



State Policy Options for Early Childhood Educator Compensation

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About Maine’s Zero to Three Workgroup

Maine’s Zero to Three Workgroup is a small team of stakeholders who came together in the fall of 2020 to identify strategies for strengthening Maine’s policies and programs for children from birth to age 3. This workgroup received technical assistance from the national policy organization, Zero to Three. One of the workgroup’s areas of focus is the early childhood education workforce. Members of the workgroup include: Todd Landry, Director of the Office of Child and Family Services; Ana Hicks, Children’s Cabinet Coordinator; Nena Cunningham, Head Start Collaboration Director; Jennifer Beck, John T. Gorman Foundation; Tracye Fortin, Kennebec Valley Community Action Program and Educare Central Maine; Tara Williams, Maine Association for the Education of Young Children; and Pam LaHaye, Maine Children’s Trust.

Terminology

Throughout this document, “early childhood education” and “ECE” refer to all programs that provide care and education to children from birth until public school enrollment, usually at age five. This includes child care centers, and family child care providers. “Family providers” refers to programs operated in private homes. In Maine, these programs are limited to twelve children. The owner of the home runs the program and may hire additional staff based on the number and ages of children. “Child care centers” refers to programs operated at a designated child care facility. They often serve multiple age groups, with children separated according to age.

EXECUTIVE SUMMARY

The Workforce Behind the Workforce

The COVID-19 pandemic shined a bright light on the critical role of child care in Maine's economy. Even when other businesses and schools closed in the spring of 2020, many child care providers in Maine stayed open. They helped thousands of Maine parents and guardians continue their essential work as nurses and first responders, store clerks and delivery drivers, and mail carriers.

Employers in all sectors have gained a greater appreciation for the people who care for and educate Maine's youngest residents. Across the state, 2 in 3 Maine children under age six have all available parents in the labor force.¹ That's nearly 50,000 children who need on-going care while their parents work. Maine's early childhood educators are the workforce behind the workforce.

An Industry Under Strain

Even as the role of early childhood education (ECE) is being better understood by employers and policymakers, some providers report they are struggling. Their ability to provide quality care is limited by families' ability to pay. In 2020, the annual median cost of full-time care in Maine ranged from \$8,580 for preschoolers to \$11,960 for infants.² This is a significant expense for many young families.

Providers' financial constraints have led to low wages and difficulty finding and retaining employees. In 2020, the average hourly wage of a Maine child care worker was \$14.31, one-third less than the state average wage.³ At this level, providers across Maine say they struggle to find qualified workers.

Since March 2020, more than 1 in 7 family child cares in Maine have closed, a loss of 133 providers.⁴ There were fewer closures of child care centers, but overall capacity is down. From December 2019 to October 2021, the number of licensed child care

slots across Maine fell by over 3,000 (7%). In listening sessions ([see Appendix A of this report for a summary of these listening sessions](#)) and reports to industry representatives and to the Office of Child and Family Services, some providers report being understaffed, operating below capacity, and being unable to meet demand. A few have reported reduced demand as some parents working from home choose not to use child care or have not returned to work.

Solutions

States across the nation are facing similar ECE workforce challenges attributable, in part, to low wages. Several states have taken steps to try to address this challenge. Over the past few years, Maine has been exploring some of the common approaches for increasing compensation:

- **Tax Credits** provide a once-yearly financial award to ECE professionals and providers through a state's income tax system.
- **Wage Supplements** enhance educators' regular pay through cash awards, often paid every six months.
- **Education Awards** reduce or eliminate the cost for ECE professionals to further their educations and include an annual bonus or wage increase.

This document summarizes the basic elements of each approach, its advantages, and its disadvantages.

Next Steps

With this report, the Zero to Three Workgroup shares the results of its research and deliberations. As its work concludes, the workgroup hopes this report will inform policy efforts to the benefit of all Maine families and employers.

BACKGROUND

The COVID-19 pandemic revealed that child care is a fundamental piece of economic infrastructure. When other businesses and schools closed, many child care providers stayed open, allowing parents to remain in the workforce. Employers and policymakers alike gained a greater appreciation for the people who spend every day caring for Maine's youngest residents.

“Without child care, parents cannot go to work, and businesses cannot operate. Child care needs to be both accessible and high-quality so parents are not distracted while they are working worrying about the nurturing, teaching and safety of their children.”

*Dana Connors, President
Maine State Chamber of Commerce⁵*

Some Child Care Programs Are Struggling

Despite growing recognition of child care as an essential service, some providers are struggling. The child care market is misaligned, with many families unable to afford quality care, and some providers facing low pay, long hours, and difficulty finding

