

Schedule 13

Department of Human Services

Funding Request for The FY 2021-22 Budget Cycle

Request Title

R-12 CCCAP Early Childhood Educator Salary Increase

Dept. Approval By: Clint Woodruff Digitally signed by Clint Woodruff
Date: 2020.10.28 17:19:07 -06'00'

Supplemental FY 2020-21

OSPB Approval By: 

Budget Amendment FY 2021-22

X

Change Request FY 2021-22

Summary Information	Fund	FY 2020-21		FY 2021-22		FY 2022-23
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	Total	\$10,651,143	\$0	\$10,684,480	\$3,000,000	\$3,000,000
	FTE	2.8	0.0	3.0	0.0	0.0
Total of All Line Items Impacted by Change Request	GF	\$4,454,426	\$0	\$4,454,426	\$0	\$0
	CF	\$385	\$0	\$385	\$0	\$0
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$6,196,332	\$0	\$6,229,669	\$3,000,000	\$3,000,000

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Auxiliary Data

Requires Legislation? NO

Type of Request? Department of Human Services
Prioritized Request

Interagency Approval or Related Schedule 13s:

No Other Agency Impact

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Department Priority: R-12
Request Detail: CCCAP Early Childhood Educator Salary Increase

Summary of Funding Change for FY 2021-22				
	Totals		Incremental Change	
	FY 2020-21 Appropriation	FY 2021-22 Base	FY 2021-22 Request	FY 2022-23 Request
Total Funds	\$10,651,143	\$10,684,480	\$3,000,000	\$3,000,000
FTE	2.8	3.0	0.0	0.0
General Fund	\$4,454,426	\$4,454,426	\$0	\$0
Cash Funds	\$385	\$385	\$0	\$0
Reappropriated Funds	\$0	\$0	\$0	\$0
Federal Funds	\$6,196,332	\$6,229,669	\$3,000,000	\$3,000,000

Summary of Request

The Colorado Department of Human Services (CDHS) requests an increase of \$3 million Federal Funds from the Child Care and Development Fund in FY 2021-22 and ongoing in order to offer monetary incentives to support increased wages for early childhood teachers and assistant early childhood teachers employed by eligible licensed child care providers. Eligible providers include those with paid staff that are actively serving families in the Colorado Child Care Assistance Program (CCCAP) who are rated a Colorado Shines Level 3-5. This program will further incentivize child care providers to accept CCCAP while also raising the wages and job stability of approximately 2,400 child care workers at approximately 375 eligible child care providers with a CCCAP authorization, based on data pulled in October 2020. This request falls on Step 3 of the evidence continuum given that pay is a key factor in early educator retention; however, the proposed evaluation included in this request would move this to a Step 4. Studies have revealed that workers leave the early childhood sector because of low pay, and studies also reveal that higher pay leads to higher job satisfaction, which in turn contributes to retention.



Current Program:

Colorado researchers, experts, and industry leaders have highlighted the need to improve workforce compensation for early childhood professionals in order to address the shortage of qualified professionals in several studies and reports, including *Colorado's Early Childhood Workforce 2020 Plan* and the *Colorado Senate Bill 19-063 Infant and Family Child Care Action Plan*. Furthermore, the state has established, through the *Colorado Shines Brighter: Opportunities for Colorado's Early Childhood System Needs Assessment*, a shortage of child care, particularly infant-toddler care. Additional studies have shown that early childhood teachers are some of the lowest-paid professionals in the education field. According to the Bureau of Labor Statistics, the median wage for child care workers in Colorado is \$13.79/hour, which translates to an annual income of \$28,683 compared to median annual income of \$43,189 for a kindergarten teacher.¹ One in three early childhood educators report receiving subsidies from public assistance programs to make ends meet.² Attracting and retaining staff with experience and higher levels of education is difficult, given the low wages the field earns, often at or near poverty levels. Factors such as unlivable wages are outweighing the incentives for staying in the field.³ Low pay is also an equity issue given that women of color are overly represented within the early childhood workforce. And given that COVID-19 has forced so many providers to close their doors, women and women of color in particular, have been disproportionately negatively impacted.⁴

In addition, findings from a recent report highlights the importance for Colorado to adopt effective strategies to address early childhood educator recruitment, retention, and professional development in order to target its early childhood investments effectively.⁵ The study findings demonstrate the need to widen the field's approaches to recruiting, retaining and promoting job growth among early childhood education professionals. An economic analysis of early childhood education in Colorado estimated that reducing a provider's turnover rate by 10% can save that program approximately \$6,500 annually.⁶

Problem or Opportunity:

According to the Center for American Progress, early childhood programs often operate on tight budgets. Most are small, independent businesses that cannot charge what it fully costs to provide high-quality care without in-kind or philanthropic support. Analyses of early childhood

¹ Kindergarten teacher annual income assumes a 9-month work schedule whereas the Child care annual income assumes a 12-month work schedule. <https://www.bls.gov/oes/tables.htm>

² Schaak, D. & Le, V. (2017). *Colorado Early Childhood Workforce Survey 2017 Final Report: Brief 3*. Denver, Colorado: University of Colorado Denver.

