



Colorado Evaluation & Action Lab
UNIVERSITY OF DENVER

Using data to drive action

Early Care and Education Workforce Compensation

A Policy Analysis Conducted Through the Early Childhood Workforce Evidence-Building Hub

REPORT HIGHLIGHTS:

- **A Colorado environmental analysis** examined efforts to increase Early Care and Education (ECE) workforce compensation within the state.
- **A national landscape scan** of ECE workforce compensation initiatives from across the country built a rich body of detailed, actionable information about initiative design and implementation.
- **A recommended set of design features** are proposed for CDEC and its Working Group to consider in a compensation policy initiative for Colorado.

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Executive Summary

A robust early care and education (ECE) sector is crucial for the success and stability of Colorado's children, families, communities, and economy. However, early educators are consistently compensated at levels far below the importance of their role. The Colorado Department of Early Childhood (CDEC), with support from the Early Educator Investment Collaborative (EEIC), is exploring new revenue streams and targeting existing funding to improve ECE workforce compensation. The Early Childhood Workforce Evidence-Building Hub (Hub), operated by the Colorado Evaluation and Action Lab (Colorado Lab), is building evidence to support these efforts.

Colorado Lab partnered with Pillars Research + Strategy (Pillars) to develop an evidence base on strategies to increase ECE workforce salaries, including implementation considerations. Pillars' findings from a Colorado environmental analysis and a national landscape scan of compensation initiatives, along with proposed design features for a compensation policy initiative in Colorado, are summarized below.

Colorado Environmental Analysis

Pillars conducted a comprehensive scan of past and current efforts to increase ECE workforce compensation in Colorado, identifying policy levers, practice strategies, and lessons learned. Pillars examined 13 compensation initiatives and conducted 18 interviews with key informants. This foundational work aimed to generate initial hypotheses regarding promising approaches and considerations for scalability within the state.

Initiative	Description
Breckenridge Tuition Subsidy	Utilized marijuana tax revenue to provide wage stipends to programs to raise teacher salaries to a minimum of \$15/hour.
Colorado Child Care Assistance Program (CCCAP) Teacher Wage Increase Pilot	Provided a wage supplement to programs to increase hourly wages for over 300 educators (\$3.00-\$5.50 for assistant teachers, \$5.00-\$7.60 for lead teachers), resulting in an average annual boost of \$5,440 to \$13,795.
Colorado Early Childhood Educator Income Tax Credit	Offers refundable tax credits direct to ECE educators, ranging from \$852 to \$1,705 annually based on credential level.
Eagle County Early Childhood Workforce Stipend Program	Funded by a lodging tax, provides a \$500 monthly wage stipend directly to full-time classroom staff who meet specific income, training, and program participation criteria.
Estes Park Early Childhood Workforce Subsidy	Annual funding from a lodging tax for programs to provide workforce support (e.g., wage stipends) and a minimum teacher and staff wage of \$20/hour.



Initiative	Description
Colorado Family Child Care Benefits Pilot	Provides family child care home (FCCH) programs with access to employee benefits supplements, with owners receiving \$275/month and assistants \$200/month.
Gunnison/Hinsdale Counties Early Childhood Credential Stipend	Annual wage stipends provided directly to educators, ranging from \$300 to \$1,600 based on educator credential level.
La Plata County Early Childcare Strategic Investment Plan	A proposed \$10 million fund including an average \$4,000/year wage increase, with a year-one goal of ensuring all educators earn at least \$20 per hour.
Larimer County Wellness Stipends	Provided wellness stipends (3 rounds of \$30-\$350 Visa gift cards) directly to 115 ECE professionals across four pilot sites.
Pitkin County Staff Stipend Program	Has distributed \$726,000 in wage stipends to programs since January 2023, with full-time employees receiving \$6,000 annually and part-time staff \$4,000.
San Miguel County Lifting Incomes for Teachers in Early Childhood (LIFT-EC)	Funded by a 0.75 mill levy, this program provides unrestricted cash awards (i.e., wage stipends averaging \$3,856) directly to 39 educators, resulting in a 12% average raise.
Summit County Pre-K (SPK) Wage Compensation	Allocates approximately \$590,000 from a mill levy to programs for annual wage supplements, requiring eligible programs to pay a minimum of \$15 per hour.
Summit County Teacher Promise Stipend	Provides wage stipends ranging from \$800 to \$1,500 directly to district teachers, staff, and FCCHs.

Key Insights

The analysis revealed several patterns among Colorado ECE workforce compensation initiatives:

- **Stipends are the most common strategy**, but a key concern is their temporary nature. Promising initiatives link stipends to a required salary floor, offering immediate relief while building a foundation for long-term salary objectives.
- Leaders share **similar perspectives on salient design choices** for a successful compensation strategy related to funding disbursement, use of technology, alignment with existing infrastructure, and the role of intermediary organizations.
- **Educators quickly rely on additional wages**, making them vulnerable if funding diminishes. Strategies are needed to clearly communicate about sustainability and soften the impact of potential funding shifts, such as funding reserves or substantial lead time.

- Successful advocacy campaigns** for workforce compensation investments share common lessons, including a clear implementation plan, careful consideration of cross-sector efforts, and connecting investments to other priorities like affordability and accessibility.

National Landscape Scan

Pillars then conducted a national landscape gathering detailed information on how other states address key design questions identified in the Colorado analysis. Pillars scanned 19 states and localities and interviewed 31 compensation initiative leads and five subject matter experts. Seven state initiatives were selected for in-depth analysis due to their relevance to Colorado's goals. Profiles for each state initiative examined aspects such as structure and administration, eligibility requirements, the role of salary targets, funding calculation, accountability mechanisms, implementation rollout, funding streams, observed outcomes, advocacy strategies, and challenges/lessons learned. This phase sought to identify successful approaches, common challenges, and crucial lessons learned from diverse compensation initiatives across the country.

Initiative	Description
Alabama First Class Pre-K	State-funded preschool program with minimum salary requirements, primarily in school settings, but actively engaged in broadening mixed delivery. Grants are competitive and standalone, awarded by classroom, with compensation funding built in. Strong fiscal health is a priority for awards.
Georgia Pre-K	State-funded preschool program for 4-year-olds, administered as a competitive formula grant directly to programs. Incorporates statewide salary schedules for lead teachers (matching K-12) and minimum salaries for assistant teachers. Funds are automatically deposited monthly.
Illinois Smart Start Workforce Grants	Standalone, noncompetitive funding source distributed through an intermediary (INCCRRA) to programs to increase staff wages. Eligibility is based on the percentage of children served by the state's child care subsidy program (CCAP). Programs must meet wage floors.
Maine ECE Workforce Salary Supplements	Noncompetitive grant to increase wages for staff in licensed programs. Funds are distributed monthly to programs, which then disburse exact supplement amounts to eligible staff, with an additional percentage for administrative costs. Tiered based on education and experience.
Minnesota Great Start Compensation Support Payments	Standalone, noncompetitive revenue stream distributed monthly from the state directly to programs, dedicated exclusively to increasing workforce compensation and benefits. Award amounts calculated based on the number of hours staff cared for children.

Initiative	Description
New Mexico Pay Parity Programs	Direct-to-educator payment programs for educators in community-based settings (Pre-K, Infant Toddler, Head Start). Compensates educators for the difference between their current salary and a state-defined parity rate with public school teachers. Administered by an intermediary.
Washington, D.C. Pay Equity Fund	Initially distributed through lump-sum bonuses direct to educators, now as grants to programs contingent on meeting minimum salary requirements. Early evidence suggests positive effects on recruitment and retention.

Key Insights

This analysis provided valuable information on how other states addressed key design questions:

Structure and administration: States vary in distribution methods (direct to educators vs. programs), use of intermediaries, and whether initiatives are standalone or layered. Each approach has implications for administrative complexity, accountability, and direct impact on wages. Monthly distributions are increasingly favored over less frequent payments.

Role of salary targets: The use of salary targets varies significantly, from required salary floors and statewide salary scales to recommended aspirational scales or the absence of explicit targets. Initiatives with clear salary targets tend to be more effective in raising overall compensation levels.

Eligibility requirements: Criteria for participation differ, including inclusion/exclusion of school districts, Head Start, and FCCHs, and many initiatives face challenges in equitably distributing funds across program types. Eligibility criteria and funding calculation methods play a crucial role in addressing these inequities; some initiatives prioritize programs serving low-income children.

Sustainable funding streams: The long-term sustainability of compensation initiatives is heavily reliant on secure and dedicated funding streams. States utilizing a mix of funding sources (state, federal, local) and those with a history of successful advocacy for compensation tend to have more durable programs.

Recruitment and retention outcomes: Several states with robust compensation initiatives have observed positive outcomes on ECE workforce recruitment and retention, highlighting the direct link between improved compensation and workforce stability.

Proposed Design Features for Colorado

Finally, Pillars synthesized the findings from the first two phases of analysis to propose a set of design features and recommendations for a compensation policy initiative in Colorado. The recommendations are grounded in the evidence gathered on promising approaches, lessons



learned, and critical design considerations from initiatives in other states and provide a framework for CDEC and the Compensation and Benefits working group to use in its design of an ECE workforce compensation initiative in Colorado.

Design Category	Summary of Recommendation
Initiative structure	Funding allocated as a program-level grant . Programs use funds to increase regular wages . The initiative administered by the state , authorized annually , and allocated quarterly in advance of the funding period. With sufficient resources, administered as a formula grant. If funding constraints, resources allocated by prioritization and ranking factors .
Program and workforce eligibility	Licensed FCCHs and center-based programs eligible for grant funds. Programs would be able to use grant funds toward staff in all program roles . There are minimum child enrollment and workforce role FTE and qualification requirements to be eligible for funding formula calculations.
Role of salary objectives	Newly defined salary floors added to existing statewide salary scale. Salary floors function as minimum salary requirements for grant recipients.
Award allocation	Grant awards include two components : a base award (based on number of qualifying FTEs) and award adjustments (multipliers based on program characteristics). Awards adjusted quarterly to reflect actuals ; changes that affect grant awards not reflected until review.
Recipient prioritization	Awardees considered according to a ranking system that produces a tiered list of potential recipients, beginning with a targeted group that expands toward universal access as funding became available. Assign a flat or proportional number of points to defined ranking factors .
Permitted use of funds	As a condition of funding, awardees meet minimum salary requirements for qualifying FTEs . Programs permitted to use excess grant funds on staff compensation.
Accountability mechanisms	Program accountability review aligns with the grant cycle and award distribution timelines . State data systems (e.g., PDIS, licensing, Colorado Shines, payroll) used to review program documentation when possible; programs submit separate documentation for data not captured in these systems. Recurring inaccuracies or noncompliance could result in future award adjustments , requirements for deeper data access , additional restrictions on spending , and/or grant ineligibility .
Approach to implementation	All design details and implementation supports finalized prior to roll out. The state has strategy in place for responding to contractions in funding .

Conclusion

The ECE workforce is the backbone of Colorado’s ability to ensure young children have access to high-quality learning experiences, yet compensation for this critical workforce remains unacceptably low. The research conducted by Pillars Research + Strategy, in partnership with the Colorado Lab, provides a strong evidence base to inform actionable solutions. Both the Colorado environmental scan and the national landscape analysis reveal a clear need for sustainable, equity-driven compensation strategies that can meaningfully improve wages while aligning with existing infrastructure and funding realities.

The proposed design recommendations reflect lessons learned from both within Colorado and across the nation, emphasizing stable, program-level funding; salary floors; strategic eligibility criteria; and robust accountability mechanisms. These components position Colorado to develop a forward-thinking, resilient compensation initiative that supports workforce retention, recruitment, and overall program quality. Colorado can advance compensation policies that truly value the ECE workforce, ensuring that educators are supported, children are well-served, and families and communities can thrive.



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Introduction

A robust early care and education (ECE) sector is integral to the success and stability of Colorado’s children, families, communities, and economy. Yet early educators—the professionals without whom the ECE sector would not function—are consistently compensated at levels far below the importance of their role.

With [support](#) from the Early Educator Investment Collaborative (EEIC), the Colorado Department of Early Childhood (CDEC) is exploring, among other priorities, opportunities for new dedicated revenue streams for compensation and targeting existing funding toward compensation. The statewide Early Childhood Leadership Council’s Compensation and Benefits Working Group (Working Group) drives this work, supported by research and analysis produced by the [Early Childhood Workforce Evidence-Building Hub](#) (Hub). The Hub, operated by the Colorado Evaluation and Action Lab (Colorado Lab) at the University of Denver, is building to a comprehensive body of evidence on the policies and practice actions that can lead to meaningful, durable improvements to compensation for Colorado’s ECE workforce.

Colorado Lab partnered with Pillars Research + Strategy (Pillars) to develop an evidence base on strategies to increase ECE workforce salaries, including key implementation considerations. Pillars conducted this work in three phases. The first phase was a Colorado environmental analysis, examining efforts to increase salaries within the state. In the second phase, Pillars expanded the scope of the search, conducting a national landscape scan of compensation initiatives from across the country. Taken together, Pillars built a rich body of detailed, actionable information about initiative design and implementation that formed the foundation for the third phase of this work: a proposed set of design features for a compensation policy initiative for CDEC and the Working Group to consider. The recommendations are grounded in effective practices and lessons learned, as communicated by the people who designed and implemented these initiatives, and tailored to Colorado’s unique context. This report synthesizes the Pillars team’s findings and analysis, organized into chapters that reflect the three phases of the work.



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Chapter 1: Colorado Environmental Analysis



Chapter 1: Colorado Environmental Analysis

To begin this work, Pillars Research + Strategy (Pillars) conducted a comprehensive scan of past and current efforts to increase early care and education (ECE) workforce compensation in Colorado. The objectives were to identify policy levers and practice strategies that have been or could be pursued, collect detailed information about design and implementation, and document lessons learned. Based on this research, the Pillars team generated initial hypotheses about promising approaches to explore further and opportunities and considerations for scalability.

Methods

The Colorado environmental analysis was completed in two stages. In the first stage, Pillars cataloged a comprehensive list of compensation initiatives at the state and local level, focusing specifically on initiatives that leveraged new funding (e.g., lodging tax) to increase workforce wages and salaries. These initiatives were sourced through review of existing literature (e.g., Compensation and Benefits Task Force reports, webinars, and funding syntheses), interviews with key informants and experts with visibility into the Colorado landscape (e.g., Colorado Department of Early Childhood, philanthropic leaders, and advocacy organizations), and a working session at the February 2025 Compensation and Benefits Workgroup meeting.

In the second stage, Pillars conducted research on the design and implementation of the strategies, prioritizing the most detailed information for the strategies most relevant for the state's goals of creating durable, systems-level increases in compensation for the ECE workforce. Sources for this research included interviews with leaders and implementers of specific initiatives and desk research of documented descriptions of initiatives (e.g., grant reports and news articles), relevant ballot measure language, and public meeting minutes when available.

In this initial phase of work, Pillars examined 13 compensation initiatives and relevant strategies (outlined in the following section) and conducted 18 one-on-one interviews.

Local Initiatives Overview

Table 1. Local Initiatives Overview

Name of Initiative	Initiative Type	Description	Method of Payment
<p><i>Breckenridge, CO</i></p> <p>Breckenridge Tuition Subsidy</p>	<p>Wage stipend</p>	<p>A dedicated Child Care Fund—supported by marijuana tax revenue and transfers from the Affordable Housing and Excise Funds—supported ECE programs in the area from 2007 through 2021. The fund served two primary purposes: offering tuition subsidies to ensure families paid no more than 20% of their income for child care and providing direct financial support to centers to raise teacher salaries, establishing a minimum wage floor of \$15 per hour.</p>	<p>Direct to program</p>
<p><i>Colorado</i></p> <p>Colorado Child Care Assistance Program (CCCAP) Teacher Salary Increase Pilot</p>	<p>Wage supplement</p>	<p>The Colorado Department of Early Childhood launched a 2-year pilot program in January 2023 using Child Care Development Grant funding to provide wage increases for eligible teachers. Over 300 educators across selected programs received hourly raises ranging from \$3.00 to \$5.50 per hour for assistant teachers and between \$5.00 and \$7.60 per hour for lead teachers, leading to an average annual boost of \$5,440 to \$13,795. Results from August 2023 showed strong participation, with 94% of teachers accepting the raises and a 27% increase in staffing, helping to improve workforce stability and the quality of care.</p>	<p>Direct to program</p>
<p><i>Colorado</i></p> <p>Early Childhood Educator Income Tax Credit</p>	<p>Tax credit</p>	<p>The Early Childhood Educator Income Tax Credit, established in 2022, offers refundable tax credits to credentialed ECE educators through 2025. To qualify, educators must hold an Early Childhood Professional Credential (ECPC); work at least 6 months in a licensed child care setting; and meet income requirements. Eligible educators can receive between \$852 and \$1,705 annually based on their ECPC level, with higher credential levels earning larger credits.</p>	<p>Direct to educator</p>

Name of Initiative	Initiative Type	Description	Method of Payment
<p><i>Eagle County</i></p> <p>Early Childhood Workforce Stipend Program</p>	<p>Wage stipend</p>	<p>In 2022, voters in Eagle County and the town of Gypsum approved a 2% lodging tax to support local workforce and quality of life initiatives. A portion of this tax revenue funds the Early Childhood Workforce Stipend program, which provides a \$500 monthly stipend to full-time classroom staff who meet income, training, and program participation criteria. Stipend recipients must be employed at ECE programs that are licensed and located in Eagle County; have an active CCCAP agreement; have a minimum Colorado Shines level 2; and participate in Colorado’s Universal Preschool Program (if applicable). Stipends are targeted to educators, exclude directors and non-classroom staff, and are not tiered by credential level.</p>	<p>Direct to educator</p>
<p><i>Estes Park, CO</i></p> <p>Early Childhood Workforce Subsidy</p>	<p>Wage stipend</p>	<p>The Early Childhood Workforce Subsidy is an annual funding opportunity through the Workforce Housing and Child Care Lodging tax (6E). At least 75% of the subsidy must be used to support the workforce through increased wages, bonuses, licensing, staff training, housing assistance, or transportation assistance. The remaining amount may be used on capital site improvements and learning environment materials. Programs receiving the subsidy must pay a minimum of \$20 per hour for all teachers and staff (excluding aides). While this rate was initially aligned with the local living wage at the time of program design, living wage has since increased. Beginning in 2026, programs must raise wages to at least \$25 per hour.</p>	<p>Direct to program</p>
<p><i>Colorado</i></p> <p>Family Child Care Benefits Pilot</p>	<p>Benefits supplement</p>	<p>The Family Child Care Home (FCCH) Benefits Pilot provides access to employee benefits for family child care programs. So far, 35 FCCH programs have participated, gaining access to retirement savings, paid time off, and health benefits. Providers must be licensed FCCH programs and have a Colorado Shines quality rating of Level 3–5 with at least 50% of enrolled children receiving CCCAP. As part of the pilot, owners receive \$275 per month and assistants receive \$200 per month to use toward these benefits, aiming to boost financial stability, retention, and overall well-being.</p>	<p>Direct to program</p>

Name of Initiative	Initiative Type	Description	Method of Payment
<p><i>Gunnison and Hinsdale Counties</i></p> <p>Early Childhood Credential Stipend</p>	<p>Wage stipend</p>	<p>The Early Childhood Credential Stipend is an annual award ranging from \$300 to \$1,600, based on an educator’s credential level. The program is supported by a combination of state, local, and philanthropic funding. Stipends are targeted to educators, exclude directors and non-classroom staff, and are tiered by credential level.</p>	<p>Direct to educator</p>
<p><i>La Plata County</i></p> <p>La Plata Early Childcare Strategic Investment Plan</p>	<p>Under development: Wage stipend or wage supplement</p>	<p>In January 2025, a group of partners in La Plata County released the La Plata Early Childcare Strategic Investment Plan. The Childcare Plan includes a proposed \$10 million Childcare Investment Fund to expand access to child care in the county and stabilize the ECE workforce through increased wages. The initiative design for workforce compensation increases is still under development. At this point, the strategy includes an average of \$4,000/year increase in wages between 2026 and 2030, with a goal for year 1 is to ensure all educators earn at least \$20/hour.</p>	<p>Under development</p>
<p><i>Larimer County</i></p> <p>Wellness Stipends</p>	<p>Wellness stipends</p>	<p>Through a one-year Community Innovation and Resilience for Care and Learning Equity (CIRCLE) grant, the Early Childhood Council of Larimer County provided wellness stipends to 115 early childhood professionals across four pilot sites (five classrooms) in the form of Visa gift cards. Program administrators determined individual gift card amounts, allowing flexibility based on each site’s salary structure, staff tenure, and needs. Award amounts ranged from \$30-\$350 per employee for each round of payments (3 rounds total). Providers submitted monthly reconciliations based on educators’ hours worked, and gift cards were distributed accordingly to provide a boost to compensation. The initiative resulted in an 86% staff retention rate, with educators reporting that the stipends helped reduce their overall stress by assisting with expenses such as utilities, groceries, and wellness-related needs.</p>	<p>Direct to educator</p>