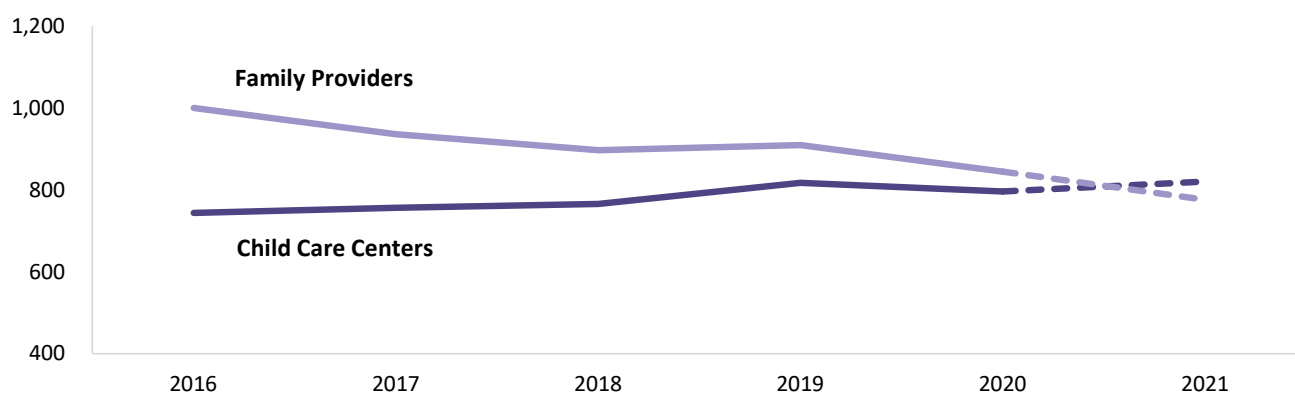
qualified workers.

Financial strain, the toll of the pandemic and, in some areas, the aging of the child care workforce have contributed to closures, mostly among family providers.

- Since March 2020, more than 1 in 7 family child cares in Maine have closed, a loss of 133 providers.⁶ (For trends overtime, see chart below.)
- Meanwhile, the number of child care centers, which had been growing, has fallen 1% (8 closures).⁷
- The overall number of licensed slots at all facilities has fallen 7% since December 2019.⁸

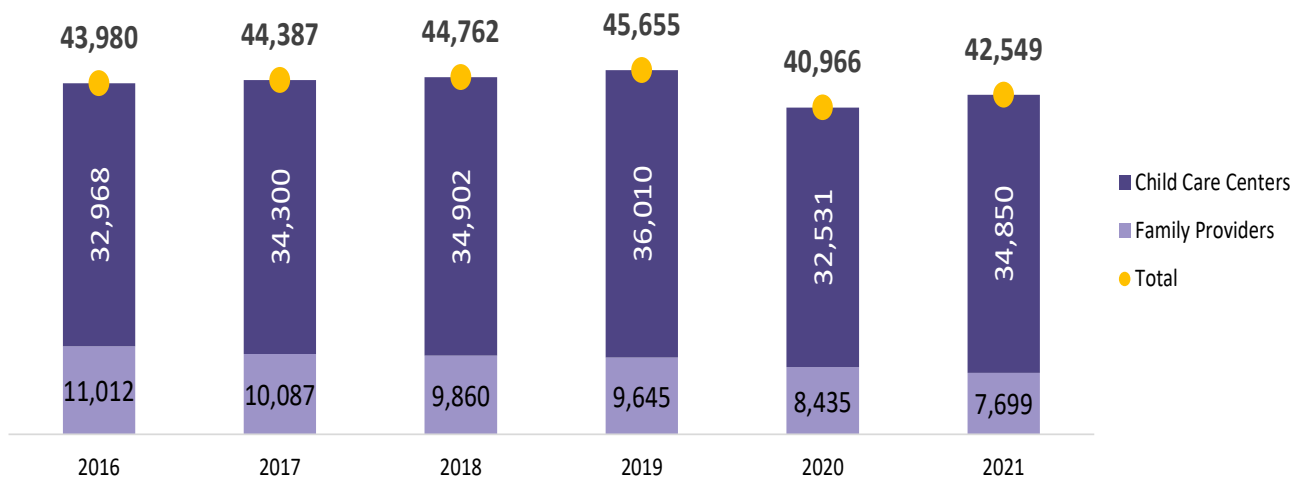
Prior to the pandemic, the overall number of licensed child care slots in Maine was rising (see chart at the top of page 5). The decline of family providers was being countered by the growth of child care centers. In 2020, the pandemic erased those gains. Some centers closed and the decline of family providers accelerated. From December 2019 to October 2021, capacity at child care centers and family providers fell 3% and 20%, respectively. Of note, capacity began to rebound between 2020 and 2021.⁹

From 2016 to 2021, there was a net reduction of 225 family providers and a net increase of 77 child care centers.



Source: 2011-2018 from Kids Count Data Center, 2019-2021 from Maine DHHS Data Dashboard; 2011-2020 are December providers, 2021 is October

The overall number of licensed child care slots was rising prior to the pandemic



Source: Maine Department of Health and Human Services, capacity as of December 1 every year

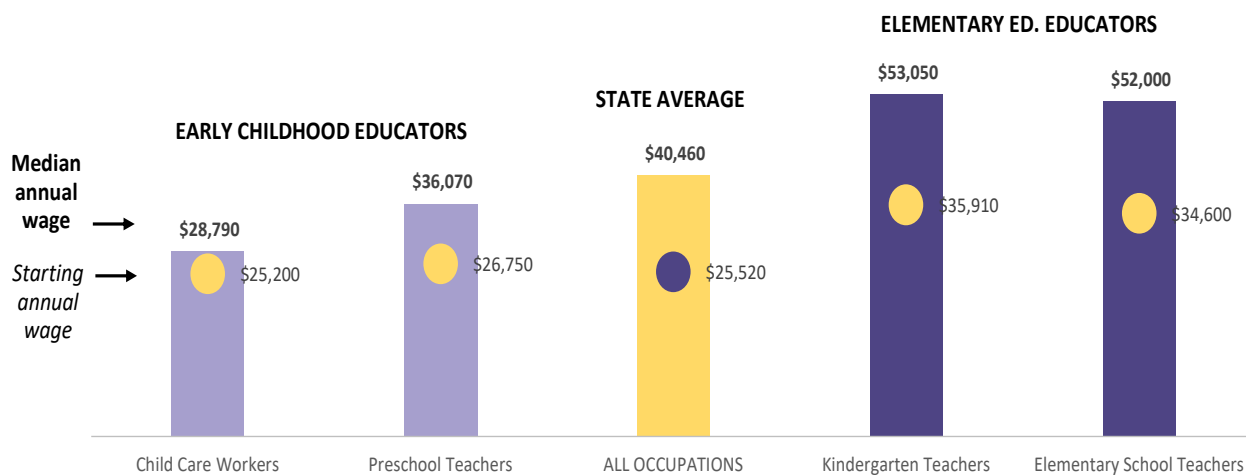
Even though the overall licensed capacity began to rise again, prior research highlighted the fact that the supply of child care is not meeting the need statewide.

