvested and redeployed to deliver more sustainable high-quality services.

Shared services can be accomplished by bringing together the owners/directors of family child care businesses and child care centers in an organization that they own and control (a cooperative), to share best practices, increase their buying power for better prices, and increase the viability and profitability of their businesses.

By conducting over 60 surveys, 5 focus groups and numerous one-on-one discussions prior to the Wage Implementation surveys, CUCI has come to the following conclusions regarding which products/services are most interesting to child care providers to collaborate around under a shared service model:

- Joint purchasing of food and supplies
- Support for accounting and business
- Joint purchasing of liability and business insurance
- Joint purchasing of health insurance
- Training of staff
- Professional development provided at low-cost by partners like child care unions
- Pool of substitute teachers (with a sick days trust)

Opportunities Exchange is the largest national organization catalyzing shared services alliances in early childhood education. Most of their work is with web-based, statewide platforms that allow individual providers to pay a membership fee to participate. Each state tailors offerings to suit their needs. Most alliances are supported by a combination of members' management fees, philanthropy, and government funds. It appears that most statewide alliances are sponsored—at least in part—by a state agency.

OCRRA, the sponsoring organization in Ohio, is a public-private partnership with a board of directors that comes largely from the seven regional organizations. It also lists five state agencies as partners: the Ohio Departments of Education, Health, Developmental Disabilities, Job & Family Services, and Mental Health & Addiction.

But there are many more opportunities beyond web-based applications to explore regarding shared services that can translate into savings as well as peer support enhancing quality improvement. Piloting a shared services hub shows a lot of promise for making public dollars go further.

Opportunities Exchange includes a great resources page that includes items like:

- Sample contract language for management agreements, fiscal sponsorship, etc.
- A step-by-step guide for starting a multi-site shared services alliance
- Characteristics of a successful shared services “hub” organization
- Shared Services 101

An example of the potential of shared services to impact the bottom line of a provider can be seen in Figure 9.3.

## Example: Shared Services Value of a Center with 20 Fulltime Children

	Before	After	Change	Rationale
Revenues	\$160,000	\$180,000	\$20,000	Improved fiscal management, full enrollment
Expenses:				
Teaching	\$92,000	\$92,000	\$0	No change
Admin staff	\$45,000	\$11,000	-\$34,000	Hub takes on admin
Food/supplies	\$13,500	\$12,000	-\$1,500	Economies of scale
Acct/Leg/Ins	\$3500	\$0	-\$3500	Shared cost
Other Oper's	\$5000	\$4000	-\$1000	Shared cost
PD	\$2000	\$0	-\$2000	Shared cost
Total Expenses	\$161,000	\$119,000	-\$42,000	
<b>Net Revenue</b>	<b>-\$1000</b>	<b>\$61,000</b>	<b>\$62,000</b>	<b>Result: \$62,000 now available to support shared admin and invest in center improvement</b>

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13

**Figure 9.3:** Example of value of Shared Services to a small center. Source: Opportunities Exchange.

## Hybrid Strategies

Hybrid strategies could be a method to implement wage supports that acknowledge the realities of different community child care providers. For example, a combination of wage grants, tuition assistance, quality improvement tuition credits and shared services could be a way to structure a wage implementation program.

Most child care centers serve infants and toddlers as well as preschoolers. A hybrid strategy that combines a direct contract for a full preschool classroom and a wage grant support for the other teachers in the center could be a potential solution for these providers.

Such a strategy could be directed at small centers that typically serve approximately 13 to 40 children, where one teacher serves preschoolers and the other teachers serve the infants and toddlers.

In Figure 9.1, an example model is presented. This model assumes: 1 small center (5 stars in SUTQ) of 32 to 40 children, 12 preschool children participating in the CPP Tuition Assistance program through a direct contract, the cost of quality is \$9,353 (see Table 9.6), the remaining 20 to 28 children are infants, toddlers and/or other preschoolers not participating in the CPP Tuition Assistance program who are served by 3 teachers, and all teachers are making the median hourly wage found in the UC Economic

Center Wage Study for lead teachers of \$12.50.

**Table 9.14:** Cost to CPP, 5 stars SUTQ classroom, 12 children participating in CPP TA with adjusted cost of quality.

Number of children in classroom	12
Number of children on TA	12
Average TA cost per children to CPP	\$ 5,500
Additional cost (cost of quality adjusted)	\$ 772
Estimated current cost to CPP per full classroom*	\$ 66,000
Estimated adj. cost per full classroom	\$ 75,265
Estimated additional cost (i.e., on top of current TA) per full classroom	\$ 9,265
<b>Cost to CPP, wage grant for infant and toddler teachers</b>	
Number of infant and toddler teachers in the center	3
Estimated cost per lead teacher (including labor burden), in dollars	10,389.60
Estimated cost of wage support	\$ 31,169
<b>Total additional cost of program</b>	<b>\$ 40,433</b>

In this example, the program would cost an estimated \$40,433 on top of the current Tuition Assistance program, and would impact 4 teachers and 32 to 40 children (this number depends on the age groups breakdown of the center).

# 10. Final Recommendations

## Phase I- Short-term (2018 - 2019)

### I. Pilot these models for wage supports

#### QUALITY IMPROVEMENT PROVIDERS

➤ Option 1

Structure: Family Child Care in Quality Improvement Provider Hub (Type A & B)
<p><b>Participants:</b> Each Hub of Family Child Care providers consists of a combination of Type A and Type B providers, serving between 5 and 10 providers.</p>
<p><b>Requirements:</b></p> <ul style="list-style-type: none"> <li>• Each Type B provider should have at least two (2) children participating in the newly defined Quality Improvement Tuition credit program.</li> <li>• Each Type A provider should have at least four (4) children participating in the newly defined Quality Improvement Tuition credit program.</li> </ul>
<p><b>Teacher Impact:</b> The total number of teachers that would be impacted by the Family Child Care Provider Hub is 10 teachers.</p>
<p><b>Student Impact:</b> The total number of children that would be impacted by the Family Child Care Provider Hub is 60 to 120 children (depending on their number of shifts).</p>
<p><b>Priority:</b> Family child care providers located in a high-quality rated care desert.</p>
<p><b>Wages:</b> An additional \$2.59/hr for 0 stars to \$3.02/hr for 2 stars based on an 85% collection rate (see Table 9.11).</p>
<p><b>Annual Cost:</b> The estimated cost for a school year for each Hub ranges between \$53,785.13 (0 stars in SUTQ) and \$62,749.32 (2 stars in SUTQ) .</p>

**Rationale:** It is indicated by the research that decent wages for EC teachers is one of the largest contributing factors to providing quality care for children. Family child care is an extremely important venue to deliver child care services in our community, especially to our lowest income and under resourced communities. FCC’s are often concentrated in low-income and under-resourced communities and many times they are the only option for families working non-traditional schedules. Having more a more robust focus on including family child care and



small centers through a hub strategy may prove an exciting tool to truly expand parent choice more equitably.

Over the last two years, CPP has established an initial baseline for how quickly existing QI support can help providers increase their star rating. By piloting a version of QI support with wage supports for a subsection of the same 0-2 star rated programs, stakeholders will be able to test and see whether providing wage supports for these programs results in faster rates of programs increasing their star quality ratings. Additionally, with the 2020 and 2025 deadlines looming where all providers must be rated with at least 1 star by 2020 and 3 stars by 2025, it is extremely timely and advantageous to understand whether or not there is a significant impact on the time it takes for programs to improve in star rating and whether different quality rated programs are affected differently by being able to pay their teaching staff better (i.e., testing to see if there are specific star-level rated programs that move up more quickly as a result of this additional support or if all 0-2 star rated programs benefit equally from this type of additional support). Accelerating quality improvement leads to more quality rated seats for children.

➤ Option 2

<b>Structure: Small Centers (0-2 star) Wage Grant</b>
<b>Participants:</b> Each small center-based program consists of a maximum of 40 children.
<p><b>Teacher Impact:</b></p> <ul style="list-style-type: none"> <li>• All teachers, including infant and toddler teachers, would be impacted by this program.</li> <li>• On average, the total number of teachers that would be impacted by this program is 4 teachers per center, for a total of 16 teachers.</li> </ul>
<b>Student Impact-</b> The total number of children that would be impacted per center is 32 to 40 children per center, for a total of approximately 128 to 160 children.
<b>Incentive System:</b> The wage grant support would include an incentive system to increase SUTQ rating, as presented in Table 9.3.
<b>Wages:</b> Teachers would have the potential to receive wages between \$14.75/hr (lead) and \$12.50/hr (assistant) in a 0 stars center to \$15.20/hr (lead) and \$13.00/hr (assistant) in a 2 stars center. These estimates vary depending on the actual wage level teachers are receiving; typically in small centers that are 0-2 stars, wages are lower than the median level of \$10 for an assistant and \$12.50 for a lead teacher.
<b>Annual Cost:</b> The total estimated cost for this pilot ranges between \$83,117 (16 teachers in non-rated providers) and \$99,740 (16 teachers in 2 stars SUTQ providers).

**Rationale:** It is indicated by the research that decent wages for EC teachers is one of the largest contributing factors to providing quality care for children. Over the last two years, CPP has

established an initial baseline for how quickly existing QI support can help providers increase in star rating. By piloting a version of QI support with wage supports for a subsection of the same 0-2 star rated programs, stakeholders will be able to test and see whether providing wage supports for these programs results in faster rates of programs increasing their star quality ratings. Additionally, with the 2020 and 2025 deadlines looming where all providers must be rated with at least 1 star by 2020 and 3 stars by 2025, it is extremely timely and advantageous to understand whether or not there is a significant impact on the time it takes for programs to improve in star rating and whether different quality rated programs are affected differently by being able to pay their teaching staff better (i.e., testing to see if there are specific star-level rated programs that move up more quickly as a result of this additional support or if all 0-2 star rated programs benefit equally from this type of additional support). Accelerating quality improvement leads to more quality rated seats for children.

Also, as has been echoed by the research and all stakeholder and provider feedback, there are serious unintended consequences as a result of not paying all teaching staff equitably regardless of which classroom they spend most of their time in (e.g., pre-K versus infant and toddler rooms) or their position (e.g., lead and assistant teachers). As indicated earlier in the report, low wages—particularly those that keep early educators and providers at or near poverty levels—undermine wellness, influencing the quality of care adults provide.<sup>186</sup> Research shows that when children are enrolled in centers where there is lower turnover and where providers earn higher wages, they spend more time engaged in positive interactions and developmentally appropriate activities with peers and teachers, bolstering healthy development and ultimately increasing school readiness. Turnover also lowers morale within a program, and undermines children's relationships and secure attachments. Because decent compensation for all educators in the classroom is shown to be one of the most influential factors impacting turnover, quality of care and, consequently, outcomes for children, this recommendation includes a wage grant to provide the flexibility needed to pay all teaching staff increased wages. On a similar note, due to the fact that we can already see the effect of disparate pay between public and private sector teachers, it is recommended that in this experiment, a holistic approach be studied.

## TUITION ASSISTANCE PROVIDERS

### ➤ Option 3

<b>Structure: Family Child Care Provider Hub in Tuition Assistance (Type A &amp; B)</b>
<b>Participants:</b> Each hub of family child care providers consists of a combination of Type A and Type B providers, serving between 5 to 10 providers.
<b>Requirements:</b> <ul style="list-style-type: none"> <li>● Each Type B provider should have at least two (2) children participating in the Tuition Assistance program with the adjusted cost of quality.</li> </ul>

<sup>186</sup> Phillips, D., Austin, L. J. E., and Whitebook, M., "The Early Care and Education Workforce," 2016. Retrieved from <https://files.eric.ed.gov/fulltext/EJ1118553.pdf>

<ul style="list-style-type: none"> <li>Each Type A provider should have at least four (4) children participating in the Tuition Assistance program with the adjusted cost of quality.</li> </ul>
<p><b>Teacher Impact:</b> The total number of teachers that would be impacted by the Family Child Care Provider Hub is 10 teachers.</p>
<p><b>Student Impact:</b> The total number of children that would be impacted by the Family Child Care Provider Hubs is 60-120 children.</p>
<p><b>Wages:</b> Annual hourly wage increases for teachers range from \$3.23/hr for 3 stars to \$4.31/hr for 5 stars (see Table 9.11).</p>
<p><b>Annual Cost:</b> The estimated additional cost, on top of the current TA support, for each hub for a school year ranges between \$9,856.41 (3 stars) and \$13,141.89 (5 stars).</p>

**Rationale:** It is indicated by the research that decent wages for EC teachers is one of the largest contributing factors to providing quality care for children. Family child care is an extremely important venue to deliver child care services in our community, especially to our lowest income and under resourced communities. FCC’s are often concentrated in low-income and under-resourced communities and many times they are the only option for families working non-traditional schedules. Having more a more robust focus on including family child care and small centers through a hub strategy may prove an exciting tool to truly expand parent choice more equitably.