Name of Initiative	Initiative Type	Description	Method of Payment
<p><i>Pitkin County</i></p> <p>Staff Stipend Program</p>	<p>Wage stipend</p>	<p>The Staff Stipend Program, launched in January 2023, has distributed a total of \$726,000 to support over 100 ECE staff across 10 child care centers. Full-time employees receive \$6,000 annually, while part-time staff receive \$4,000. Although the program is currently set to be reduced by 50% in 2025 and phased out entirely by 2026, the Board of County Commissioners has shown interest in exploring options to extend and expand the funding. Stipends are targeted to educators, exclude staff that do not directly interact with children (e.g., cleaning staff, non-instructional administrative staff), and are not tiered by credential level.</p>	<p>Direct to program</p>
<p><i>San Miguel County</i></p> <p>Lifting Incomes for Teachers in Early Childhood (LIFT-EC)</p>	<p>Wage stipend</p>	<p>The LIFT-EC program provides unrestricted cash awards to ECE educators and is funded by a 0.75 mill levy. Each year, about \$150,000 is allocated to support teacher stipends, with award amounts based on hours worked and the educator’s credential level. In 2022 and 2023, the program increased incomes for 39 educators by an average of \$3,856 each, equating to a 12% raise. LIFT-EC provided an overall income increase ranging from 5.8% to 15% per teacher. Stipends are targeted to educators, exclude directors and non-classroom staff, and are tiered by credential level.</p>	<p>Direct to educator</p>
<p><i>Summit County</i></p> <p>Summit Pre-K (SPK) Wage Compensation</p>	<p>Wage supplement</p>	<p>Through the mill levy established by Ballot 1A—also called the Strong Futures Fund—the county allocates approximately \$2.6 million annually to early childhood education as part of a larger \$8.8 million initiative to fund five key community needs. In 2023, around \$590,000 of these funds were used for salary supplements for ECE staff, distributed quarterly to programs. Eligible programs must meet data-sharing requirements, hold nonprofit status, and ensure no full-time employee earns less than \$15 per hour. The wage supplement amount is based on full-time equivalent (FTE) staffing, with directors reporting quarterly FTE counts. The supplement provides a flat amount per FTE, capped at 22 FTEs per program, with a maximum annual allocation of \$115,000. There are three stipulations for how programs can</p>	<p>Direct to program</p>



Name of Initiative	Initiative Type	Description	Method of Payment
		use the compensation funds: they may be used for wages for teaching, support, and management staff; individual salary supplements or bonuses; or employee benefits.	
<i>Summit County</i> Teacher Promise Stipend	Wage stipend	The Teacher Promise Stipend provides \$800 for Summit School District teachers: \$1,000 for assistant teachers and aides and \$1,500 for lead teachers, administrative staff (excluding directors), and family child care programs. Eligible staff must work at Right Start/Summit Pre-K sites rated Colorado Shines Level 2 or higher. Enrollment occurs on a quarterly basis, and stipends are distributed one full year after the quarter in which enrollment takes place. Participants must demonstrate a commitment to equitable outcomes for children, social-emotional learning, and high-quality learning experiences, while consistently teaching at the same Right Start/Summit Pre-K site. Staff are also required to average 30 hours of work per week over the year and meet all professional development requirements. Stipends are not tiered by credential level.	Direct to staff

Key Findings and Implications

This study of Colorado compensation initiatives surfaced a range of patterns on design decisions, implementation considerations, effective practices, and lessons learned. Key findings and implications from the research are presented here and in a table in [Appendix A](#).

Key Finding #1

Stipends are the most common strategy to increase ECE workforce compensation in Colorado: Promising initiatives connect compensation investments to a guaranteed salary floor.

Stipends are the most common strategy to increase ECE workforce compensation in Colorado. A stipend is typically a one-time or time-limited payment rather than an increase in regular pay. Through this strategy, educators receive financial support in the form of cash payments. In Pitkin County, for example, early educators receive a quarterly Staff Support Stipend, tiered according to full- or part-time status. In San Miguel County, through the LIFT-EC program, educators received a cash award every 6 months based on their ECPC level and the number of hours worked at a licensed child care facility.

A common concern among initiative leads was that stipends are a temporary fix that do not solve the underlying problem of systemically low compensation. However, several promising initiatives use funding for stipends to incentivize programs to set a salary floor for educators. In Estes Park and Summit County, for example, programs receive local tax dollars to increase early educator compensation, but are only eligible for funding if they pay staff above a defined salary threshold. In Estes Park, the threshold is based on the MIT Living Wage calculator. In Summit County, programs must agree to pay all full-time employees a minimum of \$15/hour; however, in practice, participating programs pay lead teachers an average of almost \$28/hour.

“A stipend almost feels like we’re saying, ‘Thanks for being around’ rather than actually trying to increase their wages the way a salary scale would.”

- Local initiative lead

“A lot of what we did was put a Band-Aid on a gaping wound. But we needed to. It’s part of our plan to stabilize the workforce right now as we’re working toward the longer-term, systems-level change to compensation.”

- Local initiative lead

Implications

- Depending on the stipend amount and the size of the workforce, stipends can be a relatively low-cost, appealing option, particularly in the absence of the funding or political will for a longer-term compensation commitment.
- An approach that paired stipends with a required salary floor has the added value of simultaneously offering direct financial relief and guaranteeing a salary floor for educators, creating the foundation for a longer-term strategic salary objective.
- If the state pursues a strategy that combines a stipend with a salary floor or scale, it will be important to balance incentivizing higher salaries for educators without excluding the programs that do not have the resources to meet the salary thresholds.

Key Finding #2

Leaders of Colorado initiatives share similar perspectives on the most salient design choices for a compensation strategy, including disbursement of funding to programs or educators, use of technology, alignment of existing infrastructure, and role of intermediary organizations.

Leaders of Colorado initiatives consistently elevated four key decision points as the most important for a successful compensation strategy.

Disbursement of funding to programs or educators: Initiative funding is disbursed from a funding agency or intermediary either directly to educators or to employing programs to allocate to their staff. The Early Childhood Workforce Stipend in Eagle County, for example, is disbursed directly to educators, while the Estes Park Early Childhood Workforce Subsidy provides funding to programs to help them meet required salary floors for their staff. All interviewees suggested that this decision point was particularly complicated because of the need to balance potentially competing priorities of initiative objectives, need for oversight, program autonomy, and educator experience; this is explored further in [Appendix C](#).

“We’re being pressured to do direct subsidies to staff, rather than to providers, in part because there’s a lack of trust that providers are spending funding as they should and that teachers aren’t receiving it.”

- Local initiative lead

“For us, sending funding to providers is easier. The onus goes on providers to manage the funding and submit verification documentation, so it doesn’t require as much administrative work on our end. But the balance between provider autonomy and monitoring is difficult.”

- Local initiative lead

“It’s important to think about the goals of the program. Sending funding directly to the teacher is a bonus. But if the provider is giving it to the teacher, now it’s an official increase to their compensation.”

- Local initiative lead

Use of technology: Every initiative lead discussed a need to better leverage technology to ease the burden of implementing a compensation strategy, specifically in the context of creating efficient processes to administer funding. For example, several initiatives disbursed funding via written checks and sent them to educators or programs by mail. Stipend eligibility and use of funds are often verified by manually reviewing scanned PDFs, generally by small or one-person teams.

“We cut [number] checks every [time period] and send them via USPS [United States Postal Service]. We also have to validate the educator’s number of hours for the previous [time period] to confirm eligibility, at which point I have to email every director to double check the requirements were met. There has to be a way to do all of that electronically.”

- Local initiative lead

“Frequent tracking of early childhood staff is complicated, and strong data systems need to be in place to support collection of high-quality information and high response rates.”

- Local initiative lead

Alignment of existing infrastructure: Several initiative leads discussed the benefits of aligning any new compensation initiative with existing infrastructure, avoiding the need to create entirely new processes for the sake of a single program. For example, Summit County’s SPK Wage Compensation initiative is layered on to the county’s tuition assistance program. As a result, the administering organization, Early Childhood Options, had existing systems in place to communicate with programs, collect data, offer support and training, and monitor spending.

“We try to rely on existing frameworks as much as possible to reduce administrative costs.”

- Local initiative lead

Role of intermediary organizations: Several interviewees distributed funding through an intermediary. In this approach, the funding agency sent funding to an outside entity, usually a nonprofit community partner, which then disbursed funding to either programs or educators as the initiative requires. Early Childhood Options in Summit County, mentioned above, is one such example: the Early Childhood Council of Larimer County, an independent nonprofit and one of the state’s 34 Early Childhood Councils, distributed wellness stipends funded through a CIRCLE grant. Interviewees indicated intermediary organizations—particularly those with existing capacity, technology, and program relationships—were more efficient delivery mechanisms and garnered deeper trust within the community.

“The community didn’t want to raise tax funds that would be administered by a government agency. We had to convince the county that a trusted nonprofit would administer the funding.”

- Local initiative lead

Implications

- It will be important to clearly define the goals and objectives of the compensation initiative and ensure any design decisions are aligned with those priorities.
- Successful implementation will hinge on an accurate assessment of the existing capacity of the administering organization(s), relevant systems and infrastructure, and perspectives of voting communities.
- The national landscape analysis in Chapter 2 will investigate how promising initiatives from other jurisdictions addressed these four decision points.

Key Finding #3

Directors and educators quickly began to rely on additional wages from local Colorado compensation initiatives, leaving them vulnerable if the funding were to disappear.

Several local initiative leads indicated that the ECE workforce quickly began to rely on additional wages from compensation initiatives, leaving them vulnerable if the funding were to disappear. Staff who received funds incorporated additional dollars into their personal budget decisions, while certain directors substantially increased staff wages in a way that might not be otherwise financially sustainable. Interviewees expressed concern that shifts in access to increased wages—such as decreases in funding or changes of eligibility requirements—would have negative consequences for the workforce.

“It’s startling to see how fast folks come to rely on this funding. I want to be a responsible funder. We can’t implement something for a year and then rip it out from under people.”

- Local initiative lead

“Some directors got really excited about the additional funding and increased staff wages a little too high, so now their budgets are so tight that they don’t have a strategy to sustain these wages if they lose funding.”

- Local initiative lead

Implications

- Strategies need to be designed with a plan to soften the impact of potential shifts in funding allocation or eligibility for a compensation initiative. These strategies could include creating a funding reserve or giving substantial lead time for implementation of any changes.
- Communication with programs and educators to manage expectations about sustainability and duration of funding is a key part of implementing an initiative.

Key Finding #4

Local initiative leads shared lessons on the following topics related to advocacy for investments in workforce compensation: The importance of a clear implementation plan, the pros and cons of cross-sector efforts, and the value of connecting workforce investments to other priorities.

Because of Colorado’s Taxpayer’s Bill of Rights (TABOR, described in [Appendix D](#)), any initiative that relies on tax revenue requires substantial public support. Local initiative leads shared three common lessons learned related to leading compelling advocacy campaigns for compensation initiatives.

First, several interviewees indicated that a clear implementation plan alongside a funding request was key to building trust and reassuring voters about how their dollars would be spent. They recommended that the implementation plan should be clearly defined prior to launching an advocacy campaign. It should outline the initiative’s goals and objectives, details of initiative design (including the design decisions mentioned above), and tactical logistics of implementation.

“Efficiency mattered to our community. When we asked for money, the community wanted to know where that money was going and that it was going to be used appropriately.”

- Local initiative lead

“Mapping out implementation through the advocacy process was so helpful so that people know what it’s going to look like. It demonstrates where the money is going.”

- Local initiative lead

Second, local initiative leads highlighted advantages and disadvantages to creating cross-sector coalitions that can combine forces and seek joint funding for a range of purposes. Across the state, voters have approved a range of local or regional taxes that can often be used for cross-sector efforts in addition to child care, such as housing. The advantage is that taxes serving multiple purposes allow for a broader advocacy coalition, public support, and increased likelihood of success.

At the same time, initiative leads cautioned that multiple uses of tax dollars can be risky if there is no *guarantee* of allocation of resources to child care because a seemingly higher priority purpose may absorb all the funding. In 2022 in Gunnison County, for example, voters approved a local marketing district tax that could be used for housing, child care, or recreational infrastructure. But to date, none of the funding has gone to child care initiatives—all has gone to housing efforts. By way of comparison, Estes Park has a similar distribution of potential uses of a local lodging tax, and the annual plan specified 12% of funding must go to child care in the first year. In the second year, the allocation of funding increased to 20%, ensuring child care would always receive a portion of funding. Often, the allocation decisions are made by a governing body, such as an Advisory Committee or group of Commissioners, whose priorities can shift over time.

“Sometimes I think people say, ‘Oh, [location] has funding cover for these child care initiatives.’ But in reality, none of that has gone to us.”

- Local initiative lead

“I know we’re going to have to negotiate for more funding as time goes on.”

- Local initiative lead

“Our [tax type] was written to include [sector] and early childhood. At the time, [the governing body] decided that the funding should go to early childhood. But that landscape can change at any time and we stay in constant contact with [the governing body] to keep tabs on their priorities.”

- Local initiative lead

Third, initiative leads emphasized the importance of articulating the value of investments in the ECE workforce in a way that resonated with voters to improve the chances of successfully funding an initiative. In scenarios where early childhood was seemingly “pitted” against priorities like housing—such as in the situations noted above—it became clear that quantifying the return on investment in child care was a critical talking point, in part because the return on investment in housing was so easily quantifiable. Further, for several localities, voters prioritized child care affordability and accessibility and saw workforce investments as taking funding away from those goals. Successful advocacy efforts were able to clearly demonstrate the workforce compensation investments as essential when combined with the other goals.

“People didn’t see the tangible return on investment [of child care initiatives]. The return on investment is years down the line whereas investments in housing are clear. You can measure rent.”

- Local initiative lead

“The initial reaction to subsidizing wages wasn’t great. But we tested a variety of messages and focused on the ones that resonated best and continue to refine them.”

- Local initiative lead

Implications

- Being specific about initiative design and funding allocation during the advocacy process, to the extent possible, can help foster success.
- Securing initial funding for a compensation initiative must be framed as the starting point, not final solution, to systems-level improvements to ECE workforce compensation.
- Advocacy messaging for compensation initiatives should include quantified fiscal return on investment and clear connection between the early childhood workforce initiative and other priorities, specifically child care accessibility and affordability.



Colorado Evaluation & Action Lab
UNIVERSITY OF DENVER

Chapter 2: National Landscape Scan



Chapter 2: National Landscape Scan

In the second phase of this work, Pillars conducted a landscape scan of relevant workforce compensation initiatives from across the country. The objective of this phase was to gather detailed information on how other states or localities answered key design questions that arose during the Colorado environmental analysis, documented in Chapter 1 and listed below. Additionally, over the course of the research process Pillars collected initiative leads' perspectives on what went right and what went wrong, including challenges, lessons learned, or unintended consequences from the initiative's design. The information gathered during this phase, shared in this section through in-depth initiative profiles, creates the foundation for the final analysis and recommendations in Chapter 3.

Methods

In the national landscape scan, Pillars researched compensation initiatives across 19 states and localities and conducted interviews with 31 compensation initiative leads. Additionally, the research phase included interviews with five subject matter experts with national visibility into early childhood financing and funding environments. Pillars complemented interviews with an extensive review and analysis of existing literature and documentation of state and local initiatives and funding streams. Compensation initiatives researched during this phase are listed in [Appendix E](#) and research sources are listed in [Appendix F](#).

From this national scan, Pillars selected eight state initiatives for further analysis. Initiatives were selected based on their relevance for the questions and Colorado's prioritized initiative goal of increased wages identified in the Colorado environmental analysis; a summary of the rationale for each initiative's inclusion is described below. The initiatives profiled here offer critically valuable information related to the decision points and considerations that Colorado will grapple with as the state seeks a policy strategy that produces meaningful and durable improvements to ECE workforce compensation.

State initiatives: Rationale for Inclusion

- **Alabama First Class Pre-K** is a state-funded preschool program with minimum salary requirements that is delivered primarily in school-based settings. However, the state is eager to foster a mixed delivery environment and is taking steps to do so, such as offering community-based programs supplemental grants to help cover the cost of minimum salaries. Program fiscal health is a priority in grant award decisions, and the state offers personalized monitoring and business supports to promote provider success.
- **Georgia Pre-K** incorporates salary targets into a competitive formula grant for its overall pre-K program, with salary targets adjusted by setting to address differences in resources between local school systems and public/private child care programs. In 2024, a statewide salary scale was created to ensure salary parity between Georgia pre-K and K–12 teachers. Georgia has been exceptionally successful in its advocacy efforts and has maintained compensation as its top priority.

- **Illinois Smart Start Workforce Grants** are specifically designed to reach as many programs as possible while maintaining an equity focus: Eligibility is contingent on the percentage of children served using subsidy dollars, and it was set at the lowest possible threshold of percentage served that was possible with available funding. Programs must pay a wage floor; the state did not have sufficient funding to require programs to pay a salary target and sought to raise the floor to help address a key barrier to recruiting prospective educators to the ECE workforce.
- **Maine ECE Workforce Salary Supplements** are compensation grants designed to provide payments for educators, tiered based on an individual's experience and education level. Programs operate as a pass-through: They receive a monthly payment from the state based on the number of eligible educators, with an additional percentage to cover administrative costs and payroll taxes, then distribute the exact supplement amount to educators.
- **Minnesota Great Start Compensation Payments** are distributed to programs and calculated based on the number of hours staff cared for children during the previous month's business days. Prioritizing hours of care for children, while a polarizing decision, has allowed the state to work around challenges with formulas that are based on specific staff roles. Programs with certain characteristics, defined below, receive higher payment amounts. There are ongoing discussions about the administrative advantages and disadvantages of distributing funding to programs rather than directly to educators.
- **New Mexico Pay Parity Programs** are direct-to-educator payment programs for educators in community-based New Mexico PreK (the state-funded preschool program for 3- and 4-year-olds), infant toddler, or Head Start classrooms. The state compensates educators for the difference between their current salary and a statewide parity rate with the goal of achieving pay parity with comparable teachers in public school settings. School district-based educators are not eligible for the Pay Parity Programs. This pay parity approach is the only state-level initiative included in this national scan that distributes funding directly to educators in a way that directly aligns with salary targets.
- **Washington, D.C. Pay Equity Fund** supports workforce compensation goals in the District, including direct funding for wage increases. Funding was initially distributed as lump-sum bonus payments to educators, then was transitioned to a program grant contingent on meeting minimum salary requirements. Early evidence suggests a positive effect on workforce recruitment and retention across the city and a strong return on investment (ROI).
- **Wisconsin Partner Up!** was a contracted slots private/public partnership initiative, funded through a combination of state resources, employer contributions, and parent co-pays. Partner Up! is a cautionary tale of how poor program administration can damage an initiative's success, despite bipartisan popularity and demonstrated evidence of positive outcomes, and it offers lessons for avoiding similar pitfalls.

Initiative information is organized into 10 questions, answered in profiles specific to each state in the following section. Table 1 below lists the questions in the profiles, outlines the priority topics

within each question, and identifies states with approaches that are particularly relevant to the recommendations in Chapter 3. The profiles include comprehensive information on the priority topics. However, states were not consistent in the amount of available information across all questions, most often because the state had not considered that specific topic or because the interviewee did not have visibility into the state’s decision-making processes.