Prior to the pandemic, analysis by the Bipartisan Policy Center, in partnership with Maine’s Office of Child and Family Policy, showed that while Maine’s overall gap in child care was less than most other states, the estimated number of Maine children

under six with all available parents working exceeded the number of licensed child care slots by 4,920 (9.2%), and the gap was higher in rural areas.¹⁰ In January 2021, the Maine State Chamber of Commerce and others warned that “early childhood programs’ scarcity undermines Maine’s rural communities.”¹¹

Unlike other industries, there are few economies of scale in early childhood education (ECE). To ensure safety and quality of care, there are strict guidelines for the number of children who can be assigned to

Wages in early childhood education are lower than similar K-12 occupations.



Source: U.S. Bureau of Labor Statistics, Occupational Employment Statistics, May 2020; all wages are for Maine; starting wage is average of lowest paid 10% of earners in occupation

each adult. For instance, in child care centers, one adult can attend to no more than four infants or seven three-year-olds.¹² Given the limits on how much families can pay, the necessary low staff-to-child ratios make it difficult, sometimes impossible, for providers to expand enrollment or increase wages.

Low Pay is Contributing to a Labor Shortage

ECE directors across Maine report low wages are directly contributing to the industry's labor shortage. In 2020, the average entry-level annual pay for full-time child care workers was equivalent to \$25,200 and \$26,750 for preschool teachers.¹³ Even as ECE professionals gain experience and credentials, their pay remains low. The median annual wage of all child care workers, \$28,790, was 28% less than the statewide median and well below that of elementary educators.¹⁴ In 2020, the median pay of a full-time preschool teacher in Maine was \$36,070, compared to \$53,050 for kindergarten teachers. In other words, for every \$2 earned by a preschool teacher, kindergarten teachers made almost \$3. These statistics do not account for differences in experience and credentials. For example, public school teachers must earn a bachelor's degree and a teaching certificate. This is not true for teachers starting out in most child care programs. However, the difference in average pay illustrates the disparities people observe when choosing a career path. In addition to higher salaries, most public school teachers also receive significant benefits such as a retirement plan, health insurance, paid sick leave, and vacation time, while child care teachers receive limited to no benefits depending on setting.

Recent initiatives to increase the starting pay of Maine public school teachers and to expand publicly funded pre-k, although positive and necessary, have deepened these disparities and inadvertently made jobs in traditional ECE settings less competitive. Public school educators receive health insurance and other benefits that most child care programs cannot afford to provide. Just 41% of child care programs offer health insurance and 63% offer paid sick leave.¹⁵ For individuals interested in working with young children, these disparities are a

significant deterrent to working in a child care setting or become a reason to leave the profession once the educator has their own family.

Recent minimum wage increases, and the higher pay offered by some employers in a tight labor market have created further challenges for the early care and education sector trying to compete for qualified workers.

However, Maine is not alone in this challenge. Nationwide, the median annual wage for all child care workers is \$25,460. When annual pay is ranked by occupation, child care workers were nearly at the bottom percentile (2nd percentile).¹⁶

Through the listening sessions and conversations and surveys, child care directors report staff shortages and difficulty retaining staff. Hard data on turnover rates in Maine and across the country are difficult to find. In a national survey of child care providers conducted by researchers at the University of Oregon between May and October 2021, 87% of child care center directors and 72% of home-based providers reported recruiting and retaining qualified staff to be more difficult than before the pandemic.¹⁷

Many Families Can't Afford to Pay More

In many industries, companies offering a high-demand service such as child care could raise prices and increase wages to better attract and retain qualified workers. Early childhood care and education is different. The amount providers can charge is limited by families' ability to pay and programs are hesitant to raise their rates for fear of pricing out families.

In 2020, the statewide median tuition for full-time enrollment at a child care center in Maine ranged from \$165 per week for preschool children to \$230 per week for infants.¹⁸ This is equivalent to \$8,580 - \$11,960 for year-round care. Prices are even higher in Cumberland, Kennebec, and Penobscot counties. This can be a significant expense for many young families. Even those that can afford to pay sometimes struggle to find care during the hours they need, or in locations near their home or work. One survey finds that approximately 3,000 Maine adults are working part-time rather than full-time due

to a “childcare problem”.¹⁹ Over 80% of them are women.

Comparing the incomes of Maine families to the cost of child care highlights the challenge facing many households. In 2020, a couple earning the median income for all married-couple Maine households with children under age 18 (\$87,925) would pay 14% of their income for one infant to enroll full-time at a facility charging the statewide median price (\$11,960). Single-mothers and -fathers would pay 31% and 23% of their incomes, respectively. These percentages decline for older children but remain high: 13-29% for full-time care for toddlers and 10-22% for preschoolers.