➤ Option 4

<p><b>Structure: Small Centers (3-5 stars) - Direct Contracting &amp; Wage Grant Hybrid</b></p>
<p><b>Participants:</b> Each small center-based program consists of a maximum of 40 children. This scenario models 4 centers participating.</p>
<p><b>Requirements:</b> Each small center-based program has at least twelve (12) children participating in the CPP Tuition Assistance program through a direct contract.</p>
<p><b>Mechanism:</b> The tuition assistance subsidy is increased to the adjusted cost of quality for the twelve students. The other teachers would receive a wage grant.</p>
<p><b>Teacher Impact:</b> The total number of teachers that would be impacted by this program is 4 teachers per center, for a total 16 teachers.</p>
<p><b>Student impact:</b> The total number of children that would be impacted by this program is 32 to 40 children per center, for a total of approximately 128 to 160 children.</p>
<p><b>Wages:</b> This pilot program has the potential to take wage levels to an average of \$17/hr for lead teachers and \$15 /hr for assistant teachers for a 5 stars provider, prorated based on star level. See Tables 9.3, 9.8, and 9.9.</p>

**Annual Cost:** The total estimated cost for this pilot for a school year ranges from \$125,006.13 (3 stars) to \$161,733.70 (5 stars)

**Rationale:**

As has been echoed by the research and all stakeholder and provider feedback, there are serious unintended consequences as a result of not paying all teaching staff equitably regardless of which classroom they spend most of their time in (e.g., pre-K versus infant and toddler rooms) or their position (e.g., lead and assistant teachers). As indicated earlier in the report, low wages—particularly those that keep early educators and providers at or near poverty levels—undermine wellness, influencing the quality of care adults provide.<sup>187</sup> Research shows that when children are enrolled in centers where there is lower turnover and where providers earn higher wages, they spend more time engaged in positive interactions and developmentally appropriate activities with peers and teachers, bolstering healthy development and ultimately increasing school readiness. Turnover also lowers morale within a program, and undermines children's relationships and secure attachments. Because decent compensation for all educators in the classroom is shown to be one of the most influential factors impacting turnover, quality of care and, consequently, outcomes for children, this recommendation includes a wage grant to provide the flexibility needed to pay all teaching staff increased wages. On a similar note, due to the fact that we can already see the effect of disparate pay between public and private sector teachers, it is recommended that in this experiment, a holistic approach be studied.

➤ Option 5

**Structure: Medium & Large Centers: Increased Tuition Subsidy With Wage Plan**

**Participants:** Medium and large centers that have at least ten (10) children enrolled in CPP's Tuition Assistance program will receive an incentive if a demonstrable plan to increase teachers' compensation and to continue improving quality of care is presented.

**Mechanism:** The additional subsidy would be based on Table 9.5 (2:20 teacher-to-children ratio, \$10,010). The implementation of the plan to improve teacher compensation must be proven on a semi-annual basis.

**Annual Cost:** The cost for this program will be estimated on the basis of the funds available after budgeting for the other pilot programs. The current estimates put this figure at approximately \$250,000.

**Rationale:**

The larger the center, the more likely the center is tapping into and optimizing potential revenue streams. It is conceivable that with extra support made available through increased tuition assistance subsidies, a center could implement creative mechanisms to improve staff compensation. By creating a medium-term plan with set objectives and milestones, larger centers could test their preferred mechanism and report their findings to CPP.

<sup>187</sup> Phillips, D., Austin, L. J. E., and Whitebook, M., "The Early Care and Education Workforce," 2016. Retrieved from <https://files.eric.ed.gov/fulltext/EJ1118553.pdf>

## ALL PROVIDERS

### ➤ Option 6

Structure: Shared Services Experiment Serving all Providers in Pilots
<b>Participants:</b> <ul style="list-style-type: none"><li>• All childcare providers participating in any pilot would participate in the shared service hub and identify its primary functions.</li><li>• Additional providers would be welcome to join as well.</li></ul>
<b>Metrics:</b> Detailed metrics would be maintained as to the impact of cost savings, quality improvement, and additional revenue available to providers. Metrics would also be kept on the amount of child care providers participating as well as the teachers and children impacted.
<b>Annual Cost:</b> CPP would provide <b>\$80,000</b> (approx. 1.5 staff) to fund the infrastructure for a shared services hub for one year.

#### **Rationale:**

Shared services can be accomplished by bringing together the owners/directors of family child care businesses and child care centers in an organization that they own and control (a cooperative), to share best practices, increase their buying power for better prices, and increase the viability and profitability of their businesses. It has had a positive track record across the United States in improving the bottom line of child care businesses as well as accelerating improvement in quality through increased peer mentoring. For a relatively modest investment (\$80,000), a year-long experiment could be conducted that could benefit dozens of providers and hundreds of children.

### ➤ Option 7

Structure: Early Childhood Supplementary Benefits Trust
Pending feasibility study- see initial thoughts in Recommendation #4 below
<b>Annual Cost:</b> (pending feasibility study)

#### **Rationale:**

As noted by industry experts and the local Wage Study report performed by UC, workplace benefits such as healthcare and retirement for early childhood educators are inconsistent and, more often than not, non-existent. Additionally, some low wage educators who are making less than \$15 per hour are at risk for experiencing the “cliff effect,” losing their public benefits when they receive raises that actually make them worse off financially. Thus, creating a general trust, to

which educators can choose to allocate resources, would be highly beneficial for all educators. Some examples of possible benefits include: free or low-cost child care, money and/or paid time off towards professional development opportunities, paid sick days, transportation subsidies, business cell phones, free meals, money towards the payment of medical bills, and retirement benefits. More research is needed to determine exactly which benefits would not be counted as income, possible structures and how to realistically implement this.

**Total # of Children Impacted: 676 to 1,010**

**Total # of Teachers Impacted: 72 to 87**

**Total Estimated Costs (utilizing 1 pilot of each): \$600,000 to \$690,000\***

\*does not include any overhead costs for a Supplementary Benefits Trust

**Potential Next Steps:**

- CPP and PWDC form a **Wage Implementation Working Group\*** to finalize the Phase 1 plan for implementing wage supports, monitor progress, collect findings and prepare for Phase 2 when appropriate.

**Possible Decision-Making Rubric:**

Item	Evaluation
Serving our lowest-income kids	
Effectiveness of the program improving the lives of teachers	
Effectiveness of the program improving the lives of children	
Ease of enactment	
Infant & toddler classroom consequences mitigation	
Cliff effect mitigation	
Cost	

- Before implementing any of the recommendations do one last round of **gathering feedback from providers.**
- Design pilots to test, discern, and **refine the true cost of care** (through direct experimentation).
- If a pilot(s) of direct contracting are chosen, efforts should be made to **learn from or partner with local organizations with experience administering direct contracting programs** such as United Way, CAA, and CPS as well as other cities to better understand costs related to administering more robust direct contracting programs.

\* This committee, which we are calling the Wage Implementation Working Group for simplicity, could be comprised of the same group that came together on 9.7.18 which represented a diverse group of

stakeholders including CPP Staff, PWDC representatives, providers, educators, parents/community members, experts in the field, and the business community - see Appendix for attendees.

## 2. Adopt racial equity policy and decision-making framework

- Review existing racial equity policies from other cities (e.g., Puget Sound Educational Service District- see Appendix).
- Adopt a racial equity policy and decision-making tool to pilot study and all appropriate choice point/decision-making processes.
- **Utilize this equity framework to document and make key decisions** including:
  - Exact **amount of resources that will be dedicated to the pilots**.
  - Initial participating providers: directing our limited resources to the providers and programs in our **most under resourced neighborhoods** (e.g., “high” quality care deserts), serving our **lowest-income children** (e.g., neighborhoods with the highest rates of child poverty).
  - **The size of the wage increases will be** taking into account the cliff effect, available resources, and desired outcomes.

## 3. Work with stakeholders to ensure wage supports are equitable and fit providers’ reality

This includes flexibility to:

- Utilize wage support resources for **ALL teachers**.
- Utilize wage support resources **year-round**.
- Recognize the **value of current supplementary benefits that child care businesses provide** their educators.
- **Move towards parity** due to the integral role it plays in attracting and retaining qualified staff and helping programs achieve and maintain quality.

### Potential Next Steps:

- Create a **continuous feedback loop** by fulfilling the commitment to the **creation of a Parent and Provider Council (PPC)** that can help inform the shaping of programs and policies.
- So that providers and educators feel wages supports are being enacted fairly, work with stakeholders (e.g., through the PPC) to create uniform **Wage Minimum Standards** building on the existing CPL levels and honoring experience. For example, programs participating in the pilot may be required to pay their teachers a minimum desired wage of \$15 per hour in order to receive the wage supports and participate in the program.
- **Work with CPS to instill needed flexibility into the policy** so providers can shape it to fit their businesses, e.g., with teachers outside of pre-K rooms and the year-round nature of their businesses.

#### 4. Maximize impact by simultaneously investing in professional development

- CPP and the CPS PWDC should continue collaborating to **create robust supports** for teachers to get **access to additional free and low-cost professional development**.
- Intentionally **target these supports to the teachers** working at programs participating **in the pilot** in order to achieve maximum impact in terms of quality and outcomes for children.
- Design PD opportunities to be as accessible as possible to **avoid “gentrification” or displacement the current workforce**, so these educators can stay in the careers they love.

#### 5. Create an EC supplementary benefits trust to mitigate the cliff effect

- Commission a **feasibility study** on setting up a supplementary benefits trust to determine the possible structures and best practices in terms of implementation.
- Gather **feedback directly from teachers** to understand what types of benefits they would be most interested in to narrow it down to **a few to start**.
- Set up a system in which **educators can self-determine** (possibly with the aid of cliff effect charts to identify if they are at risk for losing public assistance benefits) how much of their wages they want to go towards other benefits, just as employees do when they sign up for a retirement program at work.

#### 6. Pilot shared service simultaneously

- Based on industry research, shared services could be a key strategy for improving business practices, lowering costs, and increasing the profitability of providers, thereby freeing up more money to go towards wages and allowing public dollars to be utilized as efficiently as possible.

##### Potential Next Steps:

- Build on CUCI’s existing work with providers to conduct a **feasibility study and business plan on the specific services** which have the most provider support.
- **Start experimenting with 1-3 services** for all providers participating in the wage pilots, especially with the hubs (if chosen as a strategy).

#### 7. Convene a strategic funding table

- **Create a diverse fundraising table** including stakeholders who previously committed to trying to raise additional funds to support CPP (e.g., United Way, the business community).
- Develop a **comprehensive fundraising plan** for expanding CPP’s reach with specific goals on increasing resources for teacher compensation.
- **Encourage any and all strategies to continue move the needle on compensation for EC Educators and Providers**, such as the current Earned Income and Property Tax credits and rebates that have been proposed by City Councilman Greg Landsman.



## **8. Organizing and advocacy for more resources and to raise the profile of the profession**

- **Recognition of and commitment** to the fact that it is **everyone's responsibility to increase the amount of resources** that are dedicated to the Early Childhood Sector so that it and the people in it can thrive—not just CPP, but CPS, PWDC, United Way, local philanthropy, local businesses, and all of our elected officials on a city, county, state, and national level.
- **Advocate and organize** on local, regional, state and federal levels to bring additional resources to the sector.
- **Work to increase respect for the profession** by participating in initiatives such as NAEYC's Power to the Profession campaign.

## **9. Partner with industry experts to collect data and measure results**

- This **data should be used to create the most effective programs possible** and to **build the case** for expansion **long-term**.
- One potential partner that has been discussed by a number of stakeholders is the Center for Early Childhood Employment.

## **Phase 2 - Medium-Term (2019-2020+)**

1. **Compile learnings from pilots**
2. **Develop a comprehensive expansion plan**
3. **Raise additional resources**
4. **Invest in successful strategies**

Our research indicates that the direct contracting model may be a necessary component of a successful strategy for Cincinnati, in order to provide stability to vulnerable child care businesses and create a strong base for the provision of future services and growth.