Table 1. State Profile Overview

Questions	Priority Topics	States to Watch
How is the initiative structured and administered?	Distribution to educators or programs; use of intermediary; standalone or layered; competitive or noncompetitive; frequency of distribution	Alabama Maine New Mexico Wisconsin
What are the eligibility requirements for participation?	Eligibility for school districts, Head Start, family child care; types of workforce roles included; prioritization or ranking of funding recipients	Illinois Minnesota New Mexico
What is the role of salary targets?	Required, recommended, or absent; aspirational, minimum, or interim targets; approach to amounts	Georgia Illinois Washington, D.C.
How are funding amounts calculated?	Formula or flat amount; calculation variables; earmarked for compensation; approach to funding amount structure	Georgia Minnesota New Mexico
What accountability mechanisms exist to verify use of funds?	Restrictions on use of funds; state-level activities; program requirements if applicable	Alabama Washington, D.C. Wisconsin
How was the initiative rolled out for implementation?	Overview of initiative roll out; scaffolded (phased) or universal implementation	Maine Illinois Washington, D.C.
What funding streams were/are used? What funding was considered for sustainability?	Current funding source; evolution of funding sources over time; potential funding sources as alternatives to state general funds	Alabama Georgia Wisconsin
What outcomes have been observed?	Any tracking of outcomes or research partnerships; research findings, if applicable, specifically related to workforce variables	Georgia Washington, D.C. Wisconsin
What were successful advocacy strategies?	Driving forces behind initiative passing; effective practices; key players, if applicable	Alabama Georgia



Questions	Priority Topics	States to Watch
What were the challenges, lessons learned, or unintended consequences?	Factors that hindered success; ongoing design debates; questions struggling to address; anything state might have done differently; considerations	Illinois Minnesota Wisconsin

State Profiles

Alabama - First Class Pre-K Salary and Benefits

Alabama First Class Pre-K is a state-funded preschool program with minimum salary requirements that is delivered primarily in school-based settings. However, the state is deeply engaged in broadening its mixed-delivery system by providing supplemental grants to community-based programs to cover the cost of minimum salary requirements and partnering with a wider range of program models, such as Montessori and nature-based programs. Program fiscal health is a priority in grant award decisions and the state offers personalized monitoring and business supports to promote program success.

How is First Class Pre-K structured and administered?

Alabama's state-funded preschool program, First Class Pre-K (FCPK), is a competitive grant for programs caring for 4-year-olds to cover pre-K services. The Alabama Department of Early Childhood Education's (ADECE) Office of School Readiness administers the [First Class Pre-K grants](#) to programs to allocate. Grants are awarded by classroom and are contingent on grantee compliance with program guidelines, including salary requirements for FCPK lead teachers and auxiliary teachers. FCPK grants are standalone funding, with compensation funding for lead and auxiliary teachers built into the award amount.

There are two types of FCPK grants that support the cost of staff wages: fully funded grants and supplemental grants. Both types of grants are standalone funding sources dedicated to FCPK and awarded at the classroom level. The primary difference between these grant types is the ability to charge tuition. As of the 2024–25 program year, programs that receive fully funded grants—that is, they use FCPK funding as the primary funding source for a classroom—are not permitted to charge tuition to families. Programs can continue to charge tuition if they receive a supplemental grant. This grant structure allows the state to pursue its dual goals of reducing the cost burden on families and fostering a mixed delivery ECE sector.

What are the workforce and program eligibility criteria?

FCPK funding can be used to cover expenses connected to complying with FCPK program guidelines. FCPK guidelines require programs to compensate lead teachers and auxiliary teachers at or above minimum salary requirements. If these minimum salary requirements are met, there are no restrictions on the types of workforce roles that can receive FCPK funds.

Eligibility for FCPK grants is not restricted by program setting type. Historically, public schools have been the primary recipients of FCPK grants, but the state is taking deliberate steps to further encourage participation across all settings. As of late 2024, ADECE's Office of School Readiness is participating in the first cohort of the [Enriching Public Pre-K Through Inclusion of Family Child Care \(EPIC FCC\)](#) initiative, which is designed to expand family child care programs' participation in state pre-K systems.

Regardless of setting type, [considerations for grant eligibility include](#):

- Community need for care for 4-year-olds.
- Ability to meet FCPK guidelines, including salary requirements.
- Program design and facility.
- Fiscal health.
- Child care licensing, if applicable.

Program fiscal health is particularly important in grant decisions. The state requires that programs have at least 2 months of operating costs in reserve. Prior to receiving funds, programs will be assessed using a fiscal health risk assessment facilitated by ADECE.

In addition to program criteria, classrooms funded using FCPK dollars must meet a minimum enrollment requirement of 18 children and have a ratio no higher than 1:9. Two exceptions apply: Head Start programs are permitted a 1:10 ratio to align with the federal Head Start Program Performance Standards. Additionally, in recent years, ADECE's Office of School Readiness has granted prorated funding to classrooms with an enrollment of nine or more children if the ratio requirements are met.

What is the role of salary targets in the initiative design?

To compete for FCPK funding, programs compensate lead teachers and auxiliary teachers must meet or exceed minimum salary requirements. These minimum salary requirements differ based on program setting or teacher role. FCPK classrooms in public school systems must adhere to the school system's salary matrix for lead teachers. Lead teachers in FCPK classrooms in other settings and auxiliary teachers, regardless of setting, must be compensated according to the state-defined [minimum salary requirements](#). Programs may pay above the minimum salary requirements and can use FCPK funding to do so.

State minimum salary requirements are updated annually and determined based on the Alabama State Department of Education's salary matrix for K–12 teachers. When updating the minimum salary requirements, the state considers the increases in the state's K–12 salary matrix and total available funding. Updated requirements will never fall below the previous year's minimum salaries. The base salary does not include benefits.

How are funding amounts calculated?

FCPK grants are flat amounts awarded by classroom. Initially, the grant amount was calculated with the goal of covering the cost of lead and auxiliary teacher salaries, classroom start-up costs, and classroom consumables. However, grant amounts have not increased in parallel with K–12 salaries, so for some programs, the grant award is only sufficient to cover the cost of minimum salary requirements.

What accountability mechanisms exist to verify the use of funds?

Programs have broad flexibility in how they spend FCPK grants; they are not required to use funding to pay for salaries if they meet minimum wage requirements. The primary accountability check is verifying that programs continue to comply with FCPK guidelines—including minimum salary requirements—after the grant is awarded. To do so, ADECE assigns each FCPK classroom an FCPK Monitor. Monitors work closely with program directors and evaluate and support program quality over the course of the grant. One component of the Monitor’s role is to meet regularly with program directors to review financial documentation and fiscal management; during these reviews, the Monitor verifies compliance with salary guidelines. ADECE has employed two other mechanisms to monitor fiscal health: Program directors submit budgets for approval, which reflect all funds used to support FCPK classrooms. Additionally, all nonpublic FCPK grantees are required to have a separate bank account exclusively for FCPK grants and expenditures; financial data from this account are shared with the state. Taken together, ADECE has visibility into grantees’ uses of funds and staff salaries.

How was the initiative rolled out for implementation?

FCPK was rolled out in a scaffolded (phased) approach. The ADECE’s Office of School Readiness was created via state legislation in 2000; that first year, the state operated eight [pilot FCPK pre-K programs](#). FCPK has grown since then, enrolling nearly [25,000 children in 2024](#). Funding for educator salaries has increased over time, but not entirely in line with the full cost of pay parity and comparable benefits. Educator salaries were built into grant agreements early on, and since 2007 have included funding for incremental pay increases. The defined salary parity requirement was [implemented in 2015](#) and initially addressed starting salary thresholds. During that year, the state legislature increased funding for First Class Pre-K, allowing ADECE to provide supplemental grants to implement salary parity requirements.

The state gradually rolled out funding to incentivize specific education attainment goals. Teachers with master’s degrees were granted higher starting salaries beginning in 2017, and in 2020 teachers with an associate’s degree received a \$1,000 base salary supplement.

What funding streams have been used to support the compensation initiative? What other funding sources were considered to support sustainability?

FCPK, including administrative costs, is funded through the [Education Trust Fund](#), the largest of the six major operating funds in Alabama. The Education Trust Fund is resourced primarily through state income tax, sales tax, utility tax, and use tax. FCPK is considered a built-in component of the Education Trust Fund; although funding for FCPK stagnated briefly as a result of the Great Recession and the COVID-19 pandemic, investments from the Education Trust Fund have remained [consistent over time](#) and there has not been a need to consider other sources of funding.

What outcomes have been observed since the start of the initiative?

ADECE has an external research partner that supports the state's understanding of the outcomes of FCPK. The majority of research to date has focused on the overall FCPK program (e.g., [growth over time](#) and [benefits of FCPK in later years](#)) rather than the salary requirements component specifically. In one study, however, [a small sample](#) of FCPK directors and lead teachers indicated that the salary parity requirements had positive effects on perceptions of workforce recruitment and retention. The state is in the process of collecting more comprehensive data that could support findings related to the FCPK salary requirements.

What advocacy approaches supported the success of the initiative?

Long-term collaborative planning and bipartisan support were key components of the successful advocacy of FCPK. In 2012, the Alabama School Readiness Alliance (ASRA)—a statewide nonprofit advocacy coalition—created a 10-year plan that quantified the amount of funding necessary to reach 70% of Alabama's 4-year-olds with First Class Pre-K. The state has expanded enrollment substantially while maintaining quality, supported by gradual funding increases guided by a long-term shared vision, and continues to build capacity to serve more children statewide. The [ASRA Pre-K Task Force](#) continues to be a strong voice supporting state investment in ECE, including for workforce pay parity, and has helped facilitate ongoing bipartisan support and [increases in funding](#) across multiple Democratic and Republican governors.

What were the challenges, lessons learned, or unintended consequences?

The state has had to carefully consider the unintended consequences of certain FCPK guidelines, particularly in the context of its goals around mixed delivery settings. FCPK grants' minimum enrollment standards and educator credential requirements were designed in line with the practices of larger programs and school-based settings. As a result, the FCPK guidelines unintentionally exclude smaller and home-based programs, which has proven a challenge as the state seeks to further encourage a mixed delivery model. ADECE is in the process of determining how to address these barriers.

Through the evolution of FCPK over time, ADECE found that a simpler grant process supporting broad goals better met the state's needs than a targeted piecemeal approach. ADECE briefly instituted an alternative approach to funding allocation, replacing the annual grant application with multiple smaller grants targeted at certain objectives throughout the year (e.g., following an increase in salaries or degree attainment). This approach was logistically complicated for both the state and programs, requiring additional administrative capacity and time. Further, programs lacked clarity on the amount of funding they could expect to receive, negatively affecting their ability to budget appropriately. ADECE has since shifted back to the single grant application structure that focused on the higher-level goal of salary parity.

Georgia - Pre-K Salary and Benefits

Georgia Pre-K incorporates salary targets into a competitive formula grant for its overall Pre-K program, with salary targets adjusted by setting to address differences in resources between local school systems and public/private child care programs. In 2024, a statewide salary scale was created to ensure salary parity between Georgia pre-K and K–12 teachers. Georgia has been exceptionally successful in its advocacy efforts and has maintained compensation as its top priority.

How is Georgia Pre-K structured and administered?

Georgia Pre-K is the state-funded preschool program for 4-year-olds, administered as a competitive formula grant directly to programs by the Georgia Department of Early Care and Learning (DECAL). Grants are standalone funding awarded by classroom with compensation costs built into the funding stream.

[Grants](#) are automatically deposited into accounts in 10 monthly payments beginning in August and ending in May.

What are the workforce and program eligibility criteria?

Georgia Pre-K funds can be used to cover expenses connected to complying with Georgia Pre-K program guidelines. Georgia Pre-K guidelines require programs to compensate lead teachers and assistant teachers at or above minimum salary requirements. Once minimum salary requirements are met, any remaining Georgia Pre-K funds may be used for services directly tied to Pre-K, as long as the amount is prorated to the Pre-K share (e.g., covering a portion of a director’s salary based on the ratio of Pre-K total enrollment or by the share of the workday devoted to Pre-K).

Georgia Pre-K separates eligible programs into two categories: Local school systems and private/public programs. Private programs include private child care centers, faith-based organizations, and community operators. Public programs include Head Start agencies, state colleges and universities, and military facilities. Family child care programs are not currently eligible for Georgia Pre-K funding.

In addition to program type, initial Georgia Pre-K eligibility is based on [licensed capacity](#) (classroom space and playground space for a minimum of 20 students). Applications are considered in the context of funding availability. New awards and expansion class awards for programs that have grown are prioritized in targeted counties, communities with a Georgia Pre-K waiting list, proximity to other Georgia Pre-K sites in the area, and compliance with other DECAL programs (e.g., Childcare and Parent Services). [Continuation award applications](#) are considered for programs in “good standing”—that is, if they maintained full classrooms, met all guidelines and reporting requirements, and have no licensing or other compliance concerns.

Lead teachers and assistant teachers in Georgia Pre-K classrooms who meet minimum requirements for credentials and years of experience (attested in the application) are the target workforce roles.

What is the role of salary targets in the initiative design, if any?

As of the 2024–25 school year, DECAL defines lead teacher salaries using a [statewide salary schedule](#) for Georgia Pre-K lead teachers, modeled off of the state’s K–12 teacher salary schedule and designed to achieve parity between the two. Lead teachers salaries vary based on the individual’s credential and years of experience as a lead teacher in a Georgia Pre-K classroom or comparable classroom in another state. There is not a salary schedule for assistant teachers; instead, assistant teachers have a [minimum salary](#). The minimum salary for Georgia Pre-K assistant teachers is equivalent or higher salaries than educators in comparable roles in K–12 schools. To qualify for Georgia Pre-K funding, programs must compensate lead teachers and assistant teachers according to the defined salary schedules. Georgia Pre-K awards include full funding for these salaries, discussed further below.

Because awards include full funding for salaries, program guidelines include requirements that ensure educators experience Georgia Pre-K salaries as a comprehensive compensation package rather than, for example, a wage supplement or stipend. Programs must pay educators on a consistent schedule, cannot use Georgia Pre-K funding as a bonus, and cannot hold salary for mid-year or end-of-year payouts. DECAL also requires programs and lead teachers to form work agreements that clearly define and explain the base salary and supplemental compensation, if applicable.

How are funding amounts calculated?

Georgia Pre-K grants are awarded by classroom. [Local school systems](#) and [private/public programs](#) have separate grant formulas. Both grant formulas combine five components: lead teacher salary, assistant teacher salary, personnel benefits, classroom consumables, and transportation operating costs.

Benefits are calculated based on a percentage of the educator’s salary, classroom consumables are a flat rate per classroom, and transportation is funded at an annual rate per student. Lead teacher salaries are incorporated into the grant formula based on the [statewide salary schedule](#). [Assistant teacher salaries](#) are constant in the formula.

The formulas for private/public programs and local school systems are largely the same, with two key exceptions. The funding for classroom consumables is the same across all local school systems, whereas private/public programs have a two-tiered classroom consumables cost built into their formula; programs in metro counties receive slightly more funding for classroom consumables than programs in nonmetro counties. Additionally, private/public programs receive a slightly higher percentage of funding for benefits to account for the existing benefits structure in local school systems that is being supplemented by Georgia Pre-K funds.

Grant awards keep salary and benefits constant regardless of whether a classroom enrolls fewer than 20 children. However the rest of the award components (classroom consumables and transportation operating costs) are prorated based on enrollment. Classes with enrollment of 20 students receive full funding. Funding for classes with fewer than 20 students will be reduced by 1/20 for each child below 20, applied only to classroom consumable and transportation operating costs.

What accountability mechanisms exist to verify the use of funds?

To monitor use of funds, every year Georgia Pre-K grantees submit a reconciliation report that provides an accounting of funds received to ensure that funds are used for the intended purpose and in accordance with requirements and guidelines. Misused or ineligible expenditures are repaid to DECAL.

Additionally, DECAL conducts program audits. [By law](#), all nonprofits and schools must be audited every year. For other programs, DECAL uses a [Generally Accepted Accounting Principles framework](#) to identify potential misuses of funds. The state uses a weighted system that might flag the need for an audit based on other factors (e.g., complaints from educators and money owed to another public program). Additionally, every year DECAL specialists select a subset of programs to audit for general compliance with program guidelines. These general audits do not necessarily lead to a financial audit, but might if there are correlated issues (e.g., false or missing student records).

DECAL also conducts annual on-site desk audits of student files and staff training records for 10% of the programs. DECAL may also audit a program's reported lead teacher credentials and years of experience. Because salaries are the primary cost driver of Georgia Pre-K awards, it is critical to verify that educator qualifications are accurate.

How was the initiative rolled out for implementation?

Georgia Pre-K used a scaffolded (phased) roll-out approach. It was first piloted in 1992 and expanded statewide in 1995. Early grant award formulas did not include salary parity, incentivizing educators to move from Georgia Pre-K classrooms in public/private programs to those in local school systems. A [1998 study](#) of Georgia Pre-K found that teachers in public/private programs were more likely than teachers in school systems to perceive their salaries as unfair. In response, in 2001 the state began requiring that Georgia Pre-K programs pay educators a [minimum salary](#). [In 2016](#), in response to recommendations from a statewide [Education Reform Commission](#), the state created the first salary scale for Georgia Pre-K educators that incorporated experience and education level. In 2025, the salary step schedule for lead teachers was updated to match K–12 teacher salaries.

Throughout these changes, DECAL updated the grant formula to reflect the new requirements. DECAL took the same approach in 2024, when the state invested more than \$100 million of

lottery funding in Georgia Pre-K. While the logistics were still under development, DECAL adjusted award rates to cover the cost of new salaries and applied them retroactively. Over the years, increases in compensation were accompanied by increases in credential requirements. The state did so gradually and, to ease implementation, ensured that educators had access to other supports to facilitate credential attainment, such as a directive career ladder, bonuses for additional credentials, and scholarships.

What funding streams have been used to support the compensation initiative? What other funding sources were considered to support sustainability?

Georgia Pre-K is funded through the Georgia Lottery for Education, a fund based on state lottery revenue. The state lottery was created such that proceeds were earmarked for two education initiatives that would later become Georgia Pre-K and [HOPE Scholarships](#). The state lottery was a key component of Governor Zell Miller's platform in the 1990 gubernatorial race; he was committed to a preschool program prior to both winning the election and the establishment of the lottery or fund. The Georgia Lottery for Education has proven a stable and sustainable funding stream for Georgia Pre-K for more than three decades.

What outcomes have been observed since the start of the initiative?

DECAL has access to compelling data on the relationship between salary parity and educator retention. For example, in 2011, DECAL was forced to walk back salary increases because of state cuts in response to concerns about lottery reserve funding. Their data showed that, following those cuts, there was substantial and immediate attrition of Georgia Pre-K educators, dropping as low as 60% retention. When funding was restored and salaries went back up, retention levels markedly increased to as high as 90%. Additionally, DECAL's internal analyses indicated that there was very little variation in teacher credentials in Georgia Pre-K classrooms, regardless of local school system or public/private program setting.

Data from the 2025–26 school year show that 77% of lead teachers received a raise under the new lead teacher salary schedule.

What advocacy approaches supported the success of the initiative?

Georgia DECAL and its advocacy partners stand out as particularly savvy in coalition-building efforts, many of whom have been dedicated to educator compensation.

Georgia Pre-K has maintained continued bipartisan support and has been particularly successful with Republican coalitions in recent years. Advocates intentionally [avoided framing Georgia Pre-K as a targeted program](#), recognizing that income targets can have a negative stigma and would face political resistance from Republican legislators and voters. Additionally, funding Georgia Pre-K through a state lottery revenue fund instead of a new tax made it more politically palatable for more fiscally conservative legislators. As a result, the continued bipartisan support for Pre-K has translated to meaningful increases in educator compensation. For example, in 2024, a nearly [\\$100 million investment in the Pre-K program](#) was championed by House Speaker Pro Tempore

Jan Jones, the second-ranking Republican in the Georgia House. Jones led a working group focused on early childhood education and was instrumental in pushing the proposal forward. The funding increase, supported by legislators from both parties, was allocated to reduce class sizes and achieve parity between Georgia Pre-K and K–12 educators.

There are many needs within the early childhood sector, but DECAL has decided that compensation is the top goal. Over the years, DECAL has unified their budget and legislative requests around compensation, which has helped ensure that messaging is simple and consistent. Whether speaking with legislators, the governor’s office, or budget staff, DECAL consistently returns to the message that investing in educator compensation is essential to building a high-quality pre-K system. Behind every funding conversation, DECAL is prepared with multiple strategies and levers to improve compensation, whether through base salary increases, credentialing supports, or other mechanisms. The underlying message remains the same: supporting educators is essential to strengthening the early childhood sector.

DECAL and advocates found that gubernatorial support is not enough; lasting policy change requires the backing of the legislature. To garner that support, DECAL and advocates operate an annual campaign with Voices for Georgia where each state legislator is invited to visit a Georgia Pre-K program in their district. During these visits, legislators engage directly with a range of trusted stakeholders, including business leaders, school district staff, and families. Most importantly, they see the classrooms in action—engaging instruction, dedicated educators, and smiling children. This kind of direct exposure creates personal connection and builds genuine interest in the program’s success. By bringing legislators into classrooms, Georgia’s advocates have created a powerful way to turn awareness into real buy-in.