Far-Reaching Consequences

The challenges facing today’s young families and child care programs will have long-lasting effects on Maine’s education system, employers, and residents. Decades of research shows that high-quality care and education helps children develop the social and emotional skills to thrive in school and life.²⁰ They require fewer educational interventions in later years and have fewer contacts with the juvenile corrections system. As adults, their educational and professional successes lead to lower reliance on public programs, less crime, and increased tax revenue. One analysis of these effects in Maine found that the initial cost of public, high-quality early education would be recovered by the time children reached age fourteen, and the lifetime societal return would be nearly five times greater than the cost.²¹

Policymakers Respond to Concerns

Maine policymakers have heard the concerns of providers, families, and employers. In May 2021, House Speaker Ryan Fecteau reintroduced a bill from the 2019-2020 legislative session to increase supports for the ECE workforce with salary supplements, expanded scholarships, and increased opportunities for CTE programs and ECE apprenticeships (LD 1652). Simultaneously, Representative Rebecca Millett introduced legislation to create refundable tax credits for early childhood educators, child care programs, and businesses who offer financial support for child care, as well as the ,

expansion of child care tax credits for parents (LD 1678).

Recognizing the need for immediate action, Governor Janet Mills and the Department of Health and Human Services announced that the Child Care Stabilization Grants for all licensed child care programs in Maine would include \$200 monthly stipends through September 2022 to early childhood teachers and other employees working directly with young children.²² These monthly grants, which started in October 2021 and will continue for one year, will help to provide vital assistance to child care programs struggling from the impact of the pandemic and support a boost to ECE wages for one year.

	Annual Price of Full-time Care	Median Income		
		Married Couple	Single-Mother	Single-Father
		\$87,925	\$38,603	\$51,910
		Percentage of Income for One Child in Care		
Infant	\$11,960	14%	31%	23%
Toddlers	\$11,284	13%	29%	22%
Preschoolers	\$8,580	10%	22%	17%

Source: DHHS 2021 Market Rate Survey and U.S. Census Bureau American Community Survey; 2019 income estimates adjusted for inflation to 2020 using CPI-U.

In response to the legislative proposals and the implementation of the \$200 monthly stipend, the Zero to Three Workgroup spent the summer and fall of 2021 learning about some of the initiatives to increase compensation for early childhood educators in other states and gathering data to inform the policy conversations on this topic.

As Maine policymakers consider their next steps, federal lawmakers are negotiating the Build Back Better Act, which could make preschool free for three- and four-year-olds and cap the amount most families pay for child care at 7% of income. Maine will need to coordinate its policies with the significant opportunities created by this groundbreaking legislation if passed.

This Report

This report summarizes some of the most common policies that U.S. states have used for many years to increase compensation of ECE professionals: tax credits, wage supplements, and education awards. Its purpose is to create a common foundation of understanding for policymakers and stakeholders working on this issue. By design, this report is thorough but succinct. Each section has suggestions of further reading for those seeking additional information.

In addition, we recommend referring to this national report on child care workforce compensation released in December 2021 for information on additional strategies states are exploring and/or implementing (<https://buildinitiative.org/resource-library/backgrounder-on-compensation-in-child-care/>).

This report reflects learnings from several months of information gathering by the Zero to Three Workgroup. This group held meetings with program administrators from five states, which helped to inform the policy options laid out in this report. In addition, the group supported an outside facilitator to conduct five listening sessions with child care center directors, family child care owners and directors, and early childhood educators working in child care settings, and four stakeholder meetings with business leaders, advocates/policy experts, ECE representatives from provider associations, members of the Children's Cabinet Early Childhood Advisory Council, and professionals from higher education, career and technical education schools, Head Starts and Maine Roads to Quality. A summary of these sessions is included in the appendix.

POTENTIAL SOLUTIONS

States across the U.S. are facing ECE workforce shortages similar to Maine's, and some are actively trying to address them. No state has solved the problem, but their experiences offer important lessons.

In this report three types of financial incentives are explored:

- **Tax Credits** provide a once-yearly financial award to ECE professionals and child care programs through a state's income tax system.
- **Wage Supplements** enhance educators' regular pay through cash awards, often paid every six months but sometimes monthly.
- **Education Awards** reduce or eliminate the cost for ECE professionals to further their educations. They typically cover the cost of tuition, and sometimes pay for textbooks and other expenses. They often include an annual bonus or wage increase.

Based on the experiences of other states, all programs have advantages and disadvantages. These are discussed in the following pages. Important things to consider when evaluating policy options include:

- **Recipients** - Who receives the benefit? The child care program or the early educators? All staff or only those with certain credentials? All programs or only those with certain quality ratings or serving certain children?
- **Benefit** - How large is the benefit? Will it entice more professionals to enter or remain in the field? Will it enable child care programs to pay higher wages and/or serve more children?
- **Administration** - How is the program administered? Does the administrative structure maximize its impact?
- **Cost** - How much does the program cost and where does the funding come from?

Tax Credits to Individuals

Tax credits provide financial relief to individual ECE professionals through a state's income tax system. As of early 2021, Louisiana and Nebraska were the only states offering these credits.²³

Recipients

In Louisiana and Nebraska, refundable tax credits are available to individuals who work at least six months in an ECE facility enrolled in the states' quality rating system. Other eligibility criteria vary across the two states.