## **Phase 3 - Long-Term**

**Build upon medium-term successes and work to create a holistic, fully funded universal early childhood model in which all teachers are paid a living wage.**

# 11. Appendix

## Appendix:

1. Financial Models
2. Surveys Used
  - 2a. Provider Survey
  - 2b. Provider Follow-up Interview Tool
  - 2c. Other Stakeholder Interview Tool
3. Stakeholder Feedback Data
  - 3a. Chart with provider feedback - by Question (2 documents)
  - 3b. Chart with provider feedback - by Topic
  - 3c. Other Stakeholders Feedback - Qualitative
  - 3d. Other Stakeholders Feedback - Opportunities and Challenges
  - 3e. Charrette Exercise 1
  - 3f. Agenda and notes from Wage Implementation Working Group September 7 meeting
4. CUCI Progress Report
5. Racial Equity Framework Example
6. Reading list of key sources for understanding the field
7. Wage Implementation Study Contract



## **I - Wage Scenarios- Financial Models**

All financial models for the various scenarios described in the report can be found at the following link. In order to use as a tool for trying out different scenarios, make a copy of the spreadsheet.

[Financial Model Spreadsheet](#)

<https://docs.google.com/spreadsheets/d/1jUugpM64NpaM74UvcgUAEUAjOxqcvbIEEcNNmD8mfa8/edit?usp=sharing>

## 2 - Provider Surveys

### 2a - Provider Survey

#### CUCI Wage Implementation Survey

(All responses are confidential- see Confidentiality Agreement for Details)

**Questions to answer prior to In-person interview:**

**Part 0: Contact & Demographic Information**

Name of person completing the survey: \_\_\_\_\_ Title: \_\_\_\_\_  
 Phone number: \_\_\_\_\_ Please circle Gender: Male Female Other \_\_\_\_\_  
 How do you racially self-identify?: American Indian or Alaska Native Asian Black or African American  
 Native Hawaiian or Other Pacific Islander White Non-White Other \_\_\_\_\_  
 Ethnicity: Latino Other \_\_\_\_\_ Age: \_\_\_\_\_ Biz Phone Number: \_\_\_\_\_  
 Name of child care business \_\_\_\_\_ Address: \_\_\_\_\_  
 Neighborhood: \_\_\_\_\_ SUTQ Rating: 0 1 2 3 4 5

**Part I: Background**

1. What type of child care business do you have? *Mark with an "x"*.
  - a. Type: \_\_\_ Home provider-Type A \_\_\_ Home provider-Type B \_\_\_ Center
  - b. If Center, please answer: \_\_\_ Single site Center \_\_\_ Multi-site Center
  - c. Profit or non-profit: \_\_\_ Non-profit/not for profit \_\_\_ For-profit

**Staff**

2. How many employees do you have (including teachers, admin, maintenance, culinary, etc)? \_\_\_\_\_
3. How many assistant teachers do you have? *Full-time:* \_\_\_\_\_ *Part-time:* \_\_\_\_\_
4. How many lead teachers do you have? *Full-time:* \_\_\_\_\_ *Part-time:* \_\_\_\_\_
5. How many open positions do you currently have? \_\_\_\_\_
6. How many of your staff is on public assistance? If you know, which programs are they on?

Federal Earned Income Tax Credit (EITC)	Helping Families Afford Child Care (Childcare)	Medicaid and the Children's Health Insurance Program (CHIP)	Housing Choice Voucher Program (aka Section 8)	Supplemental Nutrition Assistance Program (SNAP aka Food Stamps)	Temporary Assistance for Needy Families (TANF)	How many individuals receive any Other public assistance Not listed above?
Total # of individuals Receiving any Public Assistance						

7. What is the pay range for all your Lead & Assistant teachers? \_\_\_\_\_
8. Average assistant teacher pay? \_\_\_\_\_
9. Average lead teacher pay? \_\_\_\_\_
10. What is the average number of years of experience your assistant teachers have? \_\_\_\_\_
11. What is the average number of years of experience your lead teachers have? \_\_\_\_\_
12. What is the average number of years your teachers have worked for you? \_\_\_\_\_

For any questions please contact Christina Brown at [Christina@cincinnatiunioncoop.org](mailto:Christina@cincinnatiunioncoop.org) or via 614.425.1589

13. Please list the number of your teachers (including yourself if appropriate) whose highest level of education is the following:

Highest Education Level	HS Diploma or GED	Career Tech Ed. Certificate	CDA Credential	Associate's	Bachelor's	Master's	Doctorate

14. Please list the number of your teachers (including yourself if appropriate) whose highest level of Career Pathway Level is the following: *(following the recent CPL system change, please put the higher of the two)*

Highest Career Pathways Level	Level 1	Level 2	Level 3	Level 4	Level 5	Level 6

15. Has all of your staff created a profile and had their CPL level verified by the Ohio Professional Registry?  
 Yes  No
16. Does your program operate year round?  Yes  No

Enrollment/Operations	July 2016-June 2017		July 2017-June 2018	
17. What is your childcare business' capacity (# of kids)				
18. What was your average enrollment in the school year?				
19. What was your average enrollment in the summer?	<b>Summer 2017</b>		<b>Summer 2018</b>	
20. In a year, how many children did you serve in total?	<i>Private Pay</i>	<i>ODJFS Subsidized</i>	<i>Private Pay</i>	<i>ODJFS Subsidized</i>
21. How many of your children receive preschool promise tuition assistance?				
22. How many hours <u>per week</u> is/was the business open?				
23. What are your operating <u>hours</u> ?				

Age Groups		How much do you charge per child?			Approximately how many children each age group did you serve for each year?	
		Full-Time	Part-Time	Hourly	July 2016-June 2017	July 2017-June 2018
Infants	0-12 months					
	12-18 months					
Toddlers	18-36 months					
Preschoolers	36-48 months (3 yrs old)					
	48-60 months (4 yrs old)					

**The following are Questions to answer during in-person interview:**

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**Part II: Income and expenses**

What is your closing month of your accounting year? \_\_\_\_\_

please circle:                      Data Source-                      Financial Statements                      Taxes

Income/Revenues	Year ending_____	Year ending_____
Private Pay/Co-pays		
Preschool Promise (City)		
Tuition Assistance Reimbursements		
Quality Improvement Grants ( <i>list items</i> )		
_____		
State (ODJFS)?		
Federal Child and Adult Care Food Program		
Headstart/Early Headstart		
Other Grants		
Other Income sources (please list types)		
_____	_____	_____
_____	_____	_____
<b>Total Income/Revenues</b>		
Expenses	Year ending_____	Year ending_____
Wages/salaries (include payroll taxes)		
Benefits		
Training and Recruitment expenses		
Substitute Teacher Expenses ( <i>if known, list source and ave hourly rate</i> )		
_____)		
Food & food preparation		
Supplies & Other Purchases		
Mortgage/rent/lease		
Property Taxes		
Utilities		
Marketing		
Transportation (include lease/loan payment, fuel, maintenance, auto insurance)		
Accounting/Bookkeeping/Taxes		
Liability Insurance		

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Other Expenses (list)		
_____	_____	_____
_____	_____	_____
Profit		
Depreciation		
<b>Total Expenses</b>		

**Part III: Implementing Higher Wages**

24. What would you consider to be the biggest opportunities with implementing higher wages (ideally \$15 up to parity) for your teachers? *Please rank from 1 (Most Important Opportunity) - 6 (Least Important Opportunity).*

- Better outcomes for the children in your care (ie. due to consistency of care and increased staff professional development).
- Easier to recruit qualified staff.
- Easier to increase and maintain your business' quality ratings.
- Increase in business stability.
- Investing more in professional development due to staff staying with the business longer.
- Lower staff turnover and associated costs.

Other, please explain (do not include in ranking): \_\_\_\_\_

25. What do you consider to be the biggest challenges with implementing higher wages (ideally \$15 up to parity) for your teachers? *Please rank from 1 (Most Concerning Challenge) - 10 (Least Concerning Challenge).*

- Additional costs related to increasing wages (ie. time or other expenses due to increased reporting and paperwork as a result of wage subsidies, increase in taxes, etc.)
- Having to paying all employees the same amount ie. everyone makes \$15/hr.
- Losing staff due to Wage Supports not being high enough to be able to pay competitive wages ie. with private pay centers or CPS
- Negative effects from staff losing public assistance benefits due to the "cliff effect".
- Not having enough CPP subsidized children to afford paying \$15/hr min wages.
- Temporary nature of funding streams (ie. the levy not being passed in 2021)
- Third-party oversight of wage schedule.
- Wage requirements that are not funded sufficiently.
- Wage Subsidies only being given to Preschool teachers (not infant and toddler).
- Wage Subsidies being given only given 9 months a year.

Other, please explain (do not include in ranking): \_\_\_\_\_

26. If you were told you were going to be given a grant to implement \$15/hr up to \$20/hr wages right now how

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would you go about doing it? *(let's do the math together!)*

- 27. How would you calculate the total amount needed?
- 28. What are other considerations you would take into account? ie. pay ranges etc.
- 29. Do you have a wage scale? How is it defined? Could you explain it to us?
- 30. If there was one for the industry, how should it be defined (the process & what should be included)?
- 31. In order for us to figure out how to best implement wage supports it is important that we are also talking with teachers in the classrooms. We need to understand how the cliff effect does or doesn't affect them, what other substitute benefits they might be interested in, and how wages could be equitably enacted?  
**Would you be willing to facilitate a discussion/questionnaire with your teachers?**      Yes      No

**Advocacy:** Currently there is not enough public or private funding allocated to provide all the supports necessary so that child care businesses can thrive while paying family sustaining wages to their teachers and enable all children to have a quality education. This is why organizing and advocacy from all the stakeholders (business owners/directors, educators, and parents) for a more fully funded system is essential.

- 32. **Are you interested in being a part of a movement to create a fully funded child care system in our community with enough resources for your business to thrive?**      Yes      No
- 33. **Are you interested in engaging the teachers and parents connected to your business in this movement to advocate for more resources for the early childhood** ie. a lobby day in Columbus.      Yes      No
- 34. If "yes", what's the **best way to engage them?**
- 35. For follow up questions and engagement, **Next Meeting: Date** \_\_\_\_\_ **Time** \_\_\_\_\_

For any questions please contact Christina Brown at [Christina@cincinnatiunioncoop.org](mailto:Christina@cincinnatiunioncoop.org) or via 614.425.1589

## 2b - Provider Follow-up Interview Tool

### CUCI Wage Implementation Follow Up Provider Interview Form *(draft)*

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Child Care Business & Address:

\_\_\_\_\_

Phone number: \_\_\_\_\_ Email Address:

\_\_\_\_\_

*For CUCI only-*

*Interviewer:* \_\_\_\_\_

*Date:*

\_\_\_\_\_

#### **Scenarios**

1. What do you think about the following potential scenarios for implementing wage supports that I am going to describe to you?

Scenario A - Direct Contracting including Child Care Business Hubs/Shared Services

Scenario B - Wage Supports Grant

Scenario C - Wage Stipends/Bonus structure (ie. TEACH)

2. What potential unintended consequences do you think could be created as a result of implementing any of these scenarios?

Scenario A - Direct Contracting including Child Care Business Hubs/Shared Services

Scenario B - Wage Supports Grant

Scenario C - Wage Stipends/Bonus structure (ie. TEACH)

3. What substitute benefits would you be most interested in offering your staff? Please rank from 1 (Benefit Most Interested in offering) - 8 (Benefit Least Interested in offering). Please list why or other thoughts.

\_\_\_ A business cell phone \_\_\_\_\_

\_\_\_ A transportation stipend or bus pass. \_\_\_\_\_

\_\_\_ Free or lower cost child care where you work. \_\_\_\_\_

\_\_\_ Free meals. \_\_\_\_\_

\_\_\_ Money towards or the payment of medical bills. \_\_\_\_\_

\_\_\_ Money or paid time towards Professional Development opportunities. \_\_\_\_\_  
\_\_\_\_\_

\_\_\_ Paid sick days. \_\_\_\_\_

\_\_\_ Retirement benefits. \_\_\_\_\_

Other, please explain (do not include in ranking): \_\_\_\_\_

3. How much money or monetary value have you received from CPP to date?

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4. Are there any improvements you have made for you staff or work environment as a result of these additional funds?

5. Do you have trouble filling your slots with children up to 200% the Federal Poverty Level? If so, why do you think this is happening? Where do you think these kids are?