What were the challenges, lessons learned, or unintended consequences?

A continued challenge DECAL is encountering with Georgia Pre-K is the difference in access to benefits between Georgia Pre-K teachers in local school systems and in public/private programs. As noted, the grant funding formula attempts to make up for that difference in resources, but the grant is not sufficient funding for non-school based programs to offer truly competitive benefits. Further, additional funding in the grant likely is not the most effective or efficient way to support programs in offering staff benefits, creating a new challenge of determining the appropriate strategy in addition to securing sufficient funding.

Another challenge DECAL has encountered is expanding resources for compensation to programs outside of Georgia Pre-K grantees. There has been limited public or political appetite for doing so, in part because of the difference in perception between Georgia Pre-K grantees and programs that use child care subsidy dollars—specifically, fundamental differences in funding early education versus funding child care.

Illinois - Smart Start Workforce Grants

Illinois Smart Start Workforce Grants are advanced grants distributed quarterly to eligible classrooms and family child care homes. Programs must meet minimum compensation and enrollment requirements in awarded classrooms and homes. Additionally, the provider must meet overall enrollment thresholds for total capacity funded through the state's subsidy program. Grants must be used for compensation for program staff.

How are Smart Start Workforce Grants structured and administered?

[Illinois Smart Start Workforce Grants \(Smart Start\)](#) is a standalone funding source dedicated to increasing staff wages. The initiative evolved out of the state's implementation of stabilization grants and was further informed by the [ExceleRate pilot](#). This pilot focused on select rural counties, before being adapted to reach a broader swath of programs in the state.

Smart Start funding is noncompetitive, distributed through the Illinois Network of Child Care Resource and Referral Agencies (INCCRRA) to eligible programs, which then use the funds to meet required wage floors for program staff. Programs receive Smart Start funding in advance, distributed quarterly, based on program characteristics.

What are the workforce and program eligibility criteria?

Smart Start program guidelines require programs to meet salary thresholds for lead teachers, assistant teachers, and family child care assistants. If these minimum salary requirements are met, center-based programs can use Smart Start funding to increase wages for any program staff, regardless of role. Family child care programs can use funding to increase their own or an assistant's wages.

To be eligible for the Smart Start Workforce Grant, programs must be licensed as a [child care center, family child care, or group family child care](#) and operate full-day, full-year schedules. It does not include school-based programs.

Program eligibility is also determined based on the percentage of their total capacity funded through Child Care Assistance Program (CCAP), the state's child care subsidy program. Centers must have funded at least 15% of their capacity through CCAP. Family group child care homes must have enrolled at least two children using CCAP funding and family child care programs must have enrolled at least one child. Programs demonstrate eligibility if they meet their assigned threshold in any one month in the year prior to submitting an application.

The state's priority was to reach as many programs as possible while maintaining a focus on lower income children and families. The Smart Start eligibility thresholds (defined by percentage of children served by CCAP) reflect the lowest threshold possible with funding available. There is no additional ranking or prioritization of programs for funding.

Additionally, Smart Start grants are awarded based on eligible classrooms. Classrooms must enroll a minimum number of children, determined by the age of children, and be funded through CCAP or private pay only. Classrooms supported through other funding streams, such as Head Start, Preschool for All, or school districts, are not eligible. Additionally, center school-age classrooms with children over the age of 5 and those that offer care before and after school and on holidays are also not eligible.

Smart Start center grants can be used to increase wages for assistant teachers, teachers, and any other program staff. Family child care program directors and their assistants are the target workforce roles for family child care grants.

What is the role of salary targets in the initiative design?

To receive Smart Start funding, programs must compensate teachers and assistant teachers at or above a wage floor defined by the Smart Start grant program. [Wage floors](#) are defined based on the staff role, program region, and program setting type.

The Center for Early Learning Funding Equity supported the state in developing a salary scale that included the wage floors and target salaries. However, given limited funding, Smart Start funding could only be tied to the wage floors, ensuring staff met minimum qualifications for their positions and helping reduce a key barrier to entry into the early care and education workforce. While connecting funding to higher target salaries was not possible under this funding stream, that work is being advanced through the Smart Start Quality Grants pilot, which also builds on the ExceleRate pilot.

How are funding amounts calculated?

[Grants are calculated and awarded by classroom](#). For center-based programs, grant awards are a flat amount of \$6,750 quarterly for infant/toddler classrooms and \$6,000 for ages 2 through 5 classrooms. For family child care and group family child care programs, the base quarterly award is \$2,250, with additional funding provided if the program employs assistants. The additional funding is tiered based on the assistant's weekly hours. Although the grant awards are flat rates, the amounts were determined through a statewide cost model that included salaries.

Funding is specifically earmarked for wage increases. The state ran projections to align expected program participation with available funding. The goal of Smart Start is for all eligible programs to participate, but if funding falls short, participation may be frozen to remain within budget. This has not occurred to date.

What accountability mechanisms exist to verify the use of funds?

Programs must comply with [reporting requirements](#) every quarter. Programs must complete a narrative report (experience with grant and staff turnover) and a funding use report (staff wages and hours worked). Payroll records are a requirement of quarterly reporting. The state has not yet encountered any situations of noncompliance and does not have a defined approach to

noncompliance repercussions. The current strategy is to rely heavily on technical assistance.

How was the initiative rolled out for implementation?

The state took a scaffolded approach to rolling out the compensation initiative, beginning with COVID stabilization funding and using the ExceleRate pilot as a foundation. Although the state lacked the resources to fully scale ExceleRate, the pilot informed the design and gradual expansion of the broader, state-funded Smart Start program.

Additionally, the state leveraged existing infrastructure and partners to implement Smart Start. INCCRRA manages the state's workforce registry and played a key role in distributing American Rescue Plan Act (ARPA) Child Care Stabilization grants to programs, making the organization the logical and efficient choice to manage the Smart Start Workforce Grants.

What funding streams have been used to support the compensation initiative? What other funding sources were considered to support sustainability?

Illinois initially leveraged ARPA Child Care Stabilization funding then gradually transitioned to state general revenue. There was a 3-year timeline in raising the state contribution so that in FY2026, it will be fully funded through state general funds. There was strong support for the initiative and plans to use state general funds from the outset.

What outcomes have been observed since the start of the initiative?

Smart Start reaches more than 60% of programs statewide. The University of Chicago is conducting a federally funded evaluation of initiative outcomes and the state is gathering additional data through programs' quarterly reporting requirements.

What advocacy approaches supported the success of the initiative?

Smart Start was driven by the state's administration, propelled in large part by the governor. An Advisory Committee informed the design of the initiative and facilitated visibility and buy-in from the community. Advocates were engaged as critical partners but played less of a role than past Illinois initiatives, likely because of existing strong support across the state for both early care and early education broadly and past wage investments for the ECE workforce.

What were the challenges, lessons learned, or unintended consequences?

One of the most important lessons learned from Smart Start grants is that any investment in workforce compensation must be considered as one component of the state's overall financing strategy to increase access to high-quality ECE for families. While Smart Start is dedicated to workforce compensation, there are a range of other public dollars invested in ECE that must be aligned and compared to the state's estimates of the true cost of financing a well-compensated, well-qualified workforce.

A critical success of the Smart Start design is that funding is awarded in advance, giving programs financial breathing room to meet the requirements of the grant. This payment structure had to be built into legislation to be possible. At the same time, the advance payment structure contributed to the already complicated logistics of distributing funding at the state level. In particular, the timing of quarterly grant awards was misaligned with the state's fiscal year and the reality of when funds are delivered to INCCRRA for distribution. The state fiscal year begins in July, but INCCRRA typically receives funds in August or September. To ensure continuity, systems had to be developed to issue June payments that would sustain programs until the next disbursement could be made.

Verifying uses of funding has also been complicated. Quarterly reports are important to ensure that funds are dedicated to the objectives and goals of the grants, but reviewing reports and payroll stubs requires substantial time and capacity. In an ideal world, an Application Programming Interface (API) could document and verify payroll, but it wasn't possible to put the technology in place prior to implementation.

Maine - Early Childhood Educator Workforce Salary Supplement System

Maine ECE Workforce Salary Supplements are compensation grants designed to provide payments for educators, tiered based on an individual's experience and education level. Programs receive a monthly payment from the state based on the number of eligible educators, with an additional percentage to cover administrative costs and payroll taxes, then distribute the exact supplement amount to educators.

How is the ECE Workforce Salary Supplement System structured and administered?

[Maine's Early Childhood Educator Workforce Salary Supplement System](#) (ECE Workforce Salary Supplement) is a noncompetitive, standalone grant with dedicated funding to increase wages for child care staff in licensed programs. The ECE Workforce Salary Supplements are distributed by the Maine's Department of Health and Human Services' Office of Child and Family Services (DHHS OCFS) to eligible programs, which then disburse the supplement amounts directly to eligible staff. DHHS OCFS sends an email to programs with the total amount that programs should expect to receive along with a list of the staff who should receive supplements and at what amount.

Through program feedback sessions, it became clear programs preferred the supplements to function more like a regular part of educator wages. In response, the state decided to distribute the funding monthly.

Participation is mandatory for all licensed programs, which are required to offer the supplement to all eligible employees. However, individual staff may choose to opt out, particularly to avoid triggering a benefits cliff.

What are the workforce and program eligibility criteria?

The following positions are [eligible](#) for an ECE Workforce Salary Supplement: assistant director, assistant teacher/teacher aide, substitute teacher, camp counselor, education technician, family child care assistant, family child care owner/provider, lead teacher, or program director/coordinator. Staff must have responsibilities that include direct care, either alone or combined with administrative and/or supervisory duties.

Additionally, eligible staff must be employed by an eligible program at any time during the month prior to payment. Staff must be enrolled and active in the [Maine Roads to Quality Professional Development Network \(MRTQ PDN\) Registry](#) at Level 1 or above and complete the state approved health and safety training within 90 days of hire.

[Eligible programs](#) must hold either a Child Care Facility or Family Child Care license in Maine, be open and actively providing direct child care services, and either hold or have applied for an OCFS Vendor Code. Educators employed by school districts are not eligible for ECE Workforce Salary Supplement funding. There is no additional ranking or prioritization of programs.

What is the role of salary targets in the initiative design?

There are no salary targets incorporated into the ECE Workforce Salary Supplements. Instead, the initiative uses a tiered wage supplement system based on education and experience.

How are funding amounts calculated?

The monthly amount paid to a program is based on the number of eligible staff, multiplied by each staff member's [tier level supplement amount](#), as reported in the Salary Supplement Registration Portal. In addition to the salary supplements, programs receive an additional 7.65% of the total supplement amount to help [cover administrative costs and payroll taxes](#). There are three tiers of funding based on the MRTQ PDN Registry levels of the staff.

Currently, the tier one (MRTQ PDN levels 1–4) monthly supplement amount is \$240 per participant; tier two (MRTQ PDN levels 5–6) is \$360; and tier three (MRTQ PDN levels 7–8) is \$540. Per the [program rules](#), the second tier provides a salary supplement that is at least 50% greater than the first tier, and the third tier is at least 50% greater than the second tier. The actual supplement amounts are influenced by budget availability and projections about participation. In 2024, the state initially increased the [range to \\$275–\\$625](#), but as the number of participating staff and tier levels increased, legislators reduced the amounts to the current \$240–\$540 range to remain within the available budget.

What accountability mechanisms exist to verify the use of funds?

Programs must distribute salary supplements to eligible educators; they cannot use salary supplements to offset base wages (i.e., lower base pay and use the supplement to fill the gap) and must document that these funds are used to increase wages. Programs are required to participate in monthly compliance monitoring and maintain accurate payroll records for a minimum of 3 years and have those records available to the state upon request. The state also conducts audits at random each month. The program director/owner is required to complete a survey and share payroll documentation. A separate survey is then sent to their staff to determine whether they have been receiving the salary supplements.

How was the initiative rolled out for implementation?

The rollout of the ECE Workforce Salary Supplement was scaffolded over time. It began with a flat \$200 monthly supplement funded through ARPA Stabilization funds. Initial legislation was introduced in 2019 and stalled in 2020, then reintroduced in 2021 and gained traction in 2022 when the governor signaled strong interest in collaborating. That year, the administration and legislature allocated \$15 million for FY2023. As the program transitioned from ARPA Stabilization funds to state general funds, the flat-rate model transitioned to a tiered system to better align supplements with staff qualifications.

However, implementing the tiered system created an equity concern—two of the new tiers would have received less than the original \$200. To avoid a payment decrease, advocates secured an additional \$15 million for FY2024, bringing the total fund amount to \$30 million. This ensured

that no staff received less than they had previously, with the lowest tier set at \$275 under the new funding. However as mentioned above, the supplement amounts were reduced to the current \$240–\$540 range due to increased demand.

What funding streams have been used to support the compensation initiative? What other funding sources were considered to support sustainability?

The ECE Workforce Salary Supplement was initially funded through ARPA Stabilization funds, but upon expiration of ARPA, Maine transitioned the program into state general funds. The budget is just over \$31 million; however, the proposed biennial budget would have cut the funding in half to \$15 million per year, reducing monthly supplements for two of the tiers to below \$200. This reduction would have impacted nearly 6,000 of the over 7,700 staff participating in the program, affecting the largest segment of the workforce. Following [strong opposition](#) from early childhood educators and advocates, the Health and Human Services Committee voted 10:3 in March 2025 to recommend removing the proposed cut from the budget. The Legislature ultimately upheld this recommendation, maintaining annual funding at approximately \$31 million.

What outcomes have been observed since the start of the initiative?

Since the tiered compensation structure and increased \$30 million annual investment took effect in 2024, the state has seen notable improvements in workforce participation, suggesting that the salary supplements may be helping to retain staff. The total number of early childhood educators receiving salary supplements grew by approximately 800 staff, rising from 6,964 in October 2023 to 7,796 in November 2024, despite a downward trend in the number of licensed child care programs in the state.

It is likely that this growth is related to both increased funding for the Salary Supplement and the implementation of the tiered system that motivates educators to demonstrate their qualifications at higher levels. State data show the number of educators classified at Level 0 and those ineligible for supplements declined steadily throughout the year from 820 in October 2023 to 60 in November 2024, as more staff submitted the necessary materials to verify Level 1 eligibility.

Anecdotal reports from programs also suggest that recruitment and retention rates have increased, though experiences may vary by region.

What advocacy approaches supported the success of the initiative?

The successful launch of the ECE Workforce Salary Supplements was driven by a multi-pronged advocacy approach that combined strategic partnerships, public awareness, and strong political champions. Early advocacy efforts leveraged the economic fallout from widespread child care closures during the COVID-19 pandemic to raise public and policymaker awareness about the sector's critical role. A broad and diverse coalition, including the Maine People's Alliance, the Maine Chamber of Commerce, and key bipartisan legislative allies, helped build momentum. Advocates also focused heavily on educating stakeholders about accessibility and affordability

and framed the issue as essential to the productivity and stability of Maine’s workforce, making a compelling case for sustained investment in early childhood education.

What were the challenges, lessons learned, or unintended consequences?

The state, programs, and educators have struggled with navigating administrative difficulties and duplication, which required direct engagement with directors and administrators to streamline paperwork and improve understanding of reporting requirements. There was also a need for clear communication about how the funding works and what documentation was expected. The administrative percentage (7.65%) layered on to the supplements is designed to help address this issue.

The equitable distribution of funds is an ongoing design discussion, especially in cases where educators already earn wages comparable to public school teachers. For example, some private schools with additional grade levels also operate licensed child care programs. Educators in these settings are receiving salary supplements because their programs are licensed and eligible, even though their compensation may already be on the higher end. Since equity is the core goal of the program, there have been conversations about whether it is equitable to allocate limited public funds to these educators, given the program’s intent to support educators who need the support most.

The program has also grown by approximately 15% since its launch, creating challenges in managing a program with a capped budget. As more staff enroll and move into higher tiers, the available funds must stretch further, which has led to smaller payments for all participants. With a capped funding amount, the state must annually reassess who is in the program, their tier levels, and how resources are allocated. Sustainability planning is essential, as the state must evaluate how far the \$30 million can go each year, if that funding will continue to be accessible, and what trade-offs are needed to maintain both equity and effectiveness—for example, the eligibility debates discussed above.

Minnesota - Great Start Compensation Support Payment Program

Minnesota Great Start Compensation Payments are distributed to programs and calculated based on the number of hours staff directly cared for children during the previous month's business days. Prioritizing hours of care for children has allowed the state to work around challenges with formulas that are based on specific staff roles. Programs with certain characteristics, defined below, receive higher payment amounts.

How are the Great Start Compensation Support Payments structured and administered?

[Minnesota](#) Great Start Payment Program (Great Start Compensation) grew out of Minnesota's ARPA Child Care Stabilization Grants, which required programs to spend at least 70% of the base grant on compensation, benefits, or premium pay for full-time staff who regularly care for children. The grants shifted into a program payment structure and evolved to include additional specificity about program eligibility and payment amounts.

Great Start Compensation funding is a standalone, noncompetitive revenue stream distributed from the state directly to child care programs and dedicated exclusively to increasing workforce compensation and benefits. Programs apply for payments monthly and have 6 months to spend funds after distribution.

What are the workforce and program eligibility criteria?

There are no restrictions on the types of workforce roles that can receive funds through Great Start Compensation payments.

To be eligible for Great Start Compensation awards, programs must be licensed or [certified](#) by the state, county, or a Tribal Nation. School districts are not excluded, but many do not operate licensed or certified child care centers and thus are ineligible.

Programs must also be in good standing with licensing. Specifically, programs cannot be:

- The subject of a current or past finding of fraud for which the program or individual is currently serving a penalty or exclusion.
- The subject of suspended, denied, or terminated payments to a program, regardless of whether the action is under appeal.
- Prohibited from receiving public funds under Minnesota Statutes, regardless of whether the action is under appeal.
- Under license revocation, suspension, temporary immediate suspension, or decertification, regardless of whether the action is under appeal.

Additionally, for at least 1 calendar day in the previous funding period, programs must have been in operation, in an allowable license or certification status, and met minimum daily attendance

requirements. [Minimum daily attendance requirements](#) vary based on the program setting and license type.

There is no additional ranking or prioritization of programs for eligibility. However, the state offers higher payments for programs that meet certain criteria, discussed in the funding section below.

What is the role of salary targets in the initiative design?

Great Start Compensation does not include any salary targets. The state has a separate project underway studying the potential of a wage scale for the ECE workforce.

How are funding amounts calculated?

Great Start Compensation [award amounts](#) are determined based on the total number of full-time equivalent (FTE) staff in a program who regularly care for children in the program, including sole family child care programs and independent contractors. Staff who care for children are those whose job description or responsibilities include interacting with, caring for, and supervising children enrolled in the program.

Through June 2026, each program will receive a base award of \$375 per 1.0 FTE, selected based on overall available funding and structure of the payments under the previous payment program. The award amount formula defines 1.0 FTE as someone who has worked the equivalent of 6.4 hours for every business day in a month. The number of business days in a month varies from month to month. The formula is based on the total number of care hours across all FTE then divided by the month's minimum care hours. With this formula, a program's award might be based on a fraction of an FTE. Providers with more than 32 hours worked directly with children per week can count for up to 2.0 FTEs (64 hours); this adjustment in the formula is designed in part to accommodate programs that offer extended care hours, such as family child care programs.

Additionally, programs are eligible for a 10% increase on their base payment if they meet one or more of the following criteria:

- Received payment and billed for hours through the [Child Care Assistance Program](#) for the previous lookback period.
- Received payment and billed for hours through [Early Learning Scholarships](#) for the previous lookback period.
- Located in a [Child Care Access Equity Area](#).

Great Start Compensation also includes one-time [\\$500 payments for legal non-licensed programs](#). Payments are meant to help cover the costs of registration as a program under the Child Care Assistance Program.

This formula is automatically calculated in the program's monthly application for funds.

What accountability mechanisms exist to verify the use of funds?

Programs must use Great Start Compensation funds on staff wages or benefits. To verify the use of funds, the state requires programs to submit applications monthly and distributes funding on the same timeline. This monthly structure is an intentional design choice to support Great Start Compensation program integrity, ensuring that with each payment there was some visibility into uses. The state does not review every monthly application; instead, there is a team of five investigators who analyze the submitted data and identify any outliers for further analysis. Additional spending audits are done randomly and as flagged through anonymous tiplines. Further, the state recently developed a Use of Funds report that programs must complete annually to report back on spending.