Louisiana's credit is for individuals working in centers that serve low-income children by accepting child care subsidies and other public funds.²⁴ Teachers must work at least 30 hours per week on average and have at least a Child Development Associate (CDA) credential or 80 hours of instruction in related subject areas. Higher credits are awarded to those with additional degrees in early childhood or child development. Directors of child care centers are also rewarded for higher levels of education. Furthermore, the credit increases with the quality rating of their center. (This rating does not impact the amount teachers receive.)

Nebraska's tax credit has a few more eligibility requirements.²⁵ The state requires recipients to enroll in its professional registry, work at a program enrolled in its quality rating system, have at least a CDA or a similar one-year certificate or diploma, and attend at least 12 hours of approved training per year. Nebraska awards its limited funds based on a point system. Recipients receive points for having an associate or bachelor's degree in ECE or a related field, attending additional hours of training, and accumulating more years of experience.²⁶

However, no additional points are awarded beyond three years of experience. This increases the number of young or less experienced individuals who receive awards.

Benefit

The size of a tax credit varies based on an individual's qualifications and the availability of funding. Nebraska's credit ranges from \$540 to \$1,620.²⁷ This is equivalent to about \$0.26-\$0.78 per hour for someone working full-time, year-round.¹ Louisiana's credit ranged from \$1,788 to \$3,574 (equal to \$0.86-\$1.72 per hour) in 2020.²⁸ Both credits are indexed to inflation and are refundable, so recipients receive either a reduction of their income tax liability or a cash refund.

Administration

Tax credits tied to a state's individual income tax are ultimately awarded by its revenue department but certifying recipients' eligibility requires the involvement of a department with connections to a state's early childhood programs and workforce. In both Nebraska and Louisiana, applicants must verify their credentials through the state department of education.

Advantages

Tax credits provide direct compensation to ECE professionals, and since they are not taxable income, they do not reduce recipients' eligibility for public benefits. Making credits refundable means they benefit low-income earners with little or no tax liability. Nebraska claims its requirement that recipients work at least six-month the same provider helps with retention, and that awarding additional points for training increases use of professional

¹ Throughout this document, hourly-rate equivalents are calculated by dividing the annual benefit by 2,080 hours (40 hours per week, 52 weeks per year). Some programs offer

benefits to individuals working fewer hours. For example, New Mexico's ECE wage supplements are available to anyone working 32 or more hours.

development opportunities.²⁹ Similarly, Louisiana says the credits encourage ECE workers to further their educations.³⁰

Disadvantages

Tax credits are only awarded once per year, and there can be a significant lag between when someone completes their six months of employment and when they receive an award. Credits may provide a welcome, one-time lump sum, but do not necessarily help recipients throughout the course of the year. Furthermore, there is no incentive to

continue working beyond six months. Some low-income earners may not file taxes and therefore not receive the award. Others may not know they are eligible. Finally, coordinating across two state agencies can be cumbersome.³¹

Further Reading

Louisiana Department of Education, "[School Readiness Tax Credit Guidance](#)," June 2020.

Nebraska Department of Education, "[Individual Tax Credit](#)," 2021.

Tax Credits to Child Care Programs

Tax credits offer financial relief to ECE providers. Depending on how the business is structured, providers receive credits when they file either individual or corporate income taxes. Louisiana and Nebraska are the two states currently offering these credits.³²

Recipients

Louisiana and Nebraska award tax credits to ECE centers that achieve a certain quality rating and receive public funding to serve low-income children. Nebraska requires providers to be at a minimum of Step 3 of its 5-step quality rating system.³³ Louisiana awards credits to providers at Steps 2-5 of its rating system, but those at Step 2 must advance to Step 3 within three years to remain eligible for the credit.³⁴ Louisiana also awards funds to providers serving children enrolled in foster care.

Benefit

The amount of these credits is based on the providers' quality rating and the monthly average number of eligible children it serves. In 2020, Louisiana's refundable credit ranged from \$750 to \$1,500 per child based on the provider's quality rating.³⁵ This was equivalent to \$11,250-\$22,500 for a provider with 15 eligible children, \$26,250-\$52,500 for 35 children, and \$52,500-\$105,000 for 70 children. Nebraska's non-refundable credit is smaller. It ranges from \$250 to \$750 per eligible child.³⁶ Both states have guidelines for calculating the number of children based on hours and/or days of care during the month.

Administration

Tax credits are awarded by a state's revenue department, with eligibility certified by a department

with knowledge of the state's ECE programs. In Nebraska, providers must submit quality rating and reimbursement records from the Department of Health and Human Services.³⁷ In Louisiana, providers receive documentation of the number of eligible children attending their program from the Department of Education and submit this with their applications.

Advantages

Unrestricted cash awards give providers the freedom to spend funds however they see fit. Louisiana claims these credits encourage providers to serve low-income children.³⁸ Refundable credits like Louisiana's provide incentives to non-profit and low-profit providers.

Disadvantages

Tax credits are awarded once per year, meaning funds may not be available to providers during the course of the year. Furthermore, there is no guarantee refunds will increase staff compensation. Non-refundable tax credits, such as Nebraska's create no incentive to non-profits and low-profit providers. Basing the credits on the number of children receiving a child care subsidy may result in inconsistent access to the credit if some low-income families do not apply for subsidies. Finally, coordinating across two state agencies can be cumbersome.³⁹

Further Reading

Louisiana Department of Education, "School Readiness Tax Credit Guidance," June 2020.