6. If you could make any changes to the structure of the CPP program in general, what would it be and why?

**Other Thoughts and Factors**

6. What do think is possible short term and why (ie. considering market, funding and political constraints)?

7. What do you think is possibilities long-term and why (ie. considering market, funding and political constraints)?

8. Where can more funds and resources be raised to bolster the early child care sector?

9. Can you join us for our Community and Provider forum on Sept 5 from 6-8pm? Yes  
No

10. Have your teachers completed the Teacher Wage Implementation Survey to help us understand how the cliff effect does or doesn't affect them, what other substitute benefits they might be interested in, and how wages could be equitably enacted? **Can you help facilitate a discussion/questionnaire with your teachers?** Yes No

10. Last time you said you were interested in being a part of a movement to create a fully funded child care system in our community with enough resources for your business to thrive. Can you come to our next P4EC meeting? Yes No

11. Have you connected with Anna or Bianca on engaging the teachers and parents connected to your business in this movement to advocate for more resources for the early childhood ie. a lobby day in Columbus.    Yes        No

12. Any final thoughts?

13. If not answered on first form:

Age Groups	How much do you charge per child?			Approximately how many children each age group did you serve for each year?	
	Full-Time	Part-Time	Hourly	July 2016-June 2017	July 2017-June 2018
School Age					

## 2c - Other Stakeholder Interview Tool

### CUCI Wage Implementation Stakeholder Interview Form (*draft*)

Name: \_\_\_\_\_ Organization/Title: \_\_\_\_\_

Phone number: \_\_\_\_\_ Email Address: \_\_\_\_\_

*Please circle* Gender: Male Female Other \_\_\_\_\_ Age: \_\_\_\_\_

How do you racially self-identify?: American Indian or Alaska Native Asian Black or African  
American Native Hawaiian or Other Pacific Islander White Non-White  
Other \_\_\_\_\_

Ethnicity: Latino Other \_\_\_\_\_

*For CUCI only-* Interviewer: \_\_\_\_\_ Date: \_\_\_\_\_

#### Challenges & Opportunities

1. What would you consider to be the top 3 opportunities that would result from implementing wage supports to enable child care businesses to pay higher wages (ie. \$15/hr up to parity)?
  
2. What do you consider to be the top 3 challenges that would result from implementing (or trying to implement) wage supports to enable child care businesses to pay higher wages (ie. \$15/hr up to parity)?
  
3. If you were in charge of structuring wage supports for the teachers in child care businesses (aka you were the "Wage Fairy"), how would you do it and why?

#### Factors to Consider

4. What would be your approach to dealing with issues such as...

#### Current structure of Cincinnati Preschool Promise

- A. Currently Preschool Promise is structured on a 9-month school year. Most child care businesses operate year-round, 10-12 hrs/day. How do business owners commit to paying fixed wages year-round when funding is based on a school year?

- B. Currently CPP is based on a subsidy program. Therefore, providers who are participating in CPP Tuition Assistance have a wide number of children subsidized by CPP from 2 up to 50+ and the amount of money going to providers from CPP varies greatly. At what point do wage requirements make sense?

**Equity and fairness in the workplace.**

- C. Business owners and workers are not comfortable with everyone making the same amount, ie. everyone making \$15/hr regardless of their experience and education level.
- D. Many business owners are concerned about paying their infant and toddler teachers (who have similar experience, education, qualifications etc) differently than preschool teachers.

**Quality considerations**

- E. The overwhelming majority of our child care businesses are unrated (69% of centers and 87% of family child care). Turnover in this low-wage industry is high. Stable staffing is a key issue for increasing/improving Step Up to Quality levels. In order to guarantee quality child care options for all of our children, how would you take this into account?
- F. Currently only 59 centers (or 18% of all centers) and 13 family child care or home-based child care businesses (3% of all family child care) are highly rated (SUTQ 3-5 star) and are eligible to receive Preschool Promise children or tuition assistance. However, there were 32 providers this past year and many more in the pipeline for this year that are in the CPP Quality Improvement program, which means they are currently low or unrated, but are trying to improve in quality ratings so that they can accept CPP children. How would you take this into account?

**Scenarios**

5. What do you think about the following potential scenarios for implementing wage supports that I am going to describe to you?

Scenario A - Direct Contracting including Child Care Business Hubs/Shared Services

Scenario B - Wage Supports Grant

Scenario C - Wage Stipends/Bonus structure (ie. TEACH)

**Other Thoughts and Factors**

6. What potential unintended consequences do you think could be created as a result of implementing wage supports?
  
  
  
  
  
  
  
  
  
  
7. What do think is possible short term and why (ie. considering market, funding and political constraints)?
  
  
  
  
  
  
  
  
  
  
8. What do you think is possibilities longterm and why (ie. considering market, funding and political constraints)?
  
  
  
  
  
  
  
  
  
  
9. Where/how can more funds be raised to bolster the early child care sector?
  
  
  
  
  
  
  
  
  
  
10. Would you be able to come to our Community/Provider Feedback Meeting?    Yes    No
  
  
  
  
  
  
  
  
  
  
11. Is there anyone else you think we need to talk with regarding this issue? If so, can you connect us?
  
  
  
  
  
  
  
  
  
  
12. Any final thoughts?



### 3 - Stakeholder Feedback Data

#### 3a - Chart with provider feedback - by Question

#### Provider Qualitative Feedback - By Question

Opportunities	What do you consider to be the biggest opportunities with implementing higher wages (ideally \$15 up to parity with CPS) for your teachers?	
Better outcomes for the children in your care (ie. due to consistency of care and increased staff professional development).	2- a lot more rotating staff now, can increase consistency of care 6- all of the below things improve teaching outcomes due to ability to focus	1 - staff sacrifice a lot, deserve more, and can be more economically independent 3 independent 4 staff 1 - for new stall when hiring = more degreed 4 staff
Easier to recruit qualified staff.	2- great self-image, carry to kids 1- main goal, costs \$ 1- people look at wages depending on how professional they feel compared to CPS teachers 3- staff education	1 1 - but CPS is still more competitive, so it's sometimes hard 3- makes it easier to recruit 4 1 - staff will also move up professional ladder 2 1
Easier to increase and maintain your business' quality ratings.	5- know the why intentional, LP, interview 2- so important b/c lose income 3- staff education	1 - fees up \$ for 6 other needs 5 5
Increase in business stability.	4- paid staff to abilities, they invest into kids 3- wants to go to type A= need cc's 3- to avoid influx and turnover, 6 more needed	1 - maintaining= hardest 3- operations, education, management team 95% of 5 each 3- national conferences better than glorified 6 business 4 1 6 6
Investing more in professional development due to staff staying with the business longer.	3- costs more now \$700-800/ person 6- virtuous cycle, word of mouth, stability w/ staff longevity 4	5-- if covered 100% 3 - steady 1 staffing 3 2 - not so much 1 1 6 6
Lower staff turnover and associated costs.	2- huge towards a good program, parents lose faith if lots of turnover 4	1 - yes, prob. (\$300 just to hire); high turnover 1 2 - used to turnover 1
Challenges	What do you consider to be the biggest challenges with implementing higher wages (ideally \$15 up to parity with CPS) for your teachers?	
Additional costs related to increasing wages (ie. time or other expenses due to increased reporting and paperwork as a result of wage subsidies, increase in taxes, etc.)	9- more people on payroll, adding more people 1- business is so viable and inconsistent especially with low income kids 3- cannot be a flat wage esp with shift	3 - would like 3 better software 7 2 - workers care about what other problems with workers make infant & toddler
Having to paying all employees the same amount ie. everyone makes \$15/hr.	1- experience, education level 7	8

Losing staff due to Wage Supports not being high enough to be able to pay competitive wages ie. with private pay centers or CPS	2-more concerned with losing kids to competition	4	8	1- has happened, huge disparity, lost at least 6 teachers with no pipeline for centers	5 - same no matter wage supports	1 - yes, this 2 already happens	8
Negative effects from staff loosing public assistance benefits due to the "cliff effect".	5-co-pay issue collective fees= hard situation- give receipts to the state	6	3	1- people have done fraud to stay on benefits immediate shift	8 to gradual prep	7 public assistance vacation/days off	9
Not having enough CPP subsidized children to afford paying \$15/hr min wages. Temporary nature of funding streams (ie. the levy not being passed in 2021)	3- only 9 months a year	5	8	3-worry about it disappearing, wants emergency funds	1- what happens here?	1 up to 5 spots	10
Third-party oversight of wage schedule.	7- why she is for-profit, 8- someone familiar w/ the industry/ business	1	4	1- out of their 9 scope	2 - dictate without knowing ins & outs of the organization	1 10	6
Wage requirements that are not funded sufficiently.	7- concerned but understand	10	7	1- if only levy= not enough kids, concern around damage b/c not understood well		3	9
Wage Subsidies only being given to Preschool teachers (not infant and toddler).	6- have enough \$ coming in especially with more staff	2	2	6 - overall pay scale, how it affects other positions' pay		1	8
Wage Subsidies being given only given 9 months a year.	5- would have to do raises across the board	3	6	1- they are year round, can't afford for their center to close over summer	4 - very poor business choice	1	5
	9- understandable, 4- a lot of it would only do 9 month pay to her board	10	10				3 - could plan for this but full year better. 7 \$400/month

### 3b - Chart with provider feedback - by Topic

#### Provider Qualitative Feedback - By Topic

Implementation	Topics		
	Equitable Wages	Substitute Benefits	Other Key Points
Pay everyone year round, match through levels		Retirement package, cell phones, sick days, paid vacation	
Determine individuals in classroom, what level of education and longevity they have to determine wage	CPL could be used for fair scale	Gift cards, \$ to childcare, buy lunch for people	
	CPL could be a fairer way, differentiator based on shift: experience		Meetings with food
\$900,000 (\$15+20%); what if it is gone in 5 years?, hard to raise \$ for wages overlong term; increase reimbursement rate and let people raise wages themselves	CPL could work	Pay 100% of insurance	
Look at summer hours divide hourly rate per employee, look at the exiting take home from last year and assess the need from employee+ cost of needed PT staff person			Place emphasis on partnerships w CPS to ensure people are able to matriculate into school funds should support
Only have 2 CPP kids, bonus at the end of the year and leftover money goes back bc teachers are salaried	CPL because everything would be consistent, reward # of years people worked for lower turnover	No benefits offered now so suggestion feels daunting but open to it; HSA (help with drugs, co-pay, medical expenses), school debt, non-profit write off	
Resist temptation of profitability, not put more away than pay them- pay based on credentials	Tenure, have a true career pathway, CPL level could discriminate and force to discrimination, discentives hiring from a diverse background		
Based on credentials - CDA(?) + 1-4 yrs; BA - \$18-19/hr; What paying now + how much more needed. Considering vacant positions & differences in summer staffing. Associates for Admin	Scale based on years of experience & education; CPL levels ca jump depending on # of classes you do each year - Issues w/ OKRAA system; to keep = really hard to keep, so do we take \$ away? Almost impossible to keep sometime was b/c getting CDA - even if get it right		High Quality only = an initiative to get high quality rated, but can have some CPS effect (unintended consequences). Need high quality staff for...?; Associates for Admin: 2-3=star, 25% have assoc./CPL level 3
Enough not to need assistance, should be more than \$15/hr. Calculate the difference from what we make now. Allocate same amount of money to each provier, would immediately pay staff raise and allocate additional money to repairs. Look at existing wages, experience, and duration of service & CPL level	experience & education; CPL levels are good but lots of people don't update (have to be on top of this) No, but should create one based on education and experience.	Benefits too would be great - healthcare, paid vacation & days off.	
Look at job description w/ min. qualifications in larger system (resp., min qual.) = range is set, educ. & experience = equitable; exper & education. calculate by SALARY+FRINGE+OVER TIME (not salary)-THE DIFFERENCE BTW CURRENT [?] & WHERE NEED TO BE.	\$15 is fine, but above = harder--> higher = more challenging; Setting more of a guideline than a #. Need equity within own company. System & not minimum wage: submit wage structure. CPL is not always fair because experience is not reflected	Benefits here = 30% + their salary --> should be looked at as well	It all comes down to the business – comes down to what those programs want. if want to participate = need to show you have a fair wage. "It's not a cookie cutter. public vs private.