The state is in the process of transitioning to a shared data platform, called the Provider Hub, which houses multiple state funding sources, including Child Care Assistance Program, Early Learning Scholarships, and Great Start Compensation. Programs will be able to apply for Great Start Compensation through this platform and submit required materials (e.g., compensation records and Use of Funds reports). Part of the objective is to centralize all data in one place to make it easier for investigators to identify outliers and potential misuse of funds.

How was the initiative rolled out for implementation?

The first iteration of Great Start Compensation was rolled out during the COVID-19 pandemic using ARPA Stabilization dollars, which—while a tumultuous time—was also a time when programs and the field broadly were eager for support and open to change. At the same time, the state had substantial funding and a legislative directive to spend the majority on compensation. As a result, and similar to many initiatives created at that time, implementation of compensation payments through stabilization grants was direct and fast.

As the initial stabilization grant program evolved into Great Start Compensation, many of the initiative design components remained the same, and the state is gradually rolling out any changes. For example, the state initially used the same technology systems to administer funding as it did for ARPA Stabilization dollars. As discussed above, the state is now updating those systems to ease the process for both programs and state staff and is doing so intentionally, starting first with child care centers and incorporating family child care programs over time. Similarly, the state is incorporating additional accountability measures for programs, such as the Use of Funds reports, and is doing so over time and with comprehensive communication with programs.

What funding streams have been used to support the compensation initiative? What other funding sources were considered to support sustainability?

Great Start Compensation grew out of Minnesota's work using ARPA Stabilization funding to increase workforce compensation. In 2023, the state had a budget surplus and deep legislative

commitment to pursuing a similar workforce compensation strategy, leading to an opportunity to [secure state general funds](#) for Great Start Compensation.

What outcomes have been observed since the start of the initiative?

The state does not currently have information on outcomes of the program. Approximately 70% of programs in Minnesota participate in Great Start Compensation. Anecdotally, the state has heard from programs that Great Start Compensation payments are spent on workforce bonuses. As programs submit the new Use of Funds reports, the state expects to gather more information to better understand more specifically how funds are spent and anticipated outcomes of Great Start Compensation.

What advocacy approaches supported the success of the initiative?

In 2023, in light of Minnesota's budget surplus, the state agency was presented with the opportunity to create a budget request for child care that centered on compensation. The built-in commitment to ECE was driven by the success of the compensation components of ARPA Stabilization grants in 2021 and the support the initiative garnered among programs, legislators, and Governor Walz. In particular, the legislative leadership that pushed for compensation initiatives in ARPA Stabilization grants was the same leadership in place when it came time to allocate surplus state funds.

Anecdotally, according to legislators, child care programs and educators in their communities were vocal about the value of the compensation initiatives built into ARPA Stabilization grants and were eager to continue them—suggesting that the ECE workforce itself played a key role in advocating for continued state investment in Minnesota.

What were the challenges, lessons learned, or unintended consequences?

The Great Start Compensation award formula is calculated based on the number of direct care hours individuals in a program provides. In this design, the state is recognizing staff who interact with children without limiting the formula to specific roles. However, there was some pushback on that choice stemming from concerns that the formula excludes a segment of the workforce that makes it possible to care for children.

The state also received pushback against the definition of FTE in the award formula. Specifically, family child care programs were concerned that using hours per day as the metric for defining FTE did not adequately account for the nontraditional hours (e.g., extended hours) that many family child care programs offer. The revised formula leans into the hours per week unit of measurement: 32 hours/week equals 1.0 FTE, and any individual can report up to 64 hours/week of direct care. This change allows programs who care for children above the FTE threshold to count for up to 2.0 FTE.

Further, the administration and distribution of the program is an ongoing debate. When Great Start Compensation was launched, funding was distributed to programs rather than educators for

several reasons: The state wanted the payments to have a revenue stream structure similar to the Child Care Assistance Program, and administratively it was easier. There was an existing infrastructure for funding distribution to programs (e.g., business/vendor licensing systems and data platforms). However, payments to programs require more extensive verification of use of funds than payments to educators, and the state has invested substantial resources into new processes and personnel capacity to meet that need. As Great Start Compensation evolves and grows, the state continues to assess if payments to educators or payments to programs best meet their administrative needs and the goals of the program.

New Mexico - Pay Parity Programs

New Mexico Pay Parity Programs are direct-to-educator payment programs for educators in community-based [New Mexico PreK](#) (the state-funded preschool program for 3- and 4-year-olds), infant toddler, or Head Start classrooms. The state compensates educators for the difference between their current salary and a statewide parity rate with the goal of achieving pay parity with comparable teachers in public school settings. School district-based educators are not eligible for the Pay Parity Programs. This pay parity approach is the only state-level initiative included in this national scan that distributes funding directly to educators in a way that directly aligns with salary targets.

How are New Mexico pay parity programs structured and administered?

The New Mexico Early Childhood Education and Care Department (ECECD) operates three pay parity programs, each targeted to a different segment of the ECE workforce. These programs are designed to equalize salaries between eligible early educators in publicly-funded, community-based settings and school district settings. Pay parity funds are used to pay early educators in community-based settings the difference between their current salary and a state-defined parity rate that reflects what a comparable educator in a public school setting would earn.

There are three separate pay parity programs: [Pre-K Pay Parity](#), [Infant Toddler Pay Parity](#), and [Head Start Pay Parity](#). Funding from these programs is distributed directly to early educators by an intermediary organization, CNM Ingenuity, in equal monthly installments. Early educators can only apply for one type of pay parity funding, even if they meet the eligibility requirements for multiple programs.

What are the workforce and program eligibility criteria?

To receive pay parity funding, early educators must meet individual eligibility criteria and be employed in locations that meet program-level requirements. The criteria are defined based on the objectives of the specific pay parity program. In addition to the requirements listed below, to qualify for any pay parity funding, the educator must meet the education and experience requirements in the [parity rate categories](#) established by the state and work a minimum of 32 hours/week in an eligible position. Educators in public school systems are not eligible for pay parity funding.

Pre-K Pay Parity is designed for educators in programs that receive funding through [New Mexico PreK](#), the state-funded preschool program for 3- and 4-year-olds. To qualify for Pre-K Pay Parity, early educators must:

- Work in a New Mexico PreK grant classroom in a Tribal or community-based program as a Lead Teacher or Assistant Teacher **or**
- Work full-time as an Administrator (Director or Assistant Director) in a Tribal or community-based program and have direct supervision and support of the New Mexico PreK grant program.

Head Start Pay Parity is designed for early educators in Head Start and Tribal Head Start programs. To be eligible for funding, early educators must:

- Work in a Head Start classroom as a Lead Teacher or Assistant Teacher *or*
- Work full-time as an Administrator (Director, Assistant Director, or Manager) and have direct supervision and support of the Head Start program.

Infant Toddler Pay Parity is open to early educators who work in an Early Head Start program or licensed child care program that serves at least one infant or toddler child through Child Care Assistance, the state's subsidy program. Individual eligibility criteria also apply:

- Early educators, including home-based programs, must be assigned to a classroom for children ages birth through 2 years.
- Family child care owners must be listed on the program license and have at least one child between 6 weeks and 12 months enrolled full time.
- Directors must be listed on the program license and supervise sites in which there is at least one infant classroom for children between 6 weeks and 12 months.

Across all three pay parity programs, only one director or administrator per site can apply.

There is no ranking or prioritization of early educators for pay parity eligibility. Applications are accepted on an ongoing basis for as long as funding is available.

What is the role of salary targets in the initiative design, if any? How are funding amounts calculated?

ECECD developed a matrix of six categories of parity rates as baseline salaries for early educators. [Current early educator parity rates](#) range from \$40,000 for educators with a Child Development Associate (CDA) or [Child Development Certificate](#) and more than 3 years of experience in Category 1 to \$77,000 for educators with a master's degree or higher and more than 5 years of experience in Category 6. The parity rate categories serve as reference points for calculating an educator's pay parity funding and, at the same time, communicate the state's expectations for early educator salaries.

The amount of pay parity funding that educators receive is based on their current annual salary, position, education level, and years of experience. The educator's current salary is compared to the parity rate that lines up with their role and qualifications. The state pays the educator to cover any gap between the two.

As noted, the parity rate categories also define the education and experience requirements that educators must meet to qualify for pay parity funding. There are minimum education and experience requirements based on the educator's role. For example, an administrator who oversees a Head Start program only qualifies for pay parity funding if they meet the education and experience requirements for a Category 4 parity rate or higher, whereas an infant toddler

teacher would be eligible if they meet the Category 1 requirements. This structure guarantees the educator a minimum salary while also incentivizing them to meet key education and experience standards.

ECECD developed the parity rate matrix based on the New Mexico Public Education Department (PED) salary schedule for public school teachers. To the extent possible with available funding, the parity rates are updated when PED salaries increase.

What accountability mechanisms exist to verify the use of funds?

To receive pay parity funds, early educators must submit monthly reports verifying their continued eligibility. Reports include a copy of the educator's most recent pay stub with the hours worked for the reporting month. Educators receive monthly payments after the report is received and verified by CNM Ingenuity.

How was the initiative rolled out for implementation?

Pre-K Pay Parity was the first of the pay parity programs to be implemented. It was designed in the first year of the COVID-19 pandemic, immediately following the creation of ECECD as a cabinet-level agency, and rolled out in [September 2021](#). The original design of the program included a regional salary scale for target compensation levels. However, while there was some variation among districts, it was determined that the differences were minimal and did not justify maintaining regional scales. As a result, ECECD developed the matrix of six categories of parity rates.

Because of the timing, need, and excitement around the initiative, Pre-K Pay Parity was implemented all at once: It removed a key barrier to a robust mixed delivery sector at a time when there was ongoing deterioration of both the supply of child care and the ECE workforce. In doing so, however, Pre-K Pay Parity further highlighted the stark compensation gaps for assistant teachers, compressed wages between lead teachers and administrators, and incentivized qualified lead teachers to move into New Mexico PreK programs, negatively affecting Head Start programs and the supply of infant and toddler care.

To address these issues, the state expanded Pre-K Pay Parity to include assistant teachers and administrators and developed the Infant Toddler Pay Parity and Head Start Pay Parity programs. These new programs were rolled gradually out over time and implemented using the same mechanisms and systems that existed for Pre-K Pay Parity.

What funding streams have been used to support the compensation initiative? What other funding sources were considered to support sustainability?

The pay parity programs are funded through a combination of state general funds and the Early Childhood Education and Care Fund (ECECF). The ECECF was established in 2020 and is funded primarily through revenues from oil, gas, and mineral [leasing on state lands](#). In 2025, Governor Grisham signed [House Bill 71](#), which increased the minimum annual distribution of the funds

dedicated to ECECD to the greater of \$500 million or 5% of the fund's 3-year average balance.

What outcomes have been observed since the start of the initiative?

ECECD does not currently track outcomes of the pay parity programs.

What advocacy approaches supported the success of the initiative?

The success of pay parity programs was grounded in cross-sector advocacy efforts that reframed early childhood education as a public good deserving of sustained public investment. The effort gained momentum in the early 2010s, a period marked by deep economic hardship for the state. Policymakers recognized that as a state with one of the country's lowest K–12 educational outcomes, early education needed to be a state priority. This urgency fostered bipartisan support for investment in early childhood programs. The state expanded pre-K and home visiting programs; strengthened educator preparation; and formed a collaborative and legislative caucus focused on early childhood. At the center of this work, the Thornburg Foundation brought together cross-sector leaders with a shared language and goals focusing specifically on three pillars: governance, funding, and workforce development.

The business community was one of the earliest advocates for a standalone department, recognizing that fragmented services and poor educational outcomes were hindering economic growth across the state. Building on this momentum, Governor Lujan Grisham, in partnership with the legislature, established ECECD to create a more coordinated and accountable system.

What were the challenges, lessons learned, or unintended consequences?

The state's first pay parity program focused on teachers in 4-year-old New Mexico PreK classrooms, which created concerns about negative effects for recruitment and retention of infant/toddler teachers and teachers in Head Start classrooms. These concerns led the state to implement additional pay parity programs that extended to broader segments of the workforce.

The importance of program administration also surfaced as a key lesson. ECECD partners with CNM Ingenuity to administer the pay parity programs, which has been successful in part because of the state's careful selection and management of the intermediary, with clear expectations, oversight, and goal alignment.

Washington, D.C. - Early Childhood Educator Pay Equity Fund

Washington, D.C. Pay Equity Fund supports workforce compensation goals in the District, including direct funding for wage increases. Funding was initially distributed as lump-sum bonus payments to educators, then was transitioned to a program grant contingent on meeting minimum salary requirements. Early evidence suggests a positive effect on workforce recruitment and retention across the city and a strong ROI.

How is the Pay Equity Fund structured and administered?

The [Pay Equity Fund \(PEF\)](#) is a standalone funding stream that is administered by the Office of State Superintendent of Education (OSSE) and is designed to increase compensation for early childhood educators. Funding for compensation is built into program awards.

In FY2022 and FY2023, the first years of the Pay Equity Fund, OSSE partnered with AidKit, an intermediary, to distribute payments directly to educators. AidKit hosted the application, administered funds, and provided technical assistance. Additionally, OSSE and AidKit worked with trusted community-based partners to share information about the Pay Equity Fund and help educators enroll in the program.

Since FY2024, OSSE has distributed funding directly to participating child development facilities. To participate, a child care program must opt-in to the program through an [application process](#). Once enrolled, programs receive quarterly award payments determined by the [child development facility \(CDF\) payroll funding formula](#), and they are required to pay eligible educators at least the [minimum salaries](#) established by OSSE. The salary requirement takes effect after the program receives their first quarterly award payment. Programs must meet the minimum salary requirements through regular wages—not bonuses.

What are the workforce and program eligibility criteria?

PEF guidelines require programs to meet salary requirements for assistant teachers, lead teachers, associate home caregivers, home caregivers, and expanded home caregivers. If these salary requirements are met, there are no restrictions on the types of workforce roles that can receive funding through PEF funding.

[Child development facilities](#), both center-based programs and family child care homes, that are licensed by OSSE and opt into the PEF are eligible for funding. DC Public Schools (DCPS) and charter schools are [not eligible](#) for PEF grants.

Funding is distributed on a first-come, first-served basis for as long as funding is available. However, programs may apply to be added to the waitlist for potential participation. Child development facilities on the [waitlist for entry](#) are prioritized in the following order: new owners of child development facilities currently participating in the PEF (i.e., facilities that change ownership), child care programs operating child development homes or expanded child

development homes, child care programs participating in the D.C. Child Care Subsidy Program, and child care programs that do not participate in the D.C. Child Care Subsidy Program.

What is the role of salary targets in the initiative design?

The PEF has salary targets in the form of minimum salary requirements. The [minimum salaries for FY2025](#) were based on the recommendations of the Early Childhood Educator Equitable Compensation Task Force (Task Force). The [Task Force](#) was directed by the FY2025 Budget Support Act to review implementation of the PEF to date and make recommendations to refine and improve the program, with particular attention to fiscal responsibility. As part of this charge, the Task Force was directed to propose a salary scale that considered the compensation and benefits of pre-K and kindergarten teachers in DCPS and charter schools, replacing the earlier approach that tied PEF salaries solely to the DCPS Washington Teachers Union pay scale. The Task Force found that the current bachelor's-level teacher minimum salary is aligned with the DCPS first-year teacher salary (adjusted to 12 months), placing it just above the 60th percentile of initial salaries for pre-K and kindergarten teachers across all relevant Local Education Agencies (LEAs), including DCPS and public charter schools. In its review, however, the Task Force recommended freezing the minimum salaries – meaning that the bachelor's level teacher minimum salary will no longer be linked to the current DCPS scale. Over time, as DCPS and public charter schools increase teacher pay, the minimum salary for early educators will equate to a lower percentile of LEA teacher salaries..

Minimum salary requirements vary based on [educators' roles and education level](#), ranging from \$51,006 for an assistant teacher or associate home caregiver with a CDA or equivalent, to \$75,103 for a lead teacher, home caregiver, or expanded home caregiver with a bachelor's degree or higher and at least 12 ECE credits.

All participating facilities must meet the minimum salary requirements for educators unless they have been approved for a waiver in order to receive the wage supplements. In FY2025, 8.25% of providers received waivers, and in FY2026, 5.28% received waivers.

OSSE may [waive compliance with the minimum salary requirement](#) if a program demonstrates their inability to meet the requirements without operating at an unsustainable budget deficit and meet the following criteria:

- The base undiscounted tuition rates for full-time, traditional child care must not exceed the 75th percentile of market rates.
- The program is not owned by or affiliated with a for-profit child care organization that operates six or more facilities in the District or other jurisdictions.
- Each participating facility must operate at or above 30% enrollment capacity.
- Facilities must provide care for at least 8 hours a day.
- The number of eligible educators employed at the facility does not exceed the following:

- In child development homes (including expanded homes), the number of eligible educators must be fewer than the number of enrolled children.
- In child development centers, the number of lead teachers must not exceed what is required under OSSE licensing regulations.

Additionally, a program must meet the following requirements to be granted a waiver:

- The program must demonstrate that paying the required salaries would result in an unsustainable budget deficit, even after accounting for their expected funding from the CDF payroll formula.
- The program must agree to participate in the DC Shared Services Business Alliance for financial technical assistance and share their business financial information as requested.
- The program must assure that all CDF payroll funds will be used to:
 - Increase staff wages or salaries,
 - Cover taxes and mandatory benefits, and
 - Provide health or other discretionary staff benefits.

By creating a clear waiver process, OSSE avoids further jeopardizing the financial stability of an unstable program. At the same time, OSSE has connected waivers to stipulations that support the overall objectives of the PEF. Participating in business-related technical assistance helps programs strengthen their budget outlook and practices, while requirements on spending and close financial monitoring of use of funds supports OSSE's end goal of sustained compensation increases for educators.

How are funding amounts calculated?

In FY2022, eligible educators received one lump sum payment of \$10,000 for assistant teachers and \$14,000 for lead teachers. The payments were prorated based on employment status (full- or part-time) and did not take into account years of education or experience. Education and experience were excluded in this phase because OSSE did not have complete and accessible data on experience and education; many educators were still working towards meeting education standards put forth in the 2016 licensing regulations; and the education and experience standards for the funding formula were under development. In FY2023, eligible educators received up to four payments up to \$3,500 each depending on their role and employment status.

In FY2024, when OSSE began directly distributing funding to programs rather than through an intermediary, OSSE developed the child development facility payroll funding formula ([CDF payroll formula](#)) to determine award payments. As part of the FY2025 Budget Support Act of 2024, the Task Force recommended changes to the FY2024 CDF payroll formula to reflect new budget parameters. The revised FY2025 formula consists of these four components:

- Base award: calculated using the number of eligible teachers and assistant teachers, by credential, per facility, which is multiplied by the [wage supplement amount](#) for each role

and credential. The wage supplement is the amount of funding that OSSE provides to each facility to supplement wages; it is not the amount of money that a facility must pay to an individual educator.

- Administrative enhancement: 12% increase to the base award and designed to cover mandatory employer payroll taxes that result from increased wages; eligibility limited to programs charging tuition below the 90th percentile of child care market rates. In the FY2024 formula, the enhancement was set at 15% of the base award to cover mandatory payroll taxes, which were about 10.4% at the time, and additional cost increases not included in the 10.4% (e.g., workers compensation, other benefits). Reducing this factor to 12% has not prompted any pushback from programs.
- Equity adjustments: Facilities may receive both adjustments.
 - Subsidy equity adjustment: calculated by multiplying a facility's D.C. Child Care Subsidy Program enrollment, as a percentage of its licensed capacity, by 75% of the base award (e.g., a facility with 100% subsidy enrollment will receive an increase equal to 75% of their base award).
 - Infant-toddler equity adjustment: calculated by multiplying a facility's infant-toddler authorized capacity as a percentage of its total authorized capacity (for children birth to 5), by 10% of the base award (e.g., a facility with 100% infant-toddler authorized capacity will receive an increase equal to 10% of their base award). Eligibility for this adjustment is limited to programs that charge tuition below the 90th percentile of child care market rates.
- Child development home enhancement: 25% increase to the base awards for child development homes and expanded child development homes.
- Total CDF payroll funded formula awards are prorated at 70% for facilities operating on a school-year schedule license.

What accountability mechanisms exist to verify the use of funds?

If a program has [excess funds](#) after meeting the minimum salary requirement, the remaining funds may be used to pay wages or compensation for other staff, cover health insurance or other benefits, support administrative costs associated with PEF implementation or compliance, or fund direct operating expenses associated with delivering services to children.