³ LeBoeuf, W. A., Perrin, P., & Kennedy, S. (2020). *Colorado's Early Care and Education Professionals: 2019 Snapshot Report* (Report No. 19-02A). Denver, CO: Colorado Evaluation and Action Lab at the University of Denver.

⁴ Elise Gould and Valerie Wilson, "Black workers face two of the most lethal preexisting conditions for coronavirus—racism and economic inequality," Economic Policy Institute, (June 1, 2020), <https://www.epi.org/publication/black-workers-covid/>; Emily Barone, "Women Were Making Historic Strides in the Workforce. Then the Pandemic Hit," *Time*, (June 10, 2020), <https://time.com/5851352/women-labor-economy-coronavirus/>.

⁵ LeBoeuf, W. A., Perrin, P., & Kennedy, S. (2020). *Colorado's Early Care and Education Professionals: 2019 Snapshot Report* (Report No. 19-02A). Denver, CO: Colorado Evaluation and Action Lab at the University of Denver.

⁶ Franko, M., Brodsky, A., Wacker, A., & Estrada, M. (2017). *Bearing the cost of early care and education in Colorado: An economic analysis*. Denver: Butler Institute for Families, Graduate School of Social Work, University of Denver. Retrieved from https://earlymilestones.org/wp-content/uploads/2020/01/Bearing-the-Cost-of-ECE-in_Colorado.pdf.

program budgets find that the workforce is the largest expense, accounting for 60 to 80 percent of total program expenses.⁷

Low wages in any employment sector contribute to higher rates of turnover and make the field less attractive to potential workers. With the early childhood profession being one of the lowest paid, the field suffers from heavy turnover: 21% annually in the field in Colorado, about 30% nationally, and 28% within specific jobs in Colorado. Early childhood educators and workers are paid too little, especially when compared to other professional educators and caregivers. In 2019, early childhood educators in Colorado earned 49% of the wages that a kindergarten teacher earns (\$13.79 versus \$27.86).⁸ A recent study found that approximately 70% of center directors report that finding qualified educators is a top challenge they face.⁹ Retention of high-quality early childhood educators is a struggle and research has shown that high teacher turnover can significantly influence student engagement and academic performance.¹⁰ Many research studies have found that low wages are a key factor that contributes to increased early educator turnover and better pay supports retention efforts. High turnover in the field exacerbates the workforce shortage and hinders child care quality.^{11,12,13,14}

These challenges are expected to worsen. The Colorado Department of Labor and Employment expects early childhood program demand to grow 33-43% through 2025. These projections do not take into account current efforts to expand early childhood programs through the implementation of universal preschool, if passed by voters. The growing demand for early childhood educators in Colorado means the problems created by low pay will only worsen the early childhood education crisis.

Proposed Solution:

To mitigate the negative impacts that educator shortages and turnover has on program and families, the Department will implement a grant program as a mechanism to support increased compensation for assistant early childhood teachers and early childhood teachers employed by Colorado Shines high-quality programs (Levels 3-5) that enroll children participating in the Colorado Child Care Assistance Program (CCCAP), Colorado's child care subsidy program. This program will further incentivize child care providers to continue to accept CCCAP while also raising the wages of approximately 2,400 early childhood teachers at approximately 375 eligible child care providers. The aim of the program is to increase compensation for these professionals by approximately 3% in the first year of the program and design the program in a way that

⁷ Where Does Your Child Care Dollar Go?, Simon Workman. Center for American Progress. 2018.

<https://www.americanprogress.org/issues/early-childhood/reports/2018/02/14/446330/child-care-dollar-go/#fn-446330-4>

⁸ Bureau of Labor Statistics, Occupational Employment Statistics, <https://www.bls.gov/oes/tables.htm>

⁹ Schaack, D. & Le, V. (2017). Colorado's Early Childhood Workforce Survey, 2017 final report. Denver, CO: University of Colorado Denver.

¹⁰ Henry, G.T., & Redding, C. (2020). The consequences of leaving school early: The effects of within-year and end-of-year teacher turnover. *Education and Finance Policy*, 15(2), 332-356.