<p>1. Opportunity to providers to reduce turnover, 2. A tract qualified staff, 3. Improving the well-being of preschoolers = less stress = better interactions with kids</p> <p>1. Equity issue - huge disparities with centers next to them, 2. Raising the wages of staff, 3. Raising wages of teachers to make a difference - can't raise wages of teachers</p> <p>Hybrid model, get \$15+ as a goal, benchmarks into future to achieve \$15/hr value. Look at supplementary, funding- free &amp; low-cost childcare, scholarships, vouchers, tax incentives, etc. in the future to achieve a \$15/hr value. Look at supplementary, funding- free &amp; low-cost childcare, scholarships, vouchers, tax incentives, etc. in the future to achieve a \$15/hr value.</p> <p>1. Restricting choice - smaller providers may not participate for teachers, 2. Budget for kids - teacher provides more materials from their own pocket, 3. Increase in STAR quality ratings</p> <p>1. Improve standards of living for teachers, 2. Budget for kids - teacher provides more materials from their own pocket, 3. Increase in STAR quality ratings</p> <p>1. Attract/in talent, 2. Creating a sustainable wage, 3. Higher-quality impact on the kids</p>	<p>Current structure of CPP has to be changed to year-round in the master agreement, OR fund higher level (FT teacher) and rest are temporary.</p> <p>Concerned about subsidy program - do only kids, but also parents. Those who only have a few kids is a problem - the program should be universal. More subsidies to those who are not getting the full amount. Kids in the small year-round structure, program not getting the subsidy, could be at risk</p> <p>Doesn't like current structure of CPP, thinks it should be a year-round structure. Lots of deficit in the summer</p> <p>Private funding to year-round until next levy; maybe pay less during summer.</p> <p>Quarterly bonuses to encourage retention. Financially sustainable that are not taxable (if a check is large, then tax implications). Government can take from this amount. But, need money to see that it's really going to the teachers, unless it's directly paid to teachers?</p> <p>Front end \$ for 1 year to move you up</p>	<p>Wage requirements seem to be a standard program</p> <p>Educational requirements = tie together. How to professionalize but not demoralize. Staggered pay structure. CPP/DLC.</p> <p>How not to rob infant &amp; toddler teachers?</p> <p>Everyone making \$15/hour makes sense... this is more of a socialist mindset. Private help here! Look at business model and how to reframe - cannot look at this in isolation. This is not what the taxes are paying for.</p> <p>The common vision initially was \$10/hour</p> <p>Wage req's at varying rates for 3-5 years. This is to account for the number of CPP children. Based off how many were enrolled in the last calendar year. If getting a log of \$ for pay - CPP \$ Person with Bx supports: lose more at 5 stars (at 85%); has to be profitable; five require 5-star employer to pay staff discipline. Has to be something required</p> <p>Engagement/motivation? especially if everyone is paid the same? teachers the same as preschool teachers.</p> <p>Switch CPP to year-round.</p>	<p>STAR is not quality in the way it matters. Don't limit by STAR... possibly other requirements or things you have to do to get it.</p> <p>Can CPP provide more support so that it move faster &amp; at state = a gut approved. Do give to the conditional yes, do NOT take away for the other kids. More focus on preschool is very beneficial. Commitment. Franchises shows broader commitment.</p> <p>Doing things on wages &amp; supports other than just pay. \$15/hr for other kids. More focus on preschool is very beneficial. Commitment. Franchises shows broader commitment.</p> <p>Are we leveraging all the resources in our community? Get education, find resources, etc. Keen, etc. action is happening normally = good for TA not at same scale. 1 star: plans to do something - all about planning, have to perform at 3 star level. 2 star: more focus on function at 3-5 star level before going to 3 star, # of 2 star = only 10 more. 6- Type B = 24 seats max. 4 centers, sky = 1 pre-k, 1 preschool, 1 toddler, 1 preschool, 1 toddler church = 56 presk. Children's Inc = 27 pre-k, = 125 additional (possible) seats - have to wait four years to go back to a 2, 3, 4, 18% enrollment. 18% enrollment of program stars currently = 43, 48 = FCC (=type star), 15 = equity</p> <p>Some type of delayed payment system to encourage retention. Government of program owners to treat staff with equity</p> <p>Potentially a wide range of communication of what would happen with staff vs. reality of how this gets communicated. Everything is more people will leave - financially devastating to families &amp; self-worth - unsustainable</p>
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Scenarios		Other thoughts and factors			
Scenario A: Direct Contracting including Child Care Business Hubs/Shared Services	Scenario B: Wage Supports Grant	Scenario C: Wage Stipends/Bonus structure (i.e. TEACH)	Potential unintended consequences that could be created as a result of implementing wage supports	Possibilities short- and long-term and why (considering market, funding and political constraints)	Where/how can more funds be raised to bolster the early child care sector? Final Thoughts
Loves - like w/ FCC There is much to like but family choice could be diminished. Co you want to create a single system of grants or single contracts? Could we do both? Think of family choice & provider stability. Cincy is not Seattle. +Bonus for providers accepting vouchers. Administrative burden	support to help make this happen; help with running numbers. Could try; lots like the autonomy  Addressing deserts, staff choice, good things. Time limited, clear expectations, would have to be explicit in non-rated	Individual has the control = incentive, benefit to work at CPP center - > more free market  Taking care of internal critics because org staff is taken care of. Use as a phasing tool.	The funders and providers work together to craft the most effective way of raising the wage and left some flexibility for providers to do it in a way that considers their situation		
"parent choice" main driver. Provides stability to that classroom and restricts parent choice. Feels like you are creating shadow district. How do they decide who gets to participate in what class? Worth further exploration; completely understanding implications	Suffers from same issues from different level of the ecosystem; does not see benefit to child & provider; constrained to supporting preschool	Equity lens: what teachers are eligible to apply and selection of teacher	Unintended consequences of implementing wage supports may include having providers not participate and putting black/MUSE-owned businesses. Other thoughts: Demonstrating child improvement outcomes		
Likes decentralized model. \$ follows the child. Starting over & undo what is already there. Feels like it is overly complicated & very city-controlled.	Likes this better. Likes flexibility with benefits = people choose. Make sense enough... Need to prove it. Could be implemented but does not address broader system deficiencies.	Could work as a bonus, but feels less sure how.	Infant/toddler. More transparency, tighter eligibilities. Cautious about moving too quickly.	If have sustainability with a long-term funding source, could put something in preschool classes. Ex: Alameda county (\$100m, half was for wages) 30-year funding stream... a 10-year one would be better & not be too disruptive too fast. Lots more \$... very robust state & federal advocacy program as well	More \$ from state/feds. Some \$ within private sector. Multi-year commitment - couldn't turn that away.
Concerns: Will have to pick winners & losers, eliminate parent choice	Concern: new bureaucratic challenges & infrastructure. Targeting could work, but there is concern about 2020 voter suggestion to pay for wages.	Similar concerns as wage supports grant		Short-term: direct contracting for moving two-star to 3-star to make more quality providers available. Other options seem less scalable. Long-term: needs to see \$ to consider long-term possibility. Political flags may be raised around school choice in the future.	
Businesswise, makes the most sense. Not what the public was told. Fewer providers will want to do QI b/c only a few of providers participate	If the money is there, very viable. Supports what voters were promised. Substitute benefits are a bit complicated. Verification.	Hub = cliquish = concern	Lack of diversity, harder for non-CPP providers to keep teachers.	Short-term: need to get more funding from different places. Have a set time in the year to review budget & reallocate to wages b/c they're not being spent. Long-term: Demand an earnings tax	Private fundraising for any gaps. CPP fundraiser each year, like a walkathon. Auction art projects, rockers, etc.

### 3d - Other Stakeholders Feedback - Opportunities and Challenges

Opportunities			Challenges			
Improve the economic sustainability of providers.	Create better outcomes for the children in our care, due to consistency of staff and increased staff professional development.	Make it easier to attract and retain qualified staff.	The funding needed for a comprehensive program that equitably ensures quality early education and care for all children is very expensive, and exceeds current CPP funding.	Creating negative unintended consequences on infant and toddler teachers and classrooms.	Investing too many resources in increasing wages could result in reduced access to quality child care seats for our lowest income children.	Preschool Promise is a new program. Providers and parents are just starting to get the hang of how the current system works. With any new program one has to be careful with making any big changes that could cause disruption.
					Current structure: negotiate with district, look into fundraising efforts to bridge those months of education/care. Wage requirements: analyzing the net benefit for providers would result in narrowing the types of children who have access and the types of providers able to participate. What are the business models that allow that pay? This is where unintended consequences seem dire, mandating \$ is not advised. Doesn't like current structure of CPP, thinks it should be a year-round structure. Lots of deficit in the summer. Concerned about subsidy program - do it all or nothing. Not only kids, but also sizes & capacity. To penalize those who only have a few kids is a problem-- the program should be universal. More subsidies to those with more kids hurts the market. The two kids in the small program not getting the subsidy could be at risk!	
			1. Whole system = chronically underfunded. How can one municipality make a big difference? 2. Very careful about hurting infant & toddler care. 3. Sustainability - only 3-4 years left; messing with livelihoods if funding disappears.	Forcing family to choose one track or the other, effects of forced choices, raise compensation while improving quality; infant toddler care does not equal teaching; wages tied to some sort of qualification		Ability to sustain levy, potential disruption throughout the entirety of the program (could be publicly confusing and disrupt TA), affordability to parents closing
Increases in child outcomes, stabilize the field, entice more young people to enter the profession	Increases in child outcomes, stabilize the field, entice more young people to enter the profession	teachers need to be paid more - attraction/retention problem. People are in poverty = reduction				
Economic well-being of EC providers; sustainability & support for quality	1. Opportunity to providers to reduce turnover; 2. Attract qualified staff; 3. Improving the well-being of preschools = less stress = better interactions with kids	1. Stabilize private sector; 2. Preschool Promise needs to be paid a professional wage = show how we value the profession; 3. People in this industry needs to be able to live & do this work	1. Limitation in funding. 2. Scope (we can't do everything, must be limited in beginning to be effective). 3. Stakeholder perception; need to manage expectation, show effort and progress within limitations.	There should be a staffing payment structure that accounts for all these variables that juxtaposes with similar programs. Paying infant & toddler teachers differently than preschool teachers is concerning because both preschool and infants/toddlers are equally important but less profitable. Re: effect of businesses from "rapid" wage increases-- ultimately this is a business decision.		1. Limitation in funding. 2. Scope (we can't do everything, must be limited in beginning to be effective). 3. Stakeholder perception; need to manage expectation, show effort and progress within limitations.

**Opportunities**

Improve the economic sustainability of providers. Create better outcomes for the children in our care, due to consistency of staff and increased staff professional development. Make it easier to attract and retain qualified staff.

1. Stabilize private sector; 2. Preschool Promise needs to be paid a professional wage = show how we value the profession; 3. People in this industry needs to be able to live & do this work  
1. Improve standard of living for teachers; 2. Benefit for kids - teacher provides more materials from their own pocket; 3. Increase in STAR quality ratings

1. Attract/retain talent; 2. Creating a sustainable wage; 3. higher-quality impact on the kids  
Improved teacher quality, overall improved preschool quality

1. Attract/retain talent; 2. Creating a sustainable wage; 3. higher-quality impact on the kids  
1. Opportunity to providers to reduce turnover; 2. Attract qualified staff; 3. Improving the well-being of preschools = less stress = better interactions with kids

**Challenges**

The funding needed for a comprehensive program that equitably ensures quality early education and care for all children is very expensive, and exceeds current CPP funding. Creating negative unintended consequences on infant and toddler teachers and classrooms. Investing too many resources in increasing wages could result in reduced access to quality child care seats for our lowest income children. Preschool Promise is a new program. Providers and parents are just starting to get the hang of how the current system works. With any new program one has to be careful with making any big changes that could cause disruption.

1. Affording it for all program lead teachers; 2. Financial sustainability - new programs have opened up seemingly as a result of CPP... would raise amount needed for this over time; 3. How to monitor the money to see that it's really going to the teachers, unless it's directly paid to teachers?

1. Whole system = chronically underfunded. How can one municipality make a big difference? 2. Very careful about hurting infant & toddler care. 3. Sustainability - only 3-4 years left; messing with livelihoods if funding disappears. Educational requirements = tie together. How to professionalize but not gentrify the field. Staggered pay structure. CPLOK. How not to rob infant & toddler teachers?



Opportunities		
Improve the economic sustainability of providers.	Create better outcomes for the children in our care, due to consistency of staff and increased staff professional development.	Make it easier to attract and retain qualified staff.

Challenges			
The funding needed for a comprehensive program that equitably ensures quality early education and care for all children is very expensive, and exceeds current CPP funding.	Creating negative unintended consequences on infant and toddler teachers and classrooms.	Investing too many resources in increasing wages could result in reduced access to quality child care seats for our lowest income children.	Preschool Promise is a new program. Providers and parents are just starting to get the hang of how the current system works. With any new program one has to be careful with making any big changes that could cause disruption.