OSSE conducts [annual reviews of all participating facilities](#) to verify use of funding. The timing of each review depends on when a program enters PEF, with monitoring beginning no earlier than the quarter following receipt of the first CDF payroll funding award. As part of this review, OSSE examines staff records, including wage or salary information, offer letters or contracts, and payroll documents, for all eligible early educators employed by the program during the funded quarters. Additionally, OSSE cross-references staffing data in the Division of Early Learning Licensing Tool, including approved roles, credentials, and documented staff changes alongside salary requirements and policy guidance to assess the accuracy, completeness, and compliance of

program submissions under the PEF. OSSE also reviews data on enrollment and tuition rates as part of the review process.

How was the initiative rolled out for implementation?

The rollout of PEF was scaffolded. The Task Force recommended a multi-stage approach starting with direct lump-sum payments to educators through an intermediary as the short-term solution. At the same time, OSSE worked to build the infrastructure needed to support the long-term goal of integrating salary increases into regular paychecks.

The Task Force decided on this multi-stage approach for two reasons: They acknowledged that it would take time to build the infrastructure needed to distribute and monitor a direct to program payment system. Additionally, since the funds were available and ready to be distributed, the most feasible option in the shorter term was to utilize an intermediary.

What funding streams have been used to support the compensation initiative? What other funding sources were considered to support sustainability?

PEF is funded through a tax on D.C. residents earning more than \$250,000 a year. PEF is non-lapsing, meaning that unspent funds can carry over between fiscal years and do not need to be reauthorized or reallocated.

Despite its initial success, PEF faced challenges for FY2025 when [Mayor Bowser proposed eliminating the fund](#) to address budget shortfalls. Following strong advocacy efforts, the D.C. Council voted to keep \$70 million of the original \$87 million allocation, resulting in a [20% reduction](#) funding cut. For FY2026, despite [facing another budget deficit](#), Mayor Bowser announced in April 2025 that the budget would [maintain the \\$70 million](#) funding for the PEF.

What outcomes have been observed since the start of the initiative?

Since the program launched in fall 2022, PEF has paid more than \$110 million to more than 4,000 educators. In Q4 2022, two quarters after the launch of , the initial payments had increased employment levels by [an additional 100 educators \(3%\)](#).

Two in three educators also indicated that as a result of the program, they now planned to [continue working](#) in the field longer than previously expected. After 2 years of PEF, [researchers](#) found that there was a statistically significant increase in ECE employment levels in the city, suggesting that it played a key role in recruitment and retention.

A cost-benefit analysis of the program in 2023 also suggests that while PEF requires a substantial amount of investment, the benefits exceed the costs, with a 1-year ROI of [23%](#).

What advocacy approaches supported the success of the initiative?

After the Birth to Three for All Act passed in 2018, the Under3DC Coalition (Coalition) worked together to create a clear vision to complete funding and implementation of the Act. In

particular, having this unified group helped centralize conversation, establish a shared vision, and incorporate diverse perspectives, reducing the risk of potential unintended consequences of the work. However, the COVID-19 pandemic began just after the Coalition was launched, putting the Coalition's focus on the Fund as one of the top priorities to work on within the B-3 Act. While requests to fully invest in PEF were declined by the city Council in FY2021, the Coalition and DC Fiscal Policy Institute launched a tax campaign to garner public buy-in for a new tax on the District's highest earners. This tax passed through legislation and fully funded PEF in FY2022.

In budget discussions for FY2025 and FY2026, the PEF faced threats of major funding cuts, but it was the coordinated advocacy of educators, parents, and community leaders that helped preserve it. Organizations like [Under 3 DC](#), [DC Action](#), and the [DC Fiscal Policy Institute](#) quickly mobilized when cuts were proposed, organizing [rallies](#), conducting [testimonies](#) at hearings, and [meeting directly with Council members](#) to advocate for preserving the PEF.

What were the challenges, lessons learned, or unintended consequences of implementation?

During the first phase of PEF distribution—when educators received lump sum payments—OSSE learned from programs that there needed to be stronger support and clearer communication throughout the distribution process. This included assistance for directors in updating licensing information, guidance for educators during the application process, and help understanding the financial and tax impacts of receiving lump-sum payments. While OSSE and AidKit worked to keep communication open, many educators received incorrect tax forms. OSSE partnered with another organization to offer tax service and consistent messaging; the service, however, was underutilized and educators and programs received conflicting information from multiple sources. The sudden increase in income from lump-sum payments left many educators needing more guidance on how to manage the funds, especially regarding tax implications.

When the District moved from lump-sum payments to salary increases, the transition created even further confusion and anxiety for educators and program directors. Educators were uncertain about how the new pay structure would work, while some programs felt pressured to opt into PEF to retain staff despite not fully understanding the financial implications on their businesses.

OSSE also had to grapple with decisions in response to budget challenges. Although the salary scale aimed to match DCPS salaries, DCPS increased teacher salaries by 12% soon after the Task Force set the PEF's budget. As a result, OSSE had to adjust the base level of the salary scale upward to maintain parity, but this came at the expense of higher wage supplements than the Task Force had initially tied to experience.

Wisconsin - Partner Up!

Wisconsin Partner Up! was a contracted slots private/public partnership initiative funded through a combination of state resources, employer contributions, and parent co-pays. Partner Up! is a cautionary tale of how poor program administration can damage an initiative's success despite bipartisan popularity and demonstrated evidence of positive outcomes, and it offers lessons for avoiding similar pitfalls.

How is Partner Up! structured and administered?

Partner Up! was a competitive multi-payer contracted slots program designed to help programs receive payment based on the true cost of care. The program was initially administered through a third-party intermediary, Thriving Wisconsin, and brought in-house to the Wisconsin Department of Children and Families (DCF) in 2023–24. Contract funds were distributed directly to programs, who then had flexibility to allocate funding to a broad array of objectives. Partner Up! funding was a standalone contract paid out as a reimbursement every month. Funding for any compensation initiatives was built into Partner Up! contracts.

Partner Up! operated three cohorts of partnerships between businesses, child care programs, and the state over the course of 2.5 years. In the initial two cohorts, businesses contributed at least [25%](#) of the cost of care for a number of slots based on the number of their employees who received child care. Partner Up! contributed 75%. In this phase, businesses and DCF sent funds to the Thriving Wisconsin to pay out to programs.

In the last cohort, DCF took over administration of the program. Instead of sending funds to the vendor, businesses and DCF paid programs directly. Parents were asked to contribute 10% of the cost of care, which they also paid directly to programs.

There were two types of partnerships, which differed based on the role of the program:

- Third-party business, child care program(s), and state: In this contract structure, the business purchased care slots, and the state contributed funding to cover the cost for the program(s). The child care program offered care services to the business's employees.
- Child care program(s) and state: In this contract structure, the child care program was the business that purchased care for their employees. The state contributed funding to cover the cost of care. In this structure, Partner Up! became a way for programs to offer child care services to their own employees.

Participating families—that is, families for whom businesses purchased slots—were able to select any program for care (with minimal restrictions discussed below). The partner business managed a separate contract with each selected program.

What are the workforce and program eligibility criteria?

[Businesses were eligible](#) for a Partner Up! cohort if they had at least two employees, met standard Wisconsin employer requirements (e.g., Worker's Compensation insurance), and were in compliance with Wisconsin minimum wage law for all employees.

Businesses selected employees to participate in Partner Up!; eligibility was based on income (low- and middle-income wages) and the need for child care. Upcoming need (i.e., children not yet born) qualified as need for child care. Families could not receive funding from Wisconsin Shares child care subsidy program or the [Inclusive Birth to 3 Pilot](#).

Child care programs could qualify for a Partner Up! contract if they did not have outstanding debt with the child care subsidy program and were in good standing with child care licensing. The program had to demonstrate that they had a confirmed or guaranteed enrollment slot, even if the child was not yet born, and they could not unenroll children at their facility to make space for a Partner Up! enrollment slot. There were no restrictions on the program setting type.

The state was oversubscribed in partnership applications and created a ranking system to determine how to select program/employer partnerships for funding cohorts. The ranking system allocated points based on several factors:

- Number of children served through the contract.
- Region of the state.
- Families and employees with low- to middle-income wages.
- Employer contribution.¹

Because this ranking system was in place, when the state received funding to offer a second and third cohort of partnerships, they were prepared with a set of reviewed applications and able to move forward quickly with selecting partnerships and allocating funding.

What is the role of salary targets in the initiative design?

Salary targets were not a requirement of Partner Up! participation. The cost of care model used to inform program contract amounts included a salary variable.

How are funding amounts calculated?

A program's contract and the required contributions of businesses and DCF is based on the state's cost of care calculation, which included a component for salary coverage. In the context of Partner Up! program contracts, [cost of care is adjusted](#) for the age of the child, part- or full-time care, and the number of slots.

¹ Many employers contributed more than the minimum requirement for the cost of care. Employers that contributed more than the required minimum were awarded additional points.

Contracts specified payment for a specific number of slots, which remained constant over the life of the contract. Contracts did not, however, assign slots to a specific employee, age of child, or care hours. Slots could shift between employees and children over time, affecting the contract amount for programs and the financial responsibility for businesses and DCF.

What accountability mechanisms exist to verify the use of funds?

Partner Up! did not include any accountability mechanisms, audits, or reporting requirements to verify how programs spent funds. There were minimal restrictions on how programs spent the funding (e.g., capital expenses), obviating the need to monitor fund spending. This model had no guarantee that the committed funds were used for salaries.

Verifying eligibility for receiving funds was a priority, but one that was not successfully implemented. In theory, the Partner Up! contract was void if, for example, the child care program lost their license, the business did not pay their share of funding to the intermediary, or the employee switched to another program or stopped working for the business. But these factors were not consistently assessed. As a result, many businesses benefited from care that they did not pay for, and many child care programs received funding that was not warranted. At this time, those businesses and child care programs are in collections for repayment of funds.

How was the initiative rolled out for implementation?

To support implementation, Partner Up! included funding for a network of Business Child Care Advocates (BCCAs), staffed from the state's child care resource and referral agencies. BCCAs offered technical assistance and administrative support to programs, families, and businesses, and they played a key role in preparing partnerships for the implications of the end of funding.

Business and family responsibility for cost of care was increased over time for renewing partnerships with the theory that both parties would become further invested in and see the value of child care as an employee benefit. This weaning had the added advantage of gradually reducing the state's financial obligation, allowing the state to extend the reach of funding.

What funding streams have been used to support the compensation initiative? What other funding sources were considered to support sustainability?

Partner Up! cohorts were funded using federal dollars: ARPA; the Coronavirus Response and Relief Supplemental Appropriations Act; the Preschool Development Grant; and Quality Jobs, Equity, Strategy and Training (QUEST). QUEST was managed in partnership with Wisconsin Department of Workforce Development, whereas the others were fully managed by DCF. All funding sources were time-limited from the outset. Governor Evers sought to fund Partner Up! in the 2023–25 biennial state budget but was not successful; legislators removed the program from the budget. Governor Evers is again seeking funds for 2025–27. No other funding sources have been publicly considered at this time.

What outcomes have been observed since the start of the initiative?

In 2022–23, an external research firm evaluated Partner Up! outcomes. The [program evaluation](#) found that Partner Up! had strong, positive effects for businesses, employees, and child care programs. More than 60% of participating businesses said that the program had a significant impact on their organization’s revenue or growth; 70% said that Partner Up! helped their organization avoid labor shortages and attract and retain quality employees.

Employee experiences were even more positive. Nearly 90% of employees said that Partner Up! had a significant impact on their decision to continue working for their current employer; 93% said that the program had a significant impact on their satisfaction with their employer.

Child care programs indicated that the primary benefit of Partner Up! was on their business’s success through growth or increased revenue; they were also able to increase staff salaries. More than 80% reported that they would participate in Partner Up! again.

The program evaluation also includes valuable insights on ways to improve the program. The challenges were almost exclusively related to logistics and administration, such as confusion on timelines and inaccurate, late, or confusing statements and invoices.

What advocacy approaches supported the success of the initiative?

The Partner Up! model was—and continues to be—loved on both sides of the aisle and across the early childhood and business communities. Promotion for initial and extended funding was driven by vocal employers’ support of the program, both in partnership with DCF and on their own. Employers did radio shows, provided testimony at public meetings, and spoke at local Chambers of Commerce and Rotary Clubs events. Once the program launched, DCF engaged with the media to hear from and interview former DCF Secretary Amundson, employers, and employees who benefitted from the program. Despite these successes, the program has stalled without federal resources and there has been an unwillingness to commit state general funds.

What were the challenges, lessons learned, or unintended consequences?

In many ways, Partner Up! is a cautionary tale. The program had strong bipartisan political support, grassroots advocacy from across sectors, and compelling outcomes. However, substantial challenges with program administration created a much larger burden than was initially anticipated and ultimately wore away at the program’s success and potential future. At the heart of the issue was an underperforming program intermediary, design choices that prioritized flexibility over efficiency, and inadequate program oversight. Each of these challenges offer lessons as Colorado looks forward, discussed below.

The emphasis on flexibility contributed to the administrative complexity. Program contracts were frequently being adjusted. Businesses had contracts for a certain number of slots, but the contract amount would shift depending on the age and hours of care. If the business wanted to shift the slot from an employee who had a 2-year-old to an employee who had a 5-year-old, for

example, the cost of care calculation would reflect that change and the contract amount for the program would be reduced. If the business did the opposite and shifted a slot from a 5-year-old to a 2-year-old, DCF is now responsible for a higher cost. If an employee wanted to change the contract to a different program, a new contract had to be drawn up with the new program and closed with the original program. If a program lost their license, they were no longer eligible for funding; the contract had to be terminated, and the family had to find a new program or lose their child care benefit. These scenarios, and many others, made administration difficult for businesses, programs, and DCF.

At the same time, program flexibility is also why Partner Up! received such political and public support. DCF's perspective is that there are ways to maintain flexibility and ease administrative burden: limit contract adjustments to quarterly or semiannually, pay contracts to programs in advance, and continue direct payments from businesses and families to programs.

Consistent funding streams and implementing accountability measures with fidelity would have further reduced administrative burden. There were four funding streams over the course of 2.5 years, each with distinct requirements. Contracts also required ongoing monitoring for business, program, and employee eligibility, and the intermediary did not have strong documentation or monitoring practices. For example, contracts were to be terminated if the business did not contribute their share for 2 consecutive months. As a protection to the program, DCF made up the difference while the contract was still ongoing. But the intermediary was not consistent in terminating contracts, leading to situations where DCF was covering the entire cost of care and—per the Partner Up! contract—the business is now responsible for repayment.

Relatedly, a lesson learned for DCF was that programs needed more business supports to understand the terms of the contract and manage internal accounting. BCCAs were designed to play this role, but many programs fell through the cracks. For example, programs trusted that the funding they received from the intermediary was correct and did not necessarily compare it to the amount outlined in the contract that they should receive for the children they enrolled. In some cases, programs received less than intended. In other cases, programs continued receiving funds when a contract should have been terminated or received more funding than the number of enrolled children warranted. Those programs, too, are now responsible for repayment of funds. These consequences are, of course, a result of poor vendor monitoring. At the same time, programs could have been better supported to protect their own interests.



Colorado Evaluation & Action Lab
UNIVERSITY OF DENVER

Chapter 3: Initiative Design Recommendations



Chapter 3: Initiative Design Recommendations

In the third phase of this work, Pillars leveraged the findings from the Colorado environmental analysis and the national scan to craft recommendations for a state-level compensation initiative. The objective of this phase was to further analyze other states' initiative design and implementation decisions, discussed in Chapter 2, and adapt those lessons and best practices to fit Colorado's context and existing efforts, discussed in Chapter 1. This in-depth research and analysis led to a framework of design choices for Colorado to consider as the state creates a workforce compensation initiative and builds a strategy and plan for implementation.

This chapter provides an overview of the recommendation framework and the types of design choices included in it; clarifies the guiding principles that undergird the recommendations; and explores the scope, rationale, and considerations of the recommendations for each of the design components.

Methods

The design recommendations reflect an ideal initiative design based on the research team's independent analysis of successful initiatives in other states and Colorado's context and priorities. These recommendations were developed for the Early Childhood Leadership Council's Compensation and Benefits Working Group. The Working Group will make final decisions on design recommendations for a state-level compensation initiative and recommend specific plans for implementation based on what is possible at this point and what could be possible in the future.

Initiative Design Framework

The recommendations are organized into eight categories based on the key design decisions of any compensation initiative.

- Initiative structure,
- Program and workforce eligibility,
- Role of salary objectives,
- Award allocation,
- Recipient prioritization,
- Permitted use of funds,
- Accountability mechanisms, and
- Approach to implementation.

Guiding Principles

The Pillars team found that in successful compensation initiatives, there is a clear theory of action that drives initiative design. With that in mind, the initiative design recommendations are grounded in three guiding principles that were informed by the perspectives of Colorado stakeholders and enabling conditions in other states.

Targeted Universalism

States and localities often experienced a tension in determining who would benefit from a compensation initiative: Should the initiative be targeted toward certain populations to address systemic inequities, or should it be universally accessible regardless of context?

The design recommendations drive toward targeted universalism, smoothing out the conflict between the two choices. In this approach, the first priority would be meaningful, worthy compensation increases for the ECE workforce, regardless of how that population is defined. In an ideal funding environment, the initiative would be universally available to the entire workforce. Under constrained resources, the initiative would allocate funding where it would address the greatest gaps in compensation and resources. The initiative would drive toward eventual universal access through a sequence of targeted strategies. The design recommendations presented in this chapter would create the enabling conditions to implement the initiative across all communities while clearly enumerating strategies for where to begin and how to build and expand access as funding becomes available.

Complement, Not Cover

The design recommendations are built on the idea that, through this initiative, the state would commit public resources to increasing ECE workforce compensation—and that funding would work alongside programs' investments in their staff. The initiative would not fully offset the costs of salaries for programs but rather extend the impact of dollars currently spent.

Part of Something Bigger

This work focuses on a state-level initiative to increase ECE workforce compensation, specifically salaries and wages. The recommendations, however, assume that the initiative would align with and reinforce the state's broader goals for ECE. The state's investment in this initiative and workforce compensation would be considered in the context of an overall financing strategy, where the sum of public dollars across initiatives would be aligned with and support the state's cost model.

Initiative Design Recommendations

The section explores the recommendations for the eight initiative design categories based on the research team's analysis of successful initiatives in other states and Colorado's context and priorities. A summary of the initiative design recommendations and reference states is in [Appendix G](#).

Design Recommendation 1: Initiative Structure

Initiative funding would be allocated as a **program-level grant**. The center or home would use funds to increase **regular salaries or wages**. The initiative would be **administered by the state**, authorized **annually**, and allocated **quarterly in advance** of the funding period. With sufficient resources, the initiative would be administered as a **formula** grant. If there were funding constraints, resources would be allocated according to **prioritization** and **ranking factors**.

Initiative funding would be allocated as a program-level grant; the center or home would use funds to increase regular salaries or wages.

In a program-level grant structure, the center or home would receive state initiative funding and then distribute those funds to increase compensation. Through this structure, additional funds would be incorporated into eligible staff's regular salaries or wages and thus received as part of a comprehensive compensation package offered by the employer to the employee. Initiatives in **Alabama, D.C., Georgia, Illinois, and Minnesota** use this approach.

The alternative approach is for funding to be allocated directly from the state to educators. In initiatives that use this strategy, such as in **New Mexico**, educators receive additional funding as a wage supplement through a separate process, often through an ACH payment or direct check.

There are critical drawbacks to this state-to-educator approach. First, unless Colorado decides to cover the entire cost of educator compensation, a state-to-educator approach would likely be administered as a stipend. As discussed in Chapter 1, stipends carry a negative connotation. Educators perceive stipends as one-time or temporary financial recognition rather than a guaranteed, recurring increase to their regular salaries, which creates a sense of income instability. The same is true even in situations when the payment is recurring or layered on top of current wages, such as in **Maine**. Further, the state-to-educator approach weakens the relationship between employer and employee. Because the educator receives this funding from the state, it is not perceived as part of a comprehensive salary and benefits package through their employer as true recognition for the skills and capacity required of their role. Evidence from [within](#) and [outside](#) of the early childhood field suggests that employer compensation and income stability overall are critical drivers of workforce retention.

The compensation initiative would be administered by the state.