Nebraska Department of Education, "School Readiness Tax Credit Act," 2021.

Wage Supplements

As of early 2021, 11 states supported ECE professionals through wage supplements.⁴⁰ These initiatives enhance educators' regular pay through cash awards, often paid every six months but sometimes monthly. Their goals are to reduce turnover and to increase quality of care by rewarding professional development. Five states use WAGE\$, a licensed program of the Child Care Services Association. Other states operate their own programs, such as REWARD in Wisconsin and Great START in Illinois. As part of COVID-19 relief efforts, Maine recently announced temporary \$200 monthly stipends to individuals working directly with children.⁴¹

Recipients

Wage supplements support individuals working in ECE and child care settings who meet basic requirements, such as six months of employment at the same facility, earning below a maximum hourly wage, and completing minimum course work. Typical maximum hourly wages are \$16 in New Mexico and \$18 in Illinois. In North Carolina, it ranges from \$15 to \$19 depending on the county in which a recipient works.⁴²

Compensation generally increases with level of education. New Mexico encourages participants to gain credentials by limiting the number of years those without an associate degree (or equivalent credit hours) in ECE can receive the award.⁴³

North Carolina's Infant-Toddler Educator AWARD\$ program targets individuals who work directly with children under age three earning \$19 per hour or less.⁴⁴

Benefit

Wage supplements are cash awards, the size of which varies greatly by state. In New Mexico, six-month payments range from \$260 for an employee

with 5 credit hours of ECE course work to \$2,548 for someone with a bachelor's or master's degree (equivalent to about \$0.25-\$2.45 per hour for full-time work).^{2 45} Illinois's Great START six-month supplements range from \$150 for someone with 6 credit hours to \$1,950 to those with a master's degree (equal to \$0.14-\$1.88 per hour).⁴⁶

North Carolina's WAGE\$ awards vary by level of education, position (teacher or director), type of employer (family or center), and county.⁴⁷ Some counties in North Carolina have chosen not to participate in the program. The local partners who administer the program can choose between three tiers of awards based on available funding and other local factors. For teachers and family care providers, benefits range from \$450-\$3,000 at Tier I (equivalent to \$0.22-\$1.44 per hour) to \$600-\$6,250 at Tier III (\$0.29-\$3.00 per hour).⁴⁸ Benefits are lower for child care center directors, ranging from \$300 to \$4,680 (\$0.14-\$2.25 per hour). North Carolina's AWARD\$ program provides \$2,000 to \$4,000 annually (\$0.96-\$1.92 per hour) to individuals working with infants and toddlers, based on level of education.⁴⁹ Both programs divide awards into monthly payments.⁵⁰

Administration

Wage supplement programs are generally administered by a state agency with oversight of early childhood education or a statewide non-profit with strong ties to the ECE community and the capacity to administer the program.

Typically, individuals apply directly to the program and receive payment directly from it. Their employer needs only to verify their employment status and wage. Alternatively, Maine is sending funds to cover its \$200 bonuses to employers who, in turn, are required to distribute it to employees.⁵¹

² New Mexico also offers a one-time "incentive payment" of \$1,500 to ECE professionals who are certified as bilingual.

Advantages

Recipients generally favor monthly or semi-annual awards over annual awards such as tax credits.⁵² North Carolina credits WAGE\$ with reducing turnover and encouraging professional development within the field.⁵³

Disadvantages

Wage supplements are considered income. Therefore, they may impact recipients' eligibility for public benefits and increase their tax liability. Furthermore, recipients and their employers may need to recertify their eligibility multiple times during the year. This may increase the programs'

application and administrative burdens compared to an annual award.

Further Reading

New Mexico Early Childhood Education & Care Department, "[ECECD Wage Supplemental Pay Program Information](#)," 2021.

North Carolina - Child Care Services Association, "[Child Care Wage\\$ Program: Statewide Final Report](#)," 2021.

Education Awards

Education awards reduce or eliminate the cost for ECE professionals to earn credentials and higher education degrees. These awards typically cover the cost of tuition, and sometimes pay for textbooks, travel or other access barriers, time off from work, and even completion bonuses. According to one report, 46 states have some type of scholarship program available to ECE professionals.⁵⁴ Twenty-four states, including Maine, have programs connected to T.E.A.C.H. Early Childhood, a program of the Child Care Services Association.⁵⁵

Recipients

Education scholarships usually require that recipients work at least part-time at a qualifying child care facility and progress toward a credential or degree in ECE or a related field. In Illinois, recipients must have worked at a licensed child care facility for at least one year, and must continue to work 15 hours per week on average.⁵⁶ They must also commit to working one year after completion of a degree or certificate.⁵⁷ New Mexico has a similar requirement, and also requires recipients to earn a grade of C or better in their classes.⁵⁸

Benefit

Most scholarships pay for tuition and may be used for all levels of certificates and degrees, as long as they are directly related to ECE. The size of scholarships varies widely. Illinois's Gateways Scholarships vary based on hourly wage - from 100% of tuition for those earning less than \$12.50 per hour, to 60% for those making \$21.01 - \$24.00 per hour.⁵⁹ In addition to tuition, New Mexico provides textbook reimbursement ranging from 50% for those pursuing a bachelor's degree to 100% for those seeking a certificate and associate degree.⁶⁰ Maine's T.E.A.C.H. program covers 80-90% of tuition and books, a stipend for travel or "access" expenses, paid time off to take courses, and an annual contract completion bonus.⁶¹

Administration

Education awards are generally administered by a state agency with oversight of early childhood education or a statewide non-profit with strong ties to the ECE community and the capacity to administer the program. The Maine Association for the Education of Young Children administers Maine's T.E.A.C.H. program.⁶²

Advantages

Education awards encourage ECE professionals to gain knowledge, skills, and credentials. This can increase the quality of care and education they provide and help them advance professionally and earn higher pay.