1. Attract/retain talent; 2. Creating a sustainable wage; 3. higher-quality impact on the kids	1. Improve standard of living for teachers; 2. Benefit for kids - teacher provides more materials from their own pocket; 3. Increase in STAR quality ratings	1. Stabilize staff; 2. Attract staff; 3. Staff feels more valued
--	--	--

CPL is now elevated sig of CPA (good CDA requires classroom & 12 weeks of work), education and experience together. Where does merit come in, especially if everyone is paid the same? Engagement/motivation? We have to pay infant & toddler teachers the same as preschool teachers. "Rapid" wage increases: Potentially a wide range of communication of what would happen with staff vs. reality of how this gets communicated. Everything is more expensive than we have \$ for. Afraid people will leave... financially devastating to families & self worth - unsustainable

**Totals:**

5	8	6	3	9	5	5
42%	67%	50%	25%	75%	42%	42%

**3e - Charrette Exercise 1**

# Group Exercise #1: Priorities

For each pair, choose the option you prefer. Explain your choice in the space provided.

1	A. Year-round wage support for providers with a 3 to 5 SUTQ rating	B. 9 months of wage support for providers with 0 to 5 SUTQ rating
Explain Why		
2	A. Year-round wage support to Pre-K teachers only	B. 9 months of wage support to all teachers (infant, toddler and preschool)
Explain Why		
3	A. Year-round smaller wage support (e.g. +\$0.25/hr)	B. 9 months of larger wage support (e.g. +\$2/hr)
Explain Why		
4	A. Smaller wage support for all teachers (infant, toddler and preschool) (e.g. +\$0.25/hr)	B. Larger wage support for Pre-K teachers only (e.g. +\$2/hr)
Explain Why		

5	A. Larger wage support for providers in "high" quality care deserts (e.g. +\$2/hr)	B. Smaller wage support for providers in any neighborhood (e.g. +\$0.25/hr)
Explain Why		
6	A. Wage support for all teachers (infant, toddler and preschool) in "high" quality care deserts	B. Wage support only for Pre-K teachers in all neighborhood
Explain Why		
7	A. Larger wage support for providers with a 3 to 5 SUTQ rating (e.g. +\$2/hr)	B. Smaller wage support for providers with 0 to 5 SUTQ rating (e.g. +\$0.25/hr)
Explain Why		
8	A. Wage support for providers with 0 to 5 SUTQ rating in "high" quality care deserts	B. Wage support for providers with a 3 to 5 SUTQ rating in any neighborhood
Explain Why		

9	A. Smaller wage support for providers with 0 to 5 SUTQ rating (e.g. +\$0.25/hr)	B. Larger wage support for providers with a 3 to 5 SUTQ rating (e.g. +\$2/hr)
Explain Why		
10	A. Maximizing number of seats for children available in the short term (access)	B. Maximizing quality by investing in early childhood educators (compensation, training, professional development) in the short term
Explain Why		
11	B. Maximizing quality by investing in early childhood educators (compensation, training, professional development)	C. Maximizing quality by supporting programs to move up the quality rating system (SUTQ) ie. coaching, curriculum, supplies.
Explain Why		

### **3f - Agenda and notes from Wage Implementation Working Group September 7 meeting**

**Wage Implementation Project Agenda  
Friday September 7, 2018  
Mayerson Academy  
Timed for 2hr 30 min+**

- I. Welcome** **5 mins**
- Attendees- Wage Implementation Working Group:**
- CUCI Team: Ellen Vera, Kristen Barker, Christina Brown, Andres Contreras
  - PWDC: Clement Tsao, Kathleen Bryan (UC - absent)
  - CPP: Shiloh Turner, and Lauren
  - CPP Board: Sallie Westheimer
  - CBC: Audrey Treasure, Kristi Phillips
  - P4EC: Bianca Edwards, Kim Overstreet (absent)
  - NAEYC/long time preschool teacher and EC advocate: Lisa Garafalo
  - Providers: FCC/AFSCME: Traci Pollenitz, Water Lily: Garri Davis
  - 4C: Kim Ginn (absent)
  - CPS: Laura Sanregret
- II. Introductions -** **20 mins**
- Meet someone you don't know or know the least. Name, affiliation, what do you hope to accomplish during this meeting? Introduce them to the group.
- Stated Group Objectives:**
- Solid conclusion on what we are trying to uplift in community around early childhood education
  - Hope conversation leads to more opportunity to support the field
  - Clear next steps on how to increase resources in the field
  - Come to common understanding, not clarity common consensus if we can, no one solve short term courageous realistic
  - Increase knowledge, listening
  - Capture all voices to put out great report
  - Different perspectives other than my own
  - Concrete plan, or concrete next steps
- III. Overview & Objectives:** **2 mins**
- To build awareness and understanding about the current status as well as the concerns and possibilities of the wage implementation project
  - To obtain feedback on structural approach and potential recommendations
  - To understand next steps
- IV. Project status:** **5 mins**
- Progress report (bring progress report)
  - Context: in Master Agreement, this is what tasked to do
- V. Stakeholder Feedback Themes:** **10 mins**
- Interviews (front/back handout from slides of feedback)
  - Takeaways from Charrette

- VI. **Common goals/Shared Understandings:** **10 mins**
1. Serve as many children as possible, in high quality rated setting
  2. Have high quality, viable and sustainable child care programs with teachers who are paid a living wage
  3. All want to do something on wages (the Framework agreement suggested \$15/hour wages up to parity but in reality the current structure doesn't enable that reality)
  4. Something **will** be done now
  5. Medium and long-term, in order to raise wages, reduce turnover, create stability and access to quality early childhood education, significant advocacy work needs to occur at city, state, and federal levels.
- VII. **Playing with Possible Scenarios:**
- a. Wage Grant Support
    - i. Correction was made to calculation error
- VIII. **Feedback on what should be the priorities for short-term scenarios (15 min)**
- IX. **Timeline and Thoughts about Next Steps (15 min)**

**Parking Lot:**

- Parity language is not mirrored in existing master agreement
- Educators impacted by wage clause is intentionally imprecise

## 4 - CUCI Progress Report



### CUCI 9/12/18 Progress Report on CPP/PWDC Wage Implementation Project

#### Interviews/Surveys

- Connected with 17 providers, and conducted 5 follow up interviews
  - 12 Centers: 2 multi-site, 1 part of a larger organization, 3 connected to churches
  - 5 Family Childcare: 2 Type A, 3 Type B
  - Of the 17: 9 have participated with CPP to date; and 4 are wanting to or believe they will be this year.
  - Some with as few as 2 CPP subsidized children some as many as 50 plus
  - 6 located in “care desert” neighborhoods as defined by Rand
  - At least 14 have a majority of children are subsidized up to 200% FPL

#### **Round 1 Meetings with other stakeholders** (*topics: structure of study, process, initial thoughts on how wage supplements could be enacted, gathering key data*)

- **Completed (12)**
  - Shiloh Turner (CPP Executive Director)
  - Hector Polanco (CPP Finance Director)
  - Paige Runion (4C)
  - Sally Westheimer (retired 4C, CPP Board member)
  - Terri England (center owner, CPP Board)
  - Pastor Ennis Tait (center owner, CPP Board)
  - Greg Landsman (Cincinnati City Council, Promise Forward)
  - Clement Tsao (Preschool Workforce Development Council, President)
  - Vanessa White (City Council, Promise Forward)
  - Bianca Edwards (The Amos Project)
  - Anna Kelma (P4EC/CFT organizer)
  - Michelle Dillingham (Cincinnati Educational Justice Coalition)

**Round 2- Meetings with Other Stakeholders** (*feedback on provider concerns & example scenarios*)

**Completed (23)**

- o Cheryl Rose (CPP Board, Promise Forward)
- o Kelly Purtell & Jessica Logan (OSU)
- o Eric Rademacher (UC Institute for Policy Research)
- o Julie Sellers (CFT)
- o Emily Lewis (MetrixIQ)
- o Laura Sanregret (CFT, CPP Board, PWDC)
- o Greg Landsman (City Council, Promise Forward, CPP Board)
- o CPP Staff (Shiloh Turner, Hector Polanco, Brittnii Pina, Lesley Nunn, Mary Louise Tighe)
- o Gary Lindgren (CBC, CPP Board, Cost of Quality Chair)
- o Lisa Garafalo (former Preschool Teacher & Administrator, 4C employee, NAEYC representative, and retired CFT member)
- o Leshia Lyman (Success by 6/United Way)
- o Paige Runion (4C)
- o Rob McDaniel (MetrixIQ, Denver)
- o Robyn Lightcap (Dayton Preschool Promise)
- o Vanessa White (City Council, Promise Forward, CPP Board)
- o Sallie Westheimer (CPP Board)
- o Micah Kamrass (CPP Board)
- o Mike Moroski (CPS Board)

**Round 3: Understanding our local history with direct contracting and vouchers**

**Completed (5)**

- o Sallie Westheimer (CPP Board)
- o Lisa Garafalo (former Preschool Teacher & Administrator, 4C employee, NAEYC representative, and retired CFT member)
- o Deb Alsop (CPP Board)
- o Verline Dotson (CAA)
- o Patty Craig (Children's Inc.)



**Folks we reached out to but were unable to sit down with**

- o Steve Shifman (CPP Board)
- o Meghan Cummings (GCF)
- o Christopher & Julie Heath (UC Economics Center)
- o Cheryl Broadnax or replacement? (CPS) – no response/who?
- o CPS Board members (Eve Bolton, Ryan Messer, Carolyn Jones, Ozie Davis) – email into, meeting set with Carolyn and Ryan; will be presenting to the entire board- date TBD

**Presentations/Feedback Sessions (12)**

- 6/18 & 7/16 PWDC
- 6/25 & 8/1 CPP Cost of Quality Committee
- 7/17 CPP Board (Clement)
- 7/18 CPS Board (Clement)
- 7/14 AFSCME (family child care providers)
- 7/21 P4EC (meeting with teachers, parents and owners)
- 7/31 City Council- Major Projects Committee
- 8/18 P4EC Meeting (focus on teachers and parents)
- 8/20 PWDC Board Meeting- Preliminary Report
- 8/23 CPP Board Meeting Presentation - Preliminary Report

**Talking to Other Cities and Experts on Wages, Cliff-Effect, and Equity**

- Center for Community Change
- Center for American Progress
- Policy Matters Ohio
- Seattle
- Georgia
- San Francisco
- New York
- Center for the Study of Child Care Employment

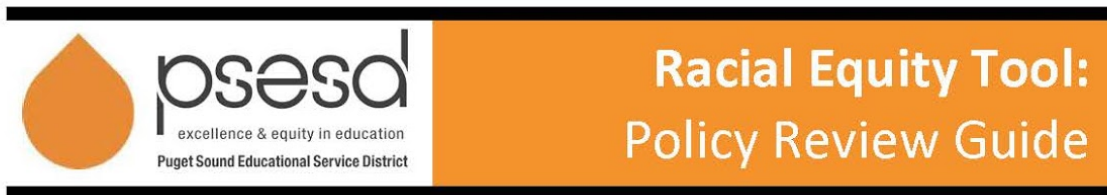
**Timeline: Important Dates & Updates (changes in red)**

- Aug 20: presentation to PWDC- **Preliminary Powerpoint on preliminary findings/possible scenarios**
- Aug 23: presentation to CPP Board - **Preliminary Powerpoint on preliminary findings/possible scenarios (flyers)**

- Sept 5- Community/Provider Wage Implementation Feedback Session
- Final (written) Report- goal date Sept 12\*
- Mon, Sept 17, (6pm) - PWDC mtg: Recommendations for Wage Supports approved by PWDC (*ideally*)
- Tues, Sept 18, (6:30pm-8pm)- CPP Board mtg: Recommendations Wage Supports approved by CPP (*ideally*)
- Mon, Sept 24 - CPS Board mtg: Recommendations Wage Supports approved by CPS (*ideally*)
- Thurs, Sept 27 - Columbus Advocacy Day with Groundwork on increasing funding for child care

*\*Meeting these deadlines will depend of the cooperation and collaboration from CPP, PWDC and relevant committees in sharing requested information and helping set up key interviews in a timely fashion.*

## 5 - Racial Equity Framework Example



**The Race Equity Tool Objective:** To support the PSESD's goals of eliminating racial inequity through creating an Antiracist Multicultural Organization and closing the opportunity gap, we will incorporate a racial equity analysis when creating and/or revising agency policy. The following six best practices guide the user through a process of collaborating with communities of color to ensure all agency policies are in alignment with agency goals.