In the proposed design, the compensation initiative would be administered by the state, rather than through an intermediary. In this approach, the state would perform the integral functions of the initiative, including orchestrating the enrollment process, confirming eligibility, disbursing funds, and monitoring appropriate use of resources. Compensation initiatives in **Alabama, D.C., Georgia, Maine, and Minnesota** are administered directly by the state.

A state-administered initiative would be valuable for the recommended design. Similar to D.C., Georgia, and Minnesota, the proposed funding formula for Colorado, discussed in the Award Allocation section, would incorporate multiple program- and educator-level variables, and the

state has access to existing data systems integral to initiative implementation (e.g., PDIS and Colorado Shines), warranting a deeper state involvement in administering funding. Further, complete and successful implementation of this initiative would require state-level investments to enhance existing data systems and access to new types of data (e.g., payroll), increase alignment across state systems, and streamline the provider experience. The state is best positioned to coordinate across these systems, strategies, and investments. Housing the compensation initiative internally creates a starting point for future alignment efforts moving forward. There is inherent value to creating a direct connection point between programs and the state, for both tactical, practical purposes and to deepen relationship and trust building.

Administering initiatives via an intermediary, such as in Illinois, New Mexico, Wisconsin, and initially in Washington, D.C., tends to be more effective in situations where the funding formula is less complicated and if the intermediary has direct access to data systems and infrastructure necessary to award and monitor grantees. In **D.C.**, for example, the first phase of the Pay Equity Fund was a flat educator bonus; at that point, funding was administered through an intermediary. After the Pay Equity Fund shifted to program-level awards, however, administration moved in-house to the Office of State Superintendent of Education (OSSE). OSSE moved away from an intermediary because calculating and monitoring Pay Equity Fund awards requires access to multiple provider-level variables from several different data systems, all of which are housed internally at OSSE. Further, OSSE already has infrastructure in place to administer funds directly to programs, and OSSE has a vested interest in collecting program data not available through existing systems (e.g., tuition and salaries) and can do so by directly administering Pay Equity Fund grants.

Allocating additional funding for compensation is not sufficient to truly address the challenges with ECE workforce recruitment, retention, and well-being. States and localities such as **D.C.** and **Wisconsin**, for example, found that programs and staff benefited from business supports and training to provide guidance on initiative implementation and spending decisions. As noted in the Permitted Use of Funds section, this initiative would include these types of supports. With that in mind, as a complement to state-level administration, the state would engage with trusted community organizations to operate as local implementation partners to take on this training and support role and any other strategic roles of initiative implementation (as defined by the state) that would be more appropriate for a community organization that is geographically proximal to and has existing relationships with local programs. This state/local administration strategy responds to feedback heard during the Colorado environment analysis. Several initiative leads indicated that using an intermediary was critical in building trust among voters and could be beneficial for developing relationships with providers.

Policy Design Consideration

A state-administered initiative is most effective under the conditions discussed above. An intermediary should be considered if the state selects a flat funding formula, does not have the interest or capacity to manage multiple data systems, or believes voters would deny an initiative with state involvement.

Grants would be authorized annually and distributed quarterly, in advance of the funding period.

In the recommended design, the state would distribute grants to programs in advance of funding periods. With advanced grants, programs would start the funding period with sufficient resources to meet the terms of the grant. Grants distributed after the funding period require programs to “front” the costs of complying with grant requirements using existing program funds. In **D.C.**, **Illinois**, and **Maine**, programs participating in compensation initiatives receive funding in advance.

Advanced grants foster stability for programs in a largely unstable funding environment and, in doing so, create the conditions for a stronger initiative design. With advanced funding, the rigor of grant requirements can be commensurate with the resources provided, rather than what might be possible with existing program funds. Advanced funding also expands the reach of the initiative; lower-resourced programs that lack the assets to comply with upfront grant requirements would be able to participate.

At the same time, advanced distribution of grants would introduce some risk for accurate award allocation and appropriate use of funds. To reduce that risk, in the proposed initiative the state would distribute grants quarterly, reassessing grants on that same timeline and implementing consistent monitoring practices, discussed in the Accountability Mechanisms section. **Illinois** and **D.C.** allocate grants on a quarterly basis, while **Maine** allocates funding monthly. A quarterly approach balances the known risk with the capacity required for administration.

With sufficient resources, the initiative would be administered as a formula grant; if there were funding constraints, resources would be allocated according to prioritization and ranking factors.

As a formula grant, the recommended initiative is intended to operate as an entitlement, accessible to the entire eligible population with specific award amounts based on a formula developed by the state. If there are insufficient resources to serve the entire eligible population, a state-defined ranking or prioritization system would determine the order in which eligible recipients would receive grants as funds become available. This targeted universalism approach leverages targeted strategies to work toward a universal goal. In this case, in the absence of full funding of the initiative, grants would be allocated to programs based on the

alignment with the state's objectives. Recommendations for potential prioritization and ranking factors are discussed later in this section.

Compensation initiatives in **Alabama, D.C., Georgia, and Wisconsin** use targeted universalism approaches. The states maintained the same approach to award amounts and defined priorities for which programs received funding in the event of limited resources, even if that meant fewer programs overall received awards. By way of comparison, when **Maine** was faced with funding constraints, the state reduced the stipend amount that educators received. The entire eligible population received stipends, but the stipend amount received was lower. Maine prioritized universal access to funding, whereas a proposed guiding principle of this initiative is to prioritize meaningful increases to workforce compensation, even if doing so requires difficult choices about who will receive funding.

Design Recommendation 2: Program and Workforce Eligibility

Licensed family child care homes and center-based programs would be eligible for grant funds. Programs would be able to use grant funds toward staff in **all program roles**. There are **minimum child enrollment** and workforce role **FTE** and **qualification** requirements to be eligible for funding formula calculations.

Licensed family child care homes and center-based programs would be eligible for grant funds.

Funding through this initiative would be limited to licensed family child care homes (FCCH) and center-based programs. [License-exempt programs](#) and school districts would not be eligible.

In **D.C., Illinois, Maine, Minnesota, New Mexico, and Wisconsin**, staff employed by school districts are ineligible for compensation initiatives. These initiatives were specifically designed to reach programs and staff that do not have access to the resources more readily available to school districts. For example, the catalyzing force behind the first New Mexico Pay Parity program was not to achieve pay parity between early educators and K–12 teachers, but rather to balance out compensation for New Mexico pre-K staff in center-based compared to school-based settings. In Illinois, eligibility for Smart Start Workforce Grants is restricted to classrooms only funded through private pay or the state's child care subsidy program.

Colorado does not necessarily share the perspective that school districts should be excluded from this initiative on grounds of access to more resources. The reality is, however, that this initiative would not be the most effective strategy for improving compensation for district educators and there are better levers to pull.

Several leads of Colorado compensation initiatives that currently include school district recipients explicitly recommended against doing so in a state-level initiative. There was additional administrative burden. Allocating funding to the school system necessitated a new process that was substantially different from the process for community programs, requiring more staff time to manage both processes. Additionally, the school system charged a much

higher fee for administering funding. These implementation challenges exist even in states that encourage school district participation, such as **Alabama** and **Georgia**. These states have vastly different processes for administering grants to school-based and center-based awardees, in part because there are tensions between schools' and centers' funding mechanisms, monitoring structure, and data systems. Evidence suggests that there are issues with compensation among all program settings in Colorado, including for [staff of school districts](#). In theory, Colorado could create new systems and processes to try to reduce the administrative burden of allocating funding to school systems as part of this initiative. However, that time and capacity could be spent investing in other systems alignment infrastructure (e.g., data systems) that might support a broader range of program settings and workforce roles.

License-exempt care, particularly [family, friends, and neighbor care \(FFN\)](#), is [an integral component](#) of Colorado's ECE landscape, and [states across the country](#) are eager to develop strategies to more deeply support FFN caregivers. Only one state from this analysis, Minnesota, includes license-exempt child care centers in its compensation initiative and is able to do so because of the state's [certified license-exempt designation](#).

A key challenge is that FFN providers rarely “fit” within the existing infrastructure that states would usually leverage to engage with other types of child care programs, particularly child care licensing. Most states have a robust child care licensing system, used to clarify educator training requirements, access program data, maintain communication, provide technical assistance, and set funding eligibility criteria, among many other functions. Because FFN providers fall outside of licensing requirements, that connection point between program and state does not exist, nor do any of the systems or supports that go with it. At the same time, it doesn't make sense to require FFN to meet the same licensing standards as other programs just to create that connection point: becoming licensed is a complex, time-consuming, and expensive process that can feel burdensome from the perspective of, for example, a grandparent caring for their grandson. To address these issues, states either create workarounds to give FFN access to the resources they would have if they were licensed—like developing a separate process for FFN to become eligible for child care subsidy funding—or FFN remain disconnected.

Further, several of the conditions built into the grant do not align with how FFN operate, and other conditions require broader consensus building and decision making on complex issues in order to apply to FFN. These recommendations are not intended to exclude FFN, but to achieve the objectives of the initiative while maximizing the funding that goes directly to programs and the ECE workforce. None of the options for broadly including FFN in the initiative—building a new infrastructure, creating a separate set of unwieldy grant conditions and processes to implement them, and delaying implementation until complex decisions are made—are in the best interest of the state or FFN providers. The challenge with incorporating FFN into existing systems is not an issue specific to this initiative; it spans programs within and outside of ECE, and should be treated with an eye toward the broader role the state wants to play in engaging FFN across all of its systems, not through the lens of a specific initiative.

Policy Design Consideration

Successful and efficient implementation of this initiative would require the state to align new and existing infrastructure. During that work, it will be critical to monitor the evolution of the infrastructure of intersecting programs and communities—like FFN and school districts—for opportunities to address current challenges and head off future issues.

Programs would be able to use grant funds toward staff in all program roles. There would be minimum child enrollment and workforce role FTE and qualification requirements to be eligible for funding formula calculations.

The compensation initiative would define distinct child enrollment and workforce eligibility criteria for roles that would be included in funding formula calculations and roles that could benefit from grant funds.

Role eligibility for formula calculations would be defined according to Colorado's [statewide salary scale](#) framework: full-time employees (FTEs) in specific child-facing or supervisory roles who meet or exceed qualification minimums. Child enrollment requirements would determine the number of eligible FTEs in a program. In the context of these recommendations, moving forward staff who are counted toward the funding formula are referred to as “qualifying FTEs.”

Staff in any role would be eligible to receive or benefit from initiative grant funds; program leaders would not be restricted to using funds toward certain roles (e.g., only direct care roles). Program leaders would determine how they allocate grant funds, including which roles receive funding. As a condition of funding, discussed in the Permitted Use of Funds section, programs would be required to meet salary thresholds for qualifying FTEs. Excess funds remaining after salary obligations are met could be used to support compensation increases for other staff.

Alabama, D.C., Georgia, Illinois, and Minnesota use this combined approach to workforce eligibility. In these initiatives, awards are calculated based on child-facing and/or supervisory FTEs, but programs can use funds toward staff in all roles. Among these initiatives, **Minnesota** is the only one that does not define any salary requirements for qualifying FTEs; in the other states, only excess funds could be used to support other program staff. Additional information about the recommendations for Colorado and practices in other states is provided in the Award Allocation and Permitted Use of Funds sections.

Policy Design Consideration

Throughout the initiative, several design components required a perspective on the relative importance of different workforce roles. In those situations, the recommended design choices are aligned with the roles and qualifications in the Colorado statewide salary scale framework.

Design Recommendation 3: Role of Salary Objectives

There would be **newly defined salary floors** added to the existing statewide salary scale. These salary floors would function as **minimum salary requirements** for grant recipients.

There would be newly defined salary floors added to the existing statewide salary scale.

This recommended initiative would require the state to update the [statewide salary scale framework](#) to include minimum salary floors alongside the current salary scale targets. The salary floors would identify a level of compensation that, while not the end goal salary, reflects a meaningful improvement to workforce wages. Similar to how the current salary scale targets [were defined](#), the salary floors would be defined according to clear and justifiable anchor points and compared to current wages of Colorado's early childhood workforce. There are state efforts currently underway to collect updated salary data.

One of the anchor points for the current salary scale targets in Colorado, for example, was pay parity with district K–12 educators. A salary floor might instead use an anchor point that reflects progress toward parity. In **D.C.**, the Pay Equity Fund salary floor for a bachelor's degree level early educator aligns closely with the salary of a first-year teacher in District of Columbia Public Schools (DCPS) and hits at the 60th percentile of salaries of comparable roles across all DCPS and charter schools in the District.

Additionally, Colorado initiative leads, providers, educators, and other stakeholders suggested that there are stark differences in geographic cost of living that are not fully addressed in policy or discussion, including in the salary scale. With this in mind, the state could consider developing salary floors in a way that aligns with more precisely differentiated geographic areas based on cost of living.

Policy Design Consideration

The salary floors defined for this initiative represent an interim step on the way toward worthy compensation for the ECE workforce. It will be important to communicate that perspective broadly to avoid the perception that the state is lowering its expectations for workforce compensation or that the issue of compensation has been "solved" if salary floors are met.

Salary floors would function as minimum salary requirements for grant recipients.

The newly defined salary floors would function as minimum salary requirements for grant recipients. As a condition of the grant, programs would be required to compensate qualifying FTE at or above the salary floors. Compensation initiatives in **Alabama, D.C., Georgia,** and **Illinois** also require grant recipients to meet salary requirements. Additionally, **New Mexico** defines salary requirements for educators in its Pay Parity programs.

Focusing the initiative on salary floors, rather than the salary scale targets, is an intentional strategy. Based on the available data on Colorado ECE workforce wages, few programs pay target salaries, and many educators earn far less. For example, only 1.2% of center-based early childhood teachers with the base level qualifications earn the salary scale target. The median salary for a small center director with ECPC Level VI teachers is nearly \$25,000 less than the target salary. Taken together, the total cost of moving the workforce to salary scale targets would likely far outpace funding that might be available for this specific initiative.

With that in mind, instead of striving toward target salaries for few, this initiative would work to raise the floor for many. The goal would be to meaningfully increase the minimum salary an early educator could expect to earn upon entering the profession, addressing a key barrier to recruitment and [retention](#). **Illinois** takes a similar approach to Smart Start Workforce Grants.

Because the salary floors would align with Colorado's statewide salary framework, the salary requirements in this initiative would only apply to staff who hold the child-facing and supervisory roles and qualifications defined on the statewide salary scale. The initiative would not define salary requirements for other roles. **Alabama, D.C., Georgia,** and **Illinois** only define salary requirements for child-facing roles; **New Mexico** defines objectives for these roles and directors/assistant directors. **D.C., Georgia,** and **New Mexico** also differentiate salary requirements based on the educator's qualifications.

Design Recommendation 4: Award Allocation

Grant awards would include **two components**: a **base award** (calculated according to the **number of qualifying FTE**) and **award adjustments** (award **multipliers** based on **program characteristics**). Awards would be reviewed and adjusted **quarterly** to reflect **actuals**; **changes** that affect grant awards would not be reflected until reviewed by the state.

Grant awards would include two components: a base award and award adjustments.

In this recommended initiative, the base award would be the standard award amount that a program could expect to receive. In addition to the base award, a program could receive prorated funding based on specific characteristics that reflect the state's priorities (e.g., capacity for certain types of care). The base award and the award adjustments would be calculated by a formula defined by the state. Programs would receive the combined funding as one lump sum grant to contribute to the overall program budget. **D.C., Georgia, Illinois, Maine,** and **Minnesota** use a similar base award/award adjustment payment calculation approach.

The combined base award/award adjustment approach would allow Colorado to simultaneously support specific educators and the program overall. The base award would provide all programs with a starting point of funding based on the number of qualifying FTEs they need to compensate. The award adjustments would shift award amounts to account for differences in the program's overall costs, access to resources, or other characteristics that might affect their ability to meet salary floors. This would create an opportunity for Colorado to

leverage available funding to progress toward broader objectives and priorities in the early childhood field.

Base awards would be calculated according to the number of qualifying FTE in a program.

Base awards would be calculated based on the number of qualifying FTE in a program multiplied by the per-FTE award amount. Qualifying FTE would be defined as full-time program staff who hold one of the roles and qualifications on the Colorado salary scale framework. The per-FTE award amount would also align with the salary scale framework. There would be a distinct award amount for each combination of role, qualifications, and region on the framework, where the relative award amounts reflect the relative target salaries. Base awards for **D.C., Georgia, and Minnesota's** compensation initiatives are calculated by multiplying a program's direct care staff by a per-staff award amount. In D.C. and Georgia, award amounts are differentiated by role and qualifications; in Minnesota, the number of qualifying FTE is determined by the total number of direct care hours provided by the program.

In this initiative, not all qualifying FTE would be included in the base award calculation. Instead, the number of qualifying FTE included in the base award formula would be capped according to group size and ratio staffing assumptions, applied to the program's child enrollment. **Alabama, Georgia, and Illinois** apply similar capping practices in grant awards. For example, in **Illinois**, award amounts assume that each center-based classroom will have a lead teacher and each family child care home will have an owner/provider; depending on enrollment of the classroom or home, there may also be an assistant teacher or a family child care assistant. Additional information about these approaches is available in Chapter 2.

In the recommendations for this initiative, for each FCCH or center-based classroom, the award amount formula would be capped at up to two qualifying FTE. The qualifying FTE cap for an FCCH would depend on the home's total child enrollment, while the cap for a center would depend on the number of classrooms that meet minimum child enrollment requirements. The initiative recommended for Colorado could use the following child enrollment standards to inform staffing assumptions:

- Preschool classrooms ≥ 16 children: teacher and assistant teacher.
- Infant/toddler classrooms ≥ 8 children: infant or toddler educator and staff aide.
- Infant/toddler classrooms ≥ 4 children: infant or toddler educator.
- Family child care homes ≥ 6 children: owner and FCCH aide.
- Family child care home ≥ 4 children: owner.
- Only one director/program supervisor per site.

For example, if an FCCH had six or more enrolled children, the base award formula could include up to the per-FTE amount for the owner and a full-time FCCH aide. If the FCCH enrolled fewer than six children, however, the base award calculation could only include the owner. Similarly, if a center-based program had four infant classrooms, each with eight or more

children enrolled, the program's base award could include up to eight qualifying FTE: four infant educators and four infant staff aides. The program's base award is calculated using the per-FTE award amount for each of the qualifying FTEs across the entire home or center, defined on the salary scale according to the FTE's role and qualification and the program's region.

These staffing assumptions would apply to base award calculations even if the program's actual staffing model differed. For example, the base award for the infant classrooms in the center mentioned above would be calculated using the infant educator and infant staff aide per-FTE amounts, even if the classrooms were actually staffed by two infant educators.

The staffing assumptions and child enrollment minimums outlined above start with Colorado's child care licensing ratio and group size standards as a reference point, then reduce the child enrollment minimums to allow programs to continue receiving funding even if enrollment dips below the maximum group size/ratio allowances. Capping the qualifying FTEs based on home or classroom child enrollment would create predictability in award amounts, expand the potential reach of funding, reduce oversight burden, and limit the incentive to overstaff.

Policy Design Consideration

Calculating base awards using actual staff qualifications creates administrative complexity, particularly in a capped funding model when the program's base award may not reflect actual staffing. Automating reporting processes by aligning data systems such as PDIS would be critical for implementation, as will detailed guidance that clarifies calculations.

Award adjustments are base award multipliers that would respond to program characteristics.

A program's total grant award would be the product of its base award and any applicable award adjustments. Award adjustments are multipliers based on specific program characteristics, shifting the total award amount either up or down depending on the characteristic. **D.C., Georgia, Illinois, Maine, and Minnesota** use these adjustments in final award calculations. The degree and direction of the adjustment differs according to each state's specific objective.

Colorado's past work and the decisions of other states surface several potential award adjustment objectives and categories that could be valuable in the proposed initiative. To develop award adjustments, Colorado would first need to identify the funding gaps or priorities that the base award would not fully address, then select award adjustment types and weights to allocate additional resources to meet outstanding needs. Determining award adjustment types and weights would depend on the relative importance of factors across the list.

- *Build supply of certain types of care:* Award adjustments could provide additional funding to accommodate higher-cost care types or incentivize a specific type of care. In **D.C.**, the funding formula includes base award increases proportional to the program's infant and toddler capacity, up to 10% of the base award, and the program's child care

subsidy enrollment, up to 75% of the base award. In **Minnesota**, programs are eligible for a 10% increase in their base award for enrolling children through the Child Care Assistance Program or the Early Learning Scholarship program.