¹¹ What effect does teacher compensation have on retention? Center for Education Reform.

<https://www.nnstoy.org/download/compensation-and-staffing/Research%20Synthesis%20Q%20A6.pdf>

¹² Ahmad Shaheen (2016). Successful Employee Retention Strategies in Childcare Centers. *Walden University*. <https://scholarworks.waldenu.edu/cgi/viewcontent.cgi?article=4108&context=dissertations>

¹³ Casey J. Totenhagen, Stacy Ann Hawkins, Deborah M. Casper, Leslie A. Bosch, Kyle R. Hawkey & Lynne M. Borden (2016) Retaining Early Childhood Education Workers: A Review of the Empirical Literature, *Journal of Research in Childhood Education*, 30:4, 585-599, DOI: 10.1080/02568543.2016.1214652

¹⁴ M. Elida Garcia. (2011). A study of early childhood education teachers' level of education, compensation, work environment and retention. Pepperdine University. https://digitalcommons.pepperdine.edu/cgi/viewcontent.cgi?article=1207&context=etd;%20http://ceelo.org/wp-content/uploads/2016/04/ceelo_policy_report_ec_teach_education_policies_final_for_web_2016_04.pdf;

incentivizes retention as well as to determine impact to the field. If the grant program elicits applications from less than 290 eligible programs, the wage increases will be delivered in a tiered fashion. A randomly selected portion of applicants will receive the roughly 3% raise while a smaller proportion of applicants will be randomly selected to receive a more substantial raise (between 10-12%). This approach to a tiered wage increase will present the opportunity to rigorously evaluate the impact of a meaningful wage increase on key outcomes of interest.

This effort will include an evaluation component to inform the impact of the grant program and to inform the program design in future years. The requested budget for the evaluation would allow for a pre-post examination of changes in recruitment and retention of eligible early childhood educators after the wage increase is implemented. The \$75,000 for evaluation will also examine whether more providers seek higher Colorado Shines rating levels, as well as accepting CCCAP, after the grants program is implemented. If fewer than 290 programs apply for the grant program and a tiered wage increase can be implemented, \$350,000 in additional philanthropic funds will be sought for a rigorous evaluation. These additional funds will be used to assess the causal impact of the more substantial raise on outcomes relative to those receiving the lower wage increase as well as a matched comparison group of eligible but not participating early childhood educators. This rigorous evaluation would use the Linked Information Network of Colorado (LINC) to connect data from the Department's Office of Early Childhood, Colorado Department of Labor and Employment, and public assistance programs to assess the causal impact of wage increases on recruitment, retention, as well as reductions in those leaving the field for higher paying jobs. Another factor that will be explored is how these wage increases impact eligibility for other critical public assistance programs like Medicaid, SNAP, and TANF. This rigorous evaluation will also produce a cost-benefit analysis of dollars saved as a result of this grants program.

Anticipated Outcomes:

Movement towards more appropriate compensation and some measure of economic security are essential for attracting and retaining skilled early childhood educators, which also positively affects the quality of early childhood programs and resulting child and family outcomes. While the estimated wage increases are not enough to fully bring early educator pay in line with that of kindergarten teachers they represent an important investment step forward as they contribute to an increase in ongoing, dependable raises. The Department also expects the program will further incentivize child care providers to accept CCCAP.

In addition, through funding from the Preschool Development Grant, the Department is enhancing the Colorado Shines Professional Development Information System, which serves as the workforce registry for Colorado's early childhood educators. This rebuild will allow for the robust collection of quality, comprehensive workforce data to inform the program design and ongoing policy development. These efforts will both test the effectiveness of and improve the overall program design to address compensation for early childhood educators in future years.

Assumptions and Calculations:

The 2019 data compiled in the Occupational Employment Statistics from the U.S. Bureau of Labor Statistics reports the median wage for Child care workers as \$13.79/hour.¹⁵ Assuming \$150,000 for a contracted program administrator and \$75,000 for evaluation of this program, the program will have \$2,775,000 for wage increases.

¹⁵ Occupational Employment Statistics. Bureau of Labor Statistics. <https://www.bls.gov/oes/tables.htm>

Early Childhood Teacher and Assistant Early Childhood teachers in eligible programs will each receive approximately \$1,000-\$1,200 per professional with an aim to increase median wages for these professionals by 3% (based on the current median wage of \$13.79/hour) for the approximate 2400 eligible participants. The Department will update the eligible population with real-time data as the program launches and adjust grant amounts accordingly, if necessary.

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