We Agree:

- That in order to eliminate racial inequities, it is essential that race be clearly called out and institutional and structural racism be addressed within our own organization as well as in the broader systems with which we interact.
- That the importance of training and skill building within our organization, departments, and internal and external programs is paramount. Increasing the number of trained and skilled employees, including leadership, staff, board members, etc, will not only help to make improvements supporting racial equity, but will also help to develop an anti-racist culture within our organization.
- To explore and develop a shared understanding relating to racial equity, and we also recognize that we and our external partners are all at different places as individuals, programs, and departments. We are committed to move forward with a focus that is intentional and strategic within our organization and our external partners. We will openly share challenges, successes and lessons learned to help move the sum of our race equity work forward.
- To have collective buy-in to racial equity best practices, we will each take responsibility for using the racial equity tool.
- That how the racial equity tool is implemented and used will differ from program to program, department to department and across our organization. Accountability for implementation and use within our own organization and to our respective communities (children, students, families and schools) will be essential.
- To approach racial equity analyses from an evaluative / continuous improvement perspective, as opposed to a **check list**. We will seek to strengthen programs, policies and procedures until racial inequities are eliminated.
- That if the strategy, practice, policy, or procedure works for our most vulnerable communities, it works for everyone. The reverse however, is not true.
- That we will not let the perceived barriers such as (time, agendas, schedules, etc) prevent us from interrupting patterns of racial inequity.
- That use of the tool may not be linear. For example, users may want to start with question 3 in order to ensure they have a clear understanding of the community conditions that may be impacted by the implementation of this policy.
- That after use of the tool, changes in policy may not be needed. However, the procedures associated with that policy may need to be created or enhanced to ensure racial equity can be achieved.

Policy Title: \_\_\_\_\_

Reviewer/Reviewers: \_\_\_\_\_

Racial Equity Tool – Using Best Practices	
1. How does the policy promote racially inclusive collaboration and engagement?	
RACIAL EQUITY BEST PRACTICES	LOOK-FORS
<p>1. Which community does this policy impact? The PSESD internal community? External community? Both?</p> <p>2. How will you identify the racial/ethnic groups potentially affected by this policy?</p> <p>3. What process will you undertake to collaborate and engage in a dialogue with communities of color (internally and/or externally) who have traditionally not been involved in the development, implementation and evaluation of this policy?</p>	<p>1. <b>Internal Community:</b> ESD staff  <b>External Community:</b> Students, Families, CBO’s, Teachers, Principals, etc.</p> <p>2. <b>Identify racial demographics of:</b> the ESD, King/Pierce County, City of Renton, Tacoma; School district data, OSPI School Report Card; Census data, etc.</p> <p>3. <b>Process for collaboration:</b> First, identify the specific communities of color who are potentially affected by this policy. Develop a plan for how to meet with communities of color. Key pieces to consider:</p> <ul style="list-style-type: none"> <li>• Communicate the purpose for meeting: to collaborate with communities/staff of color to create/revise a policy to support the development of the Antiracist Multicultural Organization,/to close the opportunity gap and eliminate racial inequity</li> <li>• Decide is this a meeting? Forum? Listening session? How will the process be set up for honoring various cultures? Consider meeting time and location as potential barriers for Educare, ReLife or HHS to be included.</li> <li>• Create an agenda with other leaders of color</li> <li>• Make sure people have access to the policy in advance so they can come prepared.</li> <li>• <b>Internal Community:</b> Send email invites or phone calls to staff of color to participate</li> <li>• <b>External Community:</b> Set up a process for inviting communities: identify specific Community Based Organizations (CBO’s) who support communities of color (ie. The Ethiopian Community Center) might want to be a part of the meeting, these organizations can also help spread the word among their communities and assist in identifying key leaders from each community; send invitations to families/students from the district. Etc.</li> <li>• <b>What insight can they provide as to how this policy might contribute to racial inequity?</b> Does the policy have an unintended consequence to people of color?</li> <li>• Decide how you will share, collect information from the community in a culturally competent manner.</li> <li>• Ensure the community voice guides the policy work. Keep them informed of progress and stay accountable to the community. Collaborate and maintain two-way communication from start to finish.</li> </ul>

## Racial Equity Tool – Using Best Practices

### 2. How does the policy educate on racial issues or raise racial consciousness?

RACIAL EQUITY BEST PRACTICES	LOOK-FORS
<p>1. How does the policy educate about the history and current realities regarding race, racism, and the opportunity gap or the Antiracist Multicultural Organization?</p> <p>2. Is there any educational information that could be added to strengthen the policy?</p>	<p>1. Policy includes language about how the agency recognizes the current realities of institutional racism and seeks to create or strengthen the policy to align with agency goal for creating an Antiracist Multicultural Organization or closing the opportunity gap. (eg. <i>The agency has data revealing a disproportionate number of leaders of color compared to white leaders and has developed a plan to address this issue. We see this policy as a support to addressing workforce equity</i>)</p> <p>2. Include any definitions that might be helpful (eg. <i>institutional racism, structural racism</i>)</p>

### 3. How does the policy reflect a consideration of community conditions and set goals for eliminating racial inequity? (Assessment and goal setting should be a process with community involvement.)

RACIAL EQUITY BEST PRACTICES	LOOK-FORS
<p>1. Are the community conditions and/or agency racial inequities clearly documented? If not, what is your plan for assessing the community conditions?</p> <p>2. Are there goals and measures for eliminating racial inequity, if so what are they?</p> <p>3. How will goals be adjusted regularly to keep pace with changing community needs and racial demographics?</p> <p>4. What additional information could be added to strengthen the policy?</p> <p>5. <b>What additional information could be added to the policies which are cross-referenced with this policy?</b></p>	<p>1. What information do we have about the community conditions that contribute to racial inequity internally/externally? (ie. Workforce equity, discipline data, retention, agency climate for diversity, departmental data, OSPI etc) It will also be important to ask the group you have convened for their perspective regarding community conditions as it relates to the policy. (eg, <i>some people of color feel they don't have a voice in decision-making processes at the ESD</i>)</p> <p>2. Agency goals to eliminate workforce inequity; close the opportunity gap; (NOTE: <i>Conversations with communities of color may uncover additional incidents of racial inequity that will need to be addressed. This information should be gathered and reported to Equity and Inclusion Advisory Committee</i>). State how the implementation of the policy can lead to racial equity.</p> <p>3. State how you will continue to collect data on community conditions/racial inequities so that policy adjustments can be made. This would mean that you meet with communities of color on a regular basis.</p>

## Racial Equity Tool – Using Best Practices

### 4. How will the policy expand opportunity and access for the PSESD internal and/or external community?

RACIAL EQUITY BEST PRACTICES	LOOK-FORS
<p>1. How does the policy increase opportunity and/or access for those who historically have been excluded? This means, more explicitly, who benefits from and/or who is harmed by the policy?</p> <p>2. What are the strategies to improve access for ethnically diverse communities, including immigrants and refugees? Are interpretation and translation policies helping to improve access?</p> <p>3. What additional information could be added to strengthen the policy or the policies cross-referenced with this policy?</p>	<p>1. <b>How does the policy increase opportunity?</b> If the data you have collected or gathered from your stakeholders indicates racial inequity that could be addressed through implementing/revising this policy, then state how you see the policy contributing to more opportunity and access (eg. <i>More staff of color will have access to informal leadership opportunities as a result of this policy</i>).</p> <p>2. <b>Strategies:</b> These strategies would come from the group you have convened.</p> <p>3. <b>Additional information:</b> If language is a concern (eg. Policy on selection of educational materials does not mention translated materials) then how will we gather information on languages spoken? Resources for translation?</p>

### 5. How will the policy affect systemic change? (An analysis of power and gate keeping is critical. How are issues of internalized superiority and inferiority being attended to?)

RACIAL EQUITY BEST PRACTICES	LOOK-FORS
<p>1. How does the policy make changes within the organization to eliminate institutional racism?</p> <p>2. Does the policy make provisions for accountability? If so, what are they?</p> <p>3. How does the policy work to address and eliminate structural racism?</p> <p>4. Is there any additional information that could be added to strengthen the policy or the policies cross-referenced with this policy?</p>	<p>1. <b>Eliminate institutional racism:</b> include language in the policy about how this ties back to the identified racial inequities in the community (internal/external). This is closely related to Question #4 (eg. <i>Policy on "Selection of Materials" now includes language regarding the use of culturally relevant curriculum that supports closing the opportunity gap because it benefits students of color and white students</i>)</p> <p>2. <b>Provisions for accountability:</b> How will this policy ensure communities of color remain ongoing essential partners with power in collaborative decision-making. (eg. <i>Cabinet will develop a plan to with clear accountability measures</i>).</p> <p>3. <b>Eliminating Structural Racism:</b> Have you identified any other community agencies/institutions connected to this policy that could be invited to the table? (eg. <i>Policy on "Selected Materials" may include members from OSPI who might also benefit from ESD discussions on creating policy that includes culturally relevant curriculum</i>)</p> <p>4. <b>Additional Information:</b> Based on feedback from the community, new practices may emerge (eg. <i>We discovered that we do not have access to agency discipline data by race so therefore, we will create a new system for collection</i>)</p>

## Racial Equity Tool – Using Best Practices

### 6. What strategies for eliminating racial inequity does the policy suggest?

RACIAL EQUITY BEST PRACTICES	LOOK-FORS
<ol style="list-style-type: none"> <li>1. What are the overall goals and outcomes? What are the specific strategies for decreasing racial inequity and/or increasing student achievement? How do the specific strategies work to decrease racial inequity and increase student achievement?</li> <li>2. How will strategies be adjusted regularly to keep pace with changing community needs and racial demographics?</li> <li>3. Is there any additional information that could be added to strengthen the policy or the policies cross-referenced with this policy?</li> </ol>	<ol style="list-style-type: none"> <li>1. <b>Overall goals and outcomes:</b> Include in the policy any strategies, from the community, that will decrease racial inequity as it relate to the policy (NOTE: may be repeat of information cited in #4)</li> <li>2. <b>Strategies adjusted:</b> Continue meeting with communities of color and ensure you have access to current data regarding community conditions mentioned in #3.</li> </ol>

**After conducting the analysis:**

**What are the lessons learned?**

**What resources are needed to make changes?**

**What are the next steps?**

## 6 - Reading list of key sources for understanding the field

### Early Childhood Workforce & Wages Key Policy Reports and Documents

1. Caitlin McLean, Harriet Dichter, Marcy Whitebook, *Strategies in Pursuit of Pre-K Teacher Compensation Parity* (2017), CSCCE-NIEER, available at <http://cscce.berkeley.edu/files/2017/10/Strategies-in-Pursuit-of-Pre-K.pdf>
2. Early Childhood Workforce Index 2018 (2018), CSCCE, available at <http://cscce.berkeley.edu/files/2018/06/Early-Childhood-Workforce-Index-2018.pdf>
3. Guidance Document, U.S. Department of Health and Human Services - Policy Statement on Childhood Career Pathways, available at [https://www.acf.hhs.gov/sites/default/files/ece/career\\_pathways\\_policy\\_final.pdf](https://www.acf.hhs.gov/sites/default/files/ece/career_pathways_policy_final.pdf)
4. *Guide for Implementing Urban Education Reform in Abbott Districts*, Section X. Early Childhood Education (September 2000), State of New Jersey-Department of Education, available at <https://www.state.nj.us/education/archive/abbotts/wsr/guide/section10.pdf>
5. Julia B. Isaacs, Shirley Adelstein, Daniel Kuehn, *Early Childhood Educator Compensation in the Washington Region* (April 2018), Urban Institute, available at [https://www.urban.org/sites/default/files/publication/97676/early\\_childhood\\_educator\\_compensation\\_final\\_2.pdf](https://www.urban.org/sites/default/files/publication/97676/early_childhood_educator_compensation_final_2.pdf)
6. *Model for Early Education*, Breaking Ground-WAMU, available at <http://breakingground.wamu.org/model-for-early-education/>
7. Sarah Thompson, Lea J.E. Austin, Annette Bernhardt, Laura Dresser, Ken Jacobs, Marcy Whitebook, *At the Wage Floor: Covering Early Care and Education Workers in the New Generation of Minimum Wage Laws* (May 2018), UC Berkeley Labor Center-CSCCE-Cows Building the High Road, available at <http://cscce.berkeley.edu/files/2018/05/At-the-Wage-Floor.pdf>
8. U.S. Dept. of Health and Human Services & U.S. Dept. of Education, *High-Quality Early Learning Settings Depend on a High Quality Workforce* (June 2016), available at <https://www2.ed.gov/about/inits/ed/earlylearning/files/ece-low-compensation-undermines-quality-report-2016.pdf>
9. W. Steven Barnett & Richard Kasmin, *Teacher Compensation Parity Policies and State-Funded Pre-K Programs* (2017), NIEER-CSCCE, available at [http://nieer.org/wp-content/uploads/2017/04/Pre-K-Parity-Report\\_Final.pdf](http://nieer.org/wp-content/uploads/2017/04/Pre-K-Parity-Report_Final.pdf)



## 7 - Wage Implementation Study Contract



### **Scope of Services for Cincinnati Preschool Promise (CPP) & Preschool Workforce Development Council (PWDC) For A Wage Support Implementation Study & Plan**

#### **1.0 Overview**

Cincinnati Union Cooperative Initiative (CUCI) is pleased to submit this scope of services to help Cincinnati Preschool Promise and the Workforce Development Council develop scenarios for how to improve wages for CPP providers with a target of \$15/hr.