Disadvantages

Education awards do not directly increase compensation. Furthermore, some potential recipients may not be able to take advantage of tuition scholarships if they cannot afford other associated costs of returning to school, such as child care. Some ECE directors reportedly worry that helping employees earn bachelor's degrees or higher will increase the likelihood of them leaving their jobs for better paying positions in the public school system.⁶³

Further Reading

North Carolina - Child Care Services Association, "[T.E.A.C.H. Early Childhood: Annual Report](#)," 2020-2021.

New Mexico Early Childhood Education & Care Department, "[ECECD Scholarship Information](#)," 2021.

NEXT STEPS

The pandemic has highlighted the critical role of child care in Maine's economy, as well as highlighting the challenges faced by child care providers.

With federal funding from the American Rescue Plan Act, the State of Maine is able to make significant investments to stabilize the child care industry, providing more than \$70 million in child care grants over the next year. These monthly Child Care Stabilization Grants include \$200 monthly stipends for all teachers and staff working directly with children. These grants will be available through September 2022.

In addition, the Legislature has carried over two bills that implement increased compensation for early childhood educators:

- **LD 1652:** An Act to Build a Child Care System by Recruiting and Retaining Maine's Early Childhood Educators Workforce⁶⁴

This bill, introduced by House Speaker Ryan Fecteau, would create a comprehensive support system for the ECE workforce with salary supplements, higher education scholarships, apprenticeships, structural work to align credentials and career pathways, and data collection to evaluate ECE workforce strategies.

- **LD 1678:** An Act to Support Child Care Providers and School Readiness through Tax Credits⁶⁵

Sponsored by Representative Rebecca Millett, this bill would create refundable tax credits for early childhood educators, child care programs, and businesses who offer financial support for child care, as well as the expansion of child care tax credits for parents.

Meanwhile, leaders in Congress are working to pass the Build Back Better bill which currently includes provisions to make preschool free for all 3- and 4-year-olds and to limit the amount most families pay for child care at 7% of income.

With this report, the Zero to Three Workgroup shares the results of its research and deliberations with Maine policymakers. This report provides policymakers with concrete details about a variety of policy options for increasing compensation for ECE professionals. The workgroup members hope this report will help inform future policy conversations and decisions regarding compensation for Maine's ECE professionals.

SUMMARY TABLES

Program	Description	Recipient	Examples					
			State	Program	Payment Frequency	Annual Benefit (12 months, full-time)	Equivalent Hourly Benefit (2,080 hours/year)	
Tax Credits	Tax credits utilize a state's individual or corporate income tax to provide financial relief to ECE providers and employees. Credits may be refundable or non-refundable.	Individual	Louisiana	School Readiness Directors and Staff Tax Credit	Annual	\$1,788 - \$3,574 based on education	\$0.86 - \$1.72 per hour	
			Nebraska	School Readiness Tax Credit	Annual	\$540-\$1,620 based on education, training, and experience	\$0.26 - \$0.78 per hour	
								Total Benefit (Examples)
		Provider	Louisiana	School Readiness Provider Tax Credit	Annual	\$750 - \$1,500 per eligible child based on quality rating	15 eligible children: \$11,250-\$22,500 35 eligible children: \$26,250-\$52,500 70 eligible children: \$52,500-\$105,000	
			Nebraska	School Readiness Tax Credit	Annual	\$250-\$750 per eligible child based on quality rating	15 eligible children: \$3,750-\$11,250 35 eligible children: \$8,750-\$26,250 70 eligible children: \$17,500-\$52,500	

Program	Description	Recipient	Examples				
			State	Program	Payment Frequency	Annual Benefit (12 months, full-time)	Equivalent Hourly Benefit (2,080 hours/year)
Wage Supplements	Wage supplements enhance ECE educators' regular pay through cash awards paid monthly or every six months.	Individual	New Mexico	ECECD* Wage Supplement	6 months	\$520-\$5,096 based on education	\$0.25-\$2.45
			Illinois	Great START	6 months	\$300-\$3,900 based on education	\$0.14-\$1.88
			North Carolina	WAGE\$ Teacher and Family Home Care Providers	Monthly	Tier I: \$450-\$3,000 Tier II: \$600-\$4,000 Tier III: \$600-\$6,250	\$0.22-\$1.44 \$0.29-\$1.92 \$0.29-\$3.00
				WAGE\$ Child Care Center Directors		Tier I: \$300-\$2,250 Tier II: \$400-\$3,000 Tier III: \$400-\$4,680	\$0.14-\$1.08 \$0.19-\$1.44 \$0.19-\$2.25
		Infant-Toddler Educator AWARD\$		\$2,000-\$4,000 based on education	\$0.96-\$1.92		
Provider (then paid to individuals)	Maine	Child Care Stabilization Grants	Monthly	\$2,400	\$1.15		