CUCI is a nonprofit that works directly with stakeholders to design business solutions for our most pressing community problems. As evidenced by our over 7 years creating cooperative businesses including Our Harvest & Apple Street Market that provide food to food deserts, an insulation company that lowers homeowners energy bills and reduces the carbon footprint (Sustainergy), a non-profit that creates permanently affordable housing for folks making between \$25-40K/year (Renting Partnerships), and now childcare co-ops to increase affordable options for parents while paying living wages and help existing childcare companies reduce their expenses. For the preschool sector, we understand direct stakeholders to be providers, teachers, parents and taxpayers

It is essential that the main objective of CPP is recognized throughout this endeavor – to help provide access to high-quality pre-school to as many children and families as possible with a focus on the most disadvantaged children. Clearly, teacher educational attainment and compensation is a critical element that helps drive quality. It is also recognized that the CPP board has developed pre-school supports around a school-year, school-day model.

Based on stakeholder & CPP input, CUCI understands the following as the **objectives** for the project:

- Work with stakeholders to **fully understand the opportunities and challenges of implementing \$15/hr minimum wages up to parity in pay (\$20.83) and benefits with Cincinnati Public School Preschool Teachers.** (According to the union contract, the starting wage of a CPS Preschool teacher is \$43,331.60 for teaching 191 days a year, 7 hours a day. However, it is understood that the vast majority of teachers also work additional hours during the evenings, on weekends, and over the summer but these hours are at their discretion.)
- Establish agreement on key questions we need answered

- **Develop possible scenarios/options/timelines** for how wage supports, minimum wage requirements or other incentives can be used to impact quality and compensation. The goal is to define options that could be **applied to all of the providers participating in the CPP program** with an **emphasis on the providers that serve our neediest kids**, while at the same time recognizing that short term achievables will be limited by current constraints and priorities.
- Determine a clear understanding of how scenarios would impact the market (including unintended and possible consequences). Complete this study/plan with the goal of **September 2018** in time for supports to be enacted for the 2018-2019 school year. (*see proposed timeline below*)

Based on stakeholder & CPP input, CUCI understands the following as the **guiding principles** for the project. The study/plan for wage supports should take into account:

- Solutions** for a variety of childcare businesses including **rated and non-rated, family childcare and centers.**
- The gross deficiencies of the current childcare system that have manifested in a disproportionate share of vulnerable businesses being located in low income communities of color in Cincinnati, there requiring an **emphasis on** discerning what is needed for providers located in these **“quality care deserts”**.
- A **holistic view of childcare businesses and the opportunities/challenges of implementing \$15/hr min wage or other supports.** This includes factors such as:
  - Wage increases that needed to be given to all the staff so as not to “rob the infant and toddler teachers”.
  - How to mitigate the “cliff effect” for teachers who are receiving public subsidies.
  - How to mitigate losing private school early education teachers to other institutions including public due to wage disparities and professional development.
  - The year-round nature of these businesses and needs related to paying such wages.
  - Other types of supports that may be needed to implement equitably, such as back-end office/bookkeeping/paperwork facilitation.
- Best “equity” practices** from other cities including **direct contracting.**
- These issues must be balanced by a recognition that taxpayers have provided a specific level of funding for the effort. Proposals/options for

immediate enactment presented should be achievable within those financial constraints. It is understood that options that call for additional funding are unlikely to be immediately achievable. Additionally, the report will strive to outline options for what needs to be done long term through advocacy by raising additional funds, including public and private funding sources.

**F. Strategies to make public dollars go the furthest.**

- G. That the **need for higher wages should also be balanced with the need for higher quality and access.**

## **2.0 Methodology and Process**

It is CUCI's understanding that, in order for this project to be conducted in a **manner that is transparent and accountable to stakeholders and the public**, that it will be conducted in a **highly participatory and stakeholder informed process** for a committee **led by the Preschool Workforce Development Council in partnership with CPP staff**. Recognizing the amount of work it will take for this process to be done well, CUCI will work directly with any and all members of the PWDC Board, the CPP Board and staff, and members of their committees.

### **Support needed from CPP/PWDC & Other Stakeholders**

- CPP's permission and facilitation of working with UC Economic Center to do further analysis (ie. geographic analysis) of the Wage Survey data in a way that maintains the confidentiality of the providers
- CPP to convene meetings that CUCI will facilitate with providers to collect key data.
- CUCI will also work directly with Parents, Educators, Owners/Directors Partnering for Learning and Equity (PEOPLE) in Early Childhood (P4EC) to engage stakeholders.
- Access to the benefit information that CPS staff receive.
- Access to work directly with CPP's Finance Manager for example, reviewing and giving feedback on plans, reviewing models created with aggregate data, and helping CUCI understand exactly how money is flowing to providers.
- If PWDC, CPP Staff and key CPP Board members are in agreement with the study/plan that CUCI designs for Wage Support Implementation, key decision-making bodies (PWDC board, CPP Board, and CSP Board) will need to review for consideration in order to implement timeline (*see below*) for enacting this school year (2018-2019).

### **Main Tasks**

- Conduct baseline research.
- Facilitate a charrette style week long work session(s) with stakeholders to gain as deep of an understanding as quickly as possible.
- Conduct follow up interviews.
- Create possible financial models & draft report for feedback.
- Facilitate feedback meetings with key stakeholders.
- Produce final report/financial models with scenarios for consideration.

### 3.0 Deliverables

- Charrette Facilitation
- Clear definitions and maps of our city’s “quality care deserts”.
- Report and financial model outlining design and funding options for how to support the highest number of providers, especially those serving our neediest kids.
- Scenarios on how to move forward.
- Create a lasting forum for stakeholders a.k.a. Parent & Provider Council that can continue to provide feedback and insight as to how the program needs to be developed.
- Reports, including drafts and final reports, will be shared with PWDC and CPP as they are prepared, to ensure progress and consistency with project scope and deliverables.

### 4.0 Timeline & Budget

CUCI is available to start work on this contract immediately as of June 19, 2018. It is estimated that the analysis will be completed within 6-8 weeks, however, it should be noted that the time to completion may vary depending upon the ability of CPP and other partners to secure meetings with representative childcare providers, the pace at which CPP makes data available, and the feedback process from key stakeholders.

Date/Time in 2018	Activity
<b>Mon, June 18, (6-7:30pm)</b>	Contract approval by CPP Executive Director and Preschool Workforce Development Council
<b>Tues, June 19, (6-</b>	CPP Wage Survey Provider Meeting to present process and start

<b>7:30pm)</b>	gathering data/participants.
<b>Mon, June 25, (6:30 PM)</b>	<ul style="list-style-type: none"> <li>- CPS Board meeting: Stakeholders speak about importance of raising wages and P4EC present Wage Implementation Study</li> <li>- Research and data gathering begins.</li> </ul>
<b>Week of July 1</b>	<ul style="list-style-type: none"> <li>- Structuring the study and designing survey implement</li> </ul>
<b>Week of July 8</b>	<ul style="list-style-type: none"> <li>• July 9, 2018 (6:30 PM): CPS Business Meeting- give input to Wage Implementation Study</li> <li>• Begin meetings &amp; Focus Groups with Providers: in groups &amp; 1 on 1's</li> <li>• Begin meetings &amp; Focus groups with teachers, parents, and other key constituencies/knowledge holders</li> </ul>
<b>Week of July 15 (starting Sat, July 14)</b>	<p>Week-long Charrette</p> <ul style="list-style-type: none"> <li>• Sat, July 14 - Charrette Mtg #1: Family Child Care Providers (hosted by AFSCME Local 4023)</li> <li>• Mon, July 16, 2018 (6pm)- Charrette Mtg #2: Providers and Teachers hosted by PWDC</li> <li>• Tues, July 7, 2018 (4pm): CPP Board Meeting- PWDC present the Wage Implementation Study/Plan &amp; CUCI provide a deep dive on the study &amp; setting up ways to connect with Board Members after the Board meeting</li> <li>• Wed, July 18, 2018 (11:00 AM): CPS Business Meeting</li> <li>• Other meetings and 1 on 1's TBD</li> </ul>
<b>July 22 - Aug 5 (1-2 weeks)</b>	<p>CUCI Finalize Preliminary Report/Models*</p> <p><i>(If coming out of the Charrette enough information has been gathered to make definitive recommendations, timeline may be able to be condensed.)</i></p>
<b>Week of Aug 5</b>	<p>2nd Charrette &amp; Check In/Report on Progress/Feedback from PWDC, CPP Staff, CPP Board, CPS, and City Council</p> <ul style="list-style-type: none"> <li>• Meetings &amp; Focus Groups with Providers: in groups &amp; 1 on 1's</li> <li>• Meetings &amp; Focus groups with teachers, parents, and other key constituencies/knowledge holders</li> </ul>

	<ul style="list-style-type: none"> <li>• Includes Advocacy/Leadership Training</li> </ul>
<b>Week of Aug 12</b>	CUCI makes updates and modifications- Finalize Reports
<b>Mon, Aug 20, (6pm)</b>	PWDC mtg: CUCI presentation of Final Report
<b>Thurs, Aug 23, (6-7:30pm)</b>	CPP Board mtg: CUCI presentation of Final Report
<b>Mon, Aug 27, (6:30 PM)</b>	CPS Board mtg: CUCI presentation of Final Report/Recommendations,
<b>Week of Aug 26</b>	CUCI presentation of Final Report/Recommendations to City Council to build broader support for additional funding
<b>Mon, Aug 27, (6:30 PM)</b>	CPS Board mtg: CUCI presentation of Final Report/Recommendations, Approved by CPS ( <i>ideally</i> )
<b>Mon, Sept 17, (6pm)</b>	PWDC mtg: Recommendations for Wage Supports approved by PWDC ( <i>ideally</i> )
<b>Tues, Sept 18, (6:30pm-8pm)</b>	CPP Board mtg: Recommendations Wage Supports approved by CPP ( <i>ideally</i> )
<b>Mon, Sept 24</b>	CPS Board mtg: Recommendations Wage Supports approved by CPP ( <i>ideally</i> )
<b>Thurs, Sept 27</b>	Columbus Advocacy Day with Groundwork on increasing funding for child care

This is an aggressive timeline. It will be CUCI's and CPP's/PWDC's goal to follow it as closely as possible in order to come up with recommendations as quickly as possible. This being said, due to unforeseen challenges, there may have to be some shifting of timelines and dates. CUCI will communicate directly in with CPP/PWDC regularly on the progress of the project and any modifications that may need to be made.

**Budget:** In solidarity with all the stakeholders in the Early Childhood sector to help figure out this important challenge of providing family sustaining wages to childcare teachers, CUCI is donating their services (valued at \$25,000). **We only request that CPP provide up to \$5,000 and PWDC provide up to \$5,000 to compensate**

**providers, early educators, and parents for their time, data, and expertise; and any other supplies or copies needed for these meetings** because their prompt cooperation will be critical.

CUCI will hold confidential all information gathered in the course of performing this work other than information otherwise available to the public or general statements about the nature of assistance that CUCI has provided to CPP/PWDC.

Please confirm your agreement to this proposal by countersigning below a copy of this letter and returning it to me. We look forward to working with you.

Sincerely,

Ellen Vera  
Founding Member & Director of Development & Co-op Organizing  
[ellen@cincinnatiunioncoop.org](mailto:ellen@cincinnatiunioncoop.org)  
513-807-3898

Accepted: \_\_\_\_\_ Date: \_\_\_\_\_  
Shiloh Turner, Executive Director  
Cincinnati Preschool Promise

Accepted: \_\_\_\_\_ Date: \_\_\_\_\_  
Clement Tsao, Chair  
Preschool Workforce Development Council