*Early Childhood Education and Care Department

Program	Description	Recipient	Examples			
			State	Program	Payment Frequency	Annual Benefit (12 months, full-time)
Education Awards	Education awards reduce or eliminate the cost for ECE professionals to earn credentials or degrees in the field. They typically cover the cost of tuition and may include textbook reimbursement, travel expenses, paid time off to attend classes, and annual completion bonuses.	Individual	Maine	T.E.A.C.H.		80-100% of tuition 80-100% of textbooks Travel/access stipend Paid release time Annual completion bonus
			New Mexico	ECECD* Scholarship	As needed (e.g., every semester)	60-100% of tuition 50-100% of textbooks Based on degree sought (higher for certificates and associate degrees; lower for bachelor's, master's, and doctoral degrees)

*Early Childhood Education and Care Department

Potential Qualification Criteria (Based on Example Programs)	
Individuals	<ul style="list-style-type: none"> Professional registry enrollment Enrollment in on-going professional development Position (e.g., director or staff, part- or full-time) Duration of employment Hourly wage Years of experience Level of education Progress toward higher levels of education (e.g., earning a Child Development Associate) Degree sought (for education awards) Grades (for education awards)
Providers	<ul style="list-style-type: none"> Type of provider (licensed/unlicensed, family/center) cd Enrollment in a quality rating system Quality rating Improvement in quality rating Number of subsidized or vulnerable children served Age of children served (infant/toddler/preschool/school-aged) County

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APPENDIX A

ECE Stakeholder Listening Sessions Outcomes Summary October 2021

Context

Maine's Zero to Three Workgroup, the Children's Cabinet and OCFS sought input from a wide array of stakeholders in the early childhood education (ECE) system. The focus was to gather input on approaches to increasing compensation that would attract and retain early childhood educators in child care programs.

Participating stakeholder groups included:

- Child Care Center Directors
- Family Child Care Directors and Owners
- Child Care Teachers and Staff
- Children's Cabinet Early Childhood Advisory Council members
- Business owners and Advocates/Policy Specialists
- Professionals in Higher Education, the Career and Technical schools and Maine Roads to Quality/PDN

The questions posed in each session focused on attracting and retaining the workforce to provide consistent and quality care, and included:

- Pay ranges needed to accomplish this
- Whether a uniform approach or a tiered approach based upon a combination of education and experience would be most effective
- Method of payment (directly to staff or through the employer)
- Frequency of payment
- Whether incentivizing a subset population is a good idea if funds are insufficient to affect the whole
- Whether an annual refundable tax credit for early childhood educators or wage supplements would work best, and why

Outcomes

- ***Pay ranges needed to accomplish this:***
 - There is widespread agreement that pay/compensation treatment comparable to public schools is what it will take to attract and retain talent. Wages and benefits, combined, were the most frequently voiced framing. Many shared incidents in which people they know migrated to public schools from ECE for financial reasons.
 - A second method was to scan communities for other businesses in active hiring mode, including fast food and other retail establishments, to ensure pay and benefits exceed this level. Some participants offered wage dollar amounts that they'd seen advertised by their local fast-food restaurants; the emphasis was on the comparison and not on the current hourly wage rate at those institutions.
 - In sum, comparable wages is an essential consideration.
- ***Whether a uniform approach or a tiered approach to wages based upon a combination of education and experience would be most effective:***
 - A significant majority of participants believed strongly in the value of a tiered approach, emphasizing the incentives it brings for continuous professional development while acknowledging the value of acquired experience, especially for those not interested in pursuing post-secondary educational degrees.

- The few who recommended a uniform approach to wages based it upon the urgent need to bring the field into parity in the marketplace. They placed this need above the need for distinguishing the value of education and experience.
- **Method of payment (directly to staff or through the employer):**
 - The group that voiced the strongest preference for payment to go through the employer was the Child Care Directors and Owners. They cited the value of employees correlating the payment directly to their place of employment.
 - Child Care Teachers and Staff voices were mixed on this issue. Concerns about receiving pay through the employers included that there is a risk of slow and no payment. It is noteworthy that some mentioned worried about whether their programs would be applying for the Stabilization Grants and speculated that the internal systems of the small organizations could not easily absorb the additional processing required to distribute the funds efficiently and reliably.
- **Frequency of payment:**
 - There was a clear preference for monthly payments by those working in the field. For budgeting and motivation reasons, they believed this would work best.
 - Others who weighed in on this issue believed monthly or every six months best correlates the payment to incentivize remaining at their organizations.
- **Whether incentivizing a subset population is a good idea if funds are insufficient to affect the whole:**
 - There is solid agreement that it is better to incentivize a subset population than none. Recommendations for where to focus the incentives include the most vulnerable communities, the most chronically understaffed/underpaid organizations, and those serving communities of color and New Americans.
- **Whether an annual refundable tax credit for early childhood educators or wage supplements would work best, and why:**
 - The delayed gratification and administrative challenges of utilizing an annual refundable tax credit made it unappealing to participants. Wage supplements were heavily preferred. Some speculated that a combination of the two or a menu of options to choose from might prove helpful.

Other ideas for attracting and retaining talent included:

- Subsidizing child care for those who work at centers
- Tuition reimbursement for post-secondary education/paying down of student debt
- Free ongoing professional development
- Creating a policy dedicated to ensuring a livable wage for all child care workers in Maine
- Utilizing a dedicated state funding source for ongoing child care funding, such as a tax based upon an industry (marijuana or the lottery)
- A student tax credit
- Adjusting income limits for childcare subsidy programs so parents are not forced to choose between their jobs and retaining benefits
- Creating public/private partnerships since employers increasingly face urgent employee childcare realities