- *Prorate funds by services offered:* Award adjustments could increase/decrease funding to align with service duration. For FCCHs with aides, **Illinois** adjusts award amounts based on the number of hours the aide works. Programs in **D.C.** that only operate on school-day, school-year schedules receive 70% of the total grant award. **Georgia** prorates grant awards based on the number of children enrolled.
- *Balance out geographic differences:* Award adjustments could address location-driven imbalances, such as in response to a program's [Child Opportunity Index](#) level, cost of living, or [number of children per licensed slot](#). In **Minnesota**, programs are eligible for a 10% increase in their base award if they're located in a [Child Equity Access Area](#). The funding formula in **Georgia** is adjusted to reflect differences in certain costs for centers in metro areas vs. in nonmetro areas.
- *Offset initiative implementation costs:* Award adjustments could be used to reduce the additional costs programs face in implementing the initiative (e.g., shared service alliance fees and payroll systems). **Maine** adds 7.65% to base award amounts to cover the cost of FICA taxes. **D.C.** adds 12% to cover additional taxes and other administrative costs
- *Allocate more funding to those with fewer resources:* Award adjustments could be used to organize relative funding amounts based on variables that reflect the program's current resources. In **D.C.**, programs that charge tuition that is at or above the 90th percentile of child care market rates are ineligible to receive certain award adjustments. Center-based programs in **Georgia** receive slightly higher funding than schools to account for the existing benefits structure in local school systems.

Policy Design Consideration

In selecting award adjustments, the state should balance simplicity and perfection. Each additional variable increases the complexity of the formula, which brings administrative costs for both programs and the state. Consider if it is possible to achieve the same or comparable objective with fewer variables.

Awards would be adjusted quarterly to reflect actuals; changes that affect grant awards would not be reflected until review.

Several of the variables in base award and award adjustment calculations could be fluid and shift over time, such as an educator who raises their ECPC level or an increase in a program's child care subsidy enrollment. Attempting to monitor and adjust award amounts in real time would require constant oversight and substantial capacity for implementation. In **Wisconsin**, the complexity and burden of implementation was driven in large part by the frequent and recurring adjustments to contract awards that the state permitted. While this decision was

intended to support flexibility and accuracy, it created an administrative challenge that was never successfully implemented.

In the recommended initiative, grant awards would be reviewed quarterly. The state would look at both the previous and upcoming funding period at this point. It would review if programs received the correct award amount during the previous funding period and would calculate the grant award for the next funding period to make adjustments based on actuals if necessary. **Illinois** and **D.C.** follow the same quarterly approach. Depending on Colorado's approach to oversight—discussed in the Accountability Mechanisms section—the program's upcoming award could or could not reflect any discrepancies identified in the previous award.

Policy Design Consideration

Quarterly award assessments would require a level of comfort with the possibility that a program might receive more funding than they are eligible for that quarter. In the interest of reducing implementation complexity, other states have decided that the tradeoff is worth it and strong monitoring practices between quarters reduce the risks. However, Colorado will need to determine how to balance these factors in its decision making.

Design Recommendation 5: Recipient Prioritization

Awardees would be considered according to a **ranking system** that would produce a **tiered list** of potential recipients, **beginning with a targeted group** that could be expanded **toward universal access** as more funding became available. The system would assign a **flat** or **proportional** number of **points** to **defined ranking factors**.

Awardees would be considered according to a ranking system that would produce a tiered list of potential recipients, beginning with a targeted group that could be expanded toward universal access as funding became available.

The proposed ranking system would support the initiative's overall guiding principle of targeted universalism. Through the ranking system, the state would develop a comprehensive and transparent ongoing strategy for allocating grants in the absence of funding for full implementation. **Wisconsin** used a similar ranking system. It was not clear if there were going to be multiple rounds of funding, so the state tiered all initial applicants based on key priority characteristics, creating a list of potential awardees. This approach allowed the state to efficiently select recipients, allocate funding, and begin services as funding was allocated for a second and third cohort.

The system would assign a flat or proportional number of points to defined ranking factors.

The concept of ranking factors is similar to award adjustments. The state would define in advance a relative ranking of program characteristics that align with the objectives of the initiative. Decisions about ranking factors would also be similar to award adjustments. The state would need to first precisely define the objectives for the initiative, then select and quantify

ranking factors that support those objectives and balance the tradeoffs. **Alabama, D.C., Georgia,** and **Wisconsin** have defined ranking factors.

Substantively, there would likely be overlap between the categories and relative weights of award adjustments and ranking factors, in that both types of program characteristics reflect the state's priorities for funding allocation. For example, the state could create ranking factors that favor programs that offer certain types of care and align the types of care with the care identified in award adjustments. In **D.C.**, child care subsidy enrollment is a factor that is common between both the award adjustments and the program waitlist decisions.

The state could also consider ranking factors that complement award adjustments or fall into similar categories. For example, if Colorado wanted to support programs with fewer resources, the state could create an award adjustment that prorated funding for programs with higher tuition rates and select a complementary ranking factor that favors funding allocation to programs with lower tuition rates. **Georgia** does something similar with geographic characteristics. The state complements its metro/non-metro award adjustment with a ranking factor that prioritizes programs in communities that have a Georgia pre-K waiting list.

Colorado could also consider using ranking factors to incentivize certain program operations decisions that should not necessarily be an eligibility requirement. For example, as noted in the Approach to Implementation section, administrative burden would be greatly reduced if certain monitoring functions could be automated through program participation in state-level data systems. Reduced burden for the state means less funding required for administration, allowing more funding to go directly to programs and educators. The data systems would also automate processes for programs, leading to more accurate data and less time uploading documents. Colorado could include a ranking factor that favors programs that participate in these systems. Other ranking factors might include programs that participate in a shared services alliance. If the state selects this type of ranking factor, it would be important to head off barriers to participation, such as through including an award adjustment that covers the cost of participating in the state data system or creating an API for the state system and programs' existing systems, to avoid unintended consequences.

Finally, the state should also consider if and how ranking factors could differ for initial award decisions vs. continuing award decisions. Programs that previously received grant awards through this initiative should continue to receive the award unless the state's accountability decisions suggest otherwise. Colorado initiative leads and state leads indicated that programs and educators quickly relied on the additional funding, and wage stability is a critical driver of workforce retention.

Policy Design Consideration

Alabama, D.C., and Georgia’s ranking systems are not as detailed as the initiative proposed here or as the system used by Wisconsin. The less detailed systems give states more flexibility in funding decisions, but there is less transparency for the field and a higher likelihood of inconsistent practices. Colorado would need to balance these tradeoffs.

Design Recommendation 6: Permitted Use of Funds

As a condition of funding, awardees would need to meet **minimum salary requirements** for **qualifying FTEs**. Programs would be permitted to use **excess grant funds** on compensation for staff in any role.

As a condition of funding, awardees would need to meet minimum salary requirements for qualifying FTEs.

As noted in the Role of Salary Objectives section, it is recommended that programs would be required to meet minimum salary requirements for qualifying FTEs as a condition of the grant. For programs that do not meet the salary floors prior to receiving grant funding, the first dollars would need to go to compensation for qualifying FTEs. For programs that meet the salary floors, there would not be a requirement to increase qualifying FTE salaries—that is, programs would be permitted to use grant funds to supplant or replace current spending on those salaries. **Alabama, D.C., Georgia, Illinois, and Wisconsin** employ this approach.

This permitted use of funds is appropriate for the recommended initiative for several reasons. This initiative is predicated on the idea that programs know their staffing needs best and therefore should have autonomy over compensation decisions; if replacing current spending on qualifying FTE salaries with grant funds is an appropriate business decision, then the program should have the freedom to make it. Additionally, this restriction could penalize programs that already compensate staff at the salary floors, limiting their flexibility in how they use grant funding. Further, the details of implementation would be complex. The state would need to specifically define expectations on what types of wage increases it would expect to see—is any wage increase acceptable, since it would technically indicate the program is not supplanting funds? Or would the increase need to exceed a certain percentage or dollar threshold? Would the required increase only apply to the initial grant award, or would it apply to continuing awards, as well? Monitoring compliance with this requirement would also add a layer of administrative burden, particularly if automating data systems are not in place; it would only apply to certain staff in certain programs in certain time periods and would require comparing salary data over multiple timelines. Taken together, the potential benefits of limiting supplanting would not outweigh the negative consequences. **Maine** does not permit programs to use compensation initiative funds to supplant current spending on wages because doing so fundamentally misaligned with the design of the initiative: Educators must receive a specific stipend amount on top of their current salaries. This recommended initiative, on the other hand, is designed to give programs more flexibility over uses of funds.

Programs would be permitted to use excess grant funds on staff compensation.

After meeting the defined salary floors, programs would be permitted to use excess grant funds on staff compensation. **Illinois, Maine, and Minnesota** take a similar approach and require programs to use funds exclusively to increase staff salaries or benefits.

For the recommended initiative, Colorado would need to define any parameters for permitted strategies that fall under the category of staff compensation. For example, capital expenditures could be prohibited (e.g., building an on-site gym as an employee benefit). As mentioned in the Program and Workforce Eligibility section, the recommended initiative would not have restrictions on the type of workforce roles that would be eligible.

Policy Design Consideration

In this initiative, the state would place relatively few restrictions on compensation strategies that a program can fund. At the same time, there are business and tax implications for those decisions, and certain decisions may be more beneficial for the program and its staff than others. With this in mind, program business supports would be a valuable resource for initiative implementation.

Design Recommendation 7: Accountability Mechanisms

Program accountability review would **align** with the grant cycle and award distribution **timelines**. **State data systems** (e.g., PDIS, licensing, Colorado Shines, and payroll) would be used to review program documentation whenever possible; programs would submit **separate documentation** for data not captured in these systems. **Recurring inaccuracies or noncompliance** could result in future **award adjustments**, requirements for **deeper data access**, additional **restrictions on spending**, and/or **grant ineligibility**.

Program accountability review would align with the grant cycle and award distribution timelines.

As noted in the Initiative Structure and Award Allocation sections, program grants would run on an annual cycle, distributed quarterly. The state's accountability mechanisms would align with the review and distribution timelines to leverage the infrastructure built for those processes, streamlining the experience for programs and capacity needs for the state.

Across these two accountability review points, the state would be assessing that the program received the correct award amount, met minimum salary floors, and complied with other funding allowances. The relative focus would vary depending on the review point.

During the quarterly review point, the state would do a detailed assessment of the program's base award and award adjustment data to confirm that the estimates that informed the grant award amount are reflected in the program's actuals (e.g., staff qualifications and CCCAP enrollment). The state would also confirm that the program met salary floors for qualifying

FTEs. As mentioned in the Award Allocation section, **D.C.** and **Illinois** complete a similar review quarterly. Illinois also reviews a quarterly use of funds narrative report.

Maine assesses funding monthly. This more frequent approach is possible because the state is confirming fewer substantive variables – the educator’s qualification level and the program’s evidence of payout. At the same time, Maine also has a data system that allows for more streamlined monitoring, discussed in the Approach to Implementation section.

In addition to the quarterly review points, as part of this initiative Colorado would conduct an annual end-of-cycle program review. This review would inform the state’s decisions about award reauthorization and would focus more on use of funds, given that the state would go into this review point with information on program award amounts and salary floors over the course of the year. **Alabama**, **D.C.**, and **Georgia** do annual grant reviews, as well.

Georgia can conduct reviews annually, without a formal recurring review point, because the state distributes funds on an invoicing system. Programs pull down grant funds for specific expenses rather than receiving the full grant amount in advance. The process is intensive for programs but allows for close visibility into spending.

Additionally, **Alabama**, **Georgia**, **Maine**, and **Minnesota** conduct regular audits and compliance monitoring processes. Minnesota requires programs to submit monthly applications for funding, but rather than reviewing every application a team of five state investigators who review submitted applications to identify any outliers to analyze further. Georgia uses a specific accounting framework to identify outliers, and Maine conducts random monthly audits.

Policy Design Consideration

The state’s approach to audits and spot checks would depend on the level of confidence in quarterly reviews, access to reliable program data, staff capacity, and decisions on program spending flexibility. If the state adopts the proposed quarterly review structure, spot checks would likely audit program compliance with use of fund restrictions. The state would likely require manual spot checks, such as desk audits or program budget reviews, conducted by state staff, if there is not a quarterly review process, if there are tight restrictions on program spending, and/or if program data are submitted primarily through attestations rather than automated through data systems.

State data systems (e.g., PDIS, licensing, Colorado Shines, and payroll) would be used to review program documentation whenever possible; programs would submit separate documentation for data not captured in these systems.

The proposed accountability structure would be best implemented through aligned data systems that give the state consistent access to accurate program data and automate the data sharing process for programs. Once Colorado made near-final design decisions about the initiative, the state would need to identify the specific information and data required for

implementation and do an inventory of the current data systems to assess which existing data systems meet those needs and where there are gaps.

For example, the state could gather staff qualification and employment data through PDIS. **Maine** calculates grant amounts on the staff information that the program has uploaded in the state's workforce registry, creating an incentive to ensure the data are accurate. The state then sends an automated report to each program with information on which staff are eligible for funding and that amount that they should receive. In **D.C.**, staff employment information is cross referenced with the licensing system for accuracy.

A current data system gap, however, is staff salary data. Colorado would need program payroll data for this initiative but does not currently have a way to automate collection of those data. In **D.C., Illinois, Maine, and New Mexico**, funding recipients submit payroll data manually. Illinois center-based programs either submit paystubs or complete a payroll report for each employee with the total hours worked, dates worked, gross pay, deductions, and net pay. The submission requirements are similar in other states. A far easier approach would be to automate payroll data through either program participation in a state-level payroll system or an API between program-level child care management software systems or payroll systems and state-level data systems. Similarly, the award adjustments in D.C. include a tuition variable. The District currently collects tuition data as part of the Pay Equity Fund's reporting requirements but is considering requiring programs to submit that information as part of licensing.

It would be important to use access to data as a factor in finalizing other initiative design decisions. For example, an award adjustment might be CCCAP enrollment, which could be collected with existing child care subsidy data systems. An infant/toddler enrollment award adjustment, however, could not be easily assessed because there is not an automated system collecting enrollment data. Instead, the state would have to use an infant/toddler capacity variable, available through the licensing system, or request programs to upload infant/toddler enrollment data manually.

Local Colorado initiative leads and state initiative leads were eager for the possibility of aligned data systems. **Minnesota** is in the process of making that ideal a reality. The state is creating a Provider Hub, a platform that programs would use to engage with a range of state systems and would house all program data in one place. **Georgia** is moving to a similar system. **Alabama** uses a different approach: In lieu of a state-level data system, the state requires community-based programs to have a separate bank account exclusively for FCPK grants and share financial data with the state monitoring team. This is an example of a workaround, however, rather than a comprehensive solution.

Minnesota and Georgia are investing in common data systems because there is value for both the state and programs in doing so. Leads in **D.C.** and **Illinois** explicitly indicated that aligned data systems would substantially ease implementation of compensation initiatives and be beneficial across state programs—but doing so was not fiscally feasible at this point in time.

Policy Design Consideration

Aligning data systems is the investment that would most meaningfully streamline implementation of the proposed compensation initiative. This work would also advance more comprehensive goals of breaking down silos between state funding streams, reducing administrative burden for programs, and increasing the reliability and accuracy of data and information. There are ways to incentivize participation in these systems while respecting local decision making. Creating these systems can be time-consuming and expensive, but moving from manual review and submission to automated processes could be an advantageous tradeoff through increased efficiency, reduced state capacity, and more funding going directly to programs and educators.

Recurring inaccuracies or noncompliance could result in future award adjustments, deeper data access, additional restrictions on spending, and/or grant ineligibility.

As part of the accountability process, Colorado could find programs submitted inaccurate information, did not comply with requirements, or need additional support. The state's approach to accountability findings would depend on the relative importance of continuity of funding recipients vs. close monitoring of funds.

In **Alabama, D.C., Georgia, Illinois, and Maine**, the general sense is that continuity of funding recipients is the priority, with grant revocation as a last resort. The first response to program noncompliance or misreporting is technical assistance, with the hypothesis that the underlying issue is a misunderstanding of the requirements or a need for additional support on decision making. In D.C., for example, programs that do not meet the salary objectives participate in training through the D.C. Shared Services Business Alliance and share financial data to identify potential solutions for the program's business model or budgeting decisions. In Alabama, each program has an implementation support team, which includes a state-level staff member responsible for monitoring program compliance with guidelines and a coach that supports the program in leveraging funding to meet funding requirements. A similar TA-first approach would be appropriate for this initiative, particularly in the early stages of implementation.

In the recommended initiative, recurring noncompliance and misreporting would result in further consequences. Award adjustments, deeper data access, additional restrictions on spending could be earlier stage actions and should be communicated to programs and the field as potential consequences. However, Colorado would gradually implement these consequences, waiting first until all components of the compensation initiative are fully implemented and carefully monitoring program experiences and challenges in the first years to ensure that noncompliance and misreporting is not a product of initiative design issues.

Additionally, the proposed TA-first approach would require that Colorado employ reinforcing initiative design decisions, such as frequent state-to-program touchpoints, aligned data systems, an effective network of technical assistance providers, and accountability mechanisms that give the state regular insight into program decisions. In **Wisconsin**, the intermediary

administering the initiative did not adequately monitor recipient eligibility and award amounts. As a result, early childhood providers and employers received inaccurate awards amounts, and the state is attempting to recoup funding through the collections process.

Policy Design Consideration

More stringent consequences bring real risks for educators and can be more complicated to reinforce but also reassure voters and legislators that funding is being used correctly and reassure programs in compliance that the state is being fair and consistent. The state's decisions about consequences would need to balance these factors.

Design Recommendation 8: Approach to Implementation

All **design details** and **implementation supports** would be **finalized prior to roll out**. The state would have a strategy in place for **responding to contractions in funding**.

All design details and implementation supports would be finalized prior to roll out.

The recommended initiative design details and implementation supports would be finalized prior to roll out. Design details would include requirements for programs and educators (e.g., use of funds and qualifying FTE criteria), award calculations (e.g., funding formulas, per-FTE award amounts, and salary floors), use of fund restrictions, and processes for implementation. (e.g., reporting timelines and systems). Finalizing initiative processes would also include developing and aligning data systems and leveraging existing infrastructure (e.g., quality monitoring processes). Implementation supports would include any wraparound infrastructure to support programs (e.g., shared services), detailed guidance and trainings (e.g., formula calculator, FAQs, and how-to webinars), and internal and external communication for a range of audiences.

Although mentioned previously, it is worth emphasizing again that aligned data systems would substantially ease implementation of this initiative and increase the likelihood of success. Many pieces of the proposed initiative require programs and the state to share information back and forth. In other states and local Colorado initiatives where this is the case, programs upload many materials via PDF or form (e.g., payroll stubs and enrollment attestations) and initiative staff review those materials manually. Automating this information sharing increases the reliability and accuracy of data, reduces the burden on programs on the state, and creates an opportunity for data sharing and alignment across disparate systems.

Finalizing the design decisions and implementation supports would require comprehensive engagement with ECE stakeholders, practitioners, legislators, and voters to ensure that the design responds to and would be effective in meeting the needs of the field and to gather a sense of potential issues that might be encountered across the state more broadly. Implementation staff—the individuals at the state and local levels who will be administering the initiative—should play an active role in finalizing the design to help head off any unintended

consequences. For example, **New Mexico** gradually rolled out its Pay Parity programs, starting with New Mexico pre-K educators. There was quickly pushback from the field, however, about the negative implications for infant and toddler educators and directors. While there was a clear and justifiable rationale for starting with the New Mexico pre-K educator population, in hindsight the state would have more carefully considered the potential unintended consequences and implemented all three Pay Parity programs at the same time.

Delaying roll out until design decisions and implementation supports are finalized could be difficult given the urgency of the issue. But doing so would be valuable for long-term initiative stability and smooth implementation. For example, in **D.C.**, the first round of Pay Equity Fund was administered as bonuses directly to educators. That decision was driven by a desire to support educators in the short term while the funding formula was being finalized, but ultimately complicated implementation and created confusion among programs and educators.

Policy Design Consideration

It is unlikely that the state will have access to sufficient funding for immediate universal implementation of this initiative. However, preparing for universal implementation ensures the state has the conditions in place for future expansion as funding becomes available.

The state would have a strategy in place for responding to contractions in funding.

The other side of preparing for universal implementation while anticipating targeted implementation is having a plan for unexpected contractions in funding. If Colorado secures funding for a compensation initiative, it cannot be assumed that funding will stay consistent. In the recommended initiative, the state would define a strategy for adapting the compensation initiative in scenarios where funding does not allow current implementation to continue.

Alabama, D.C., Georgia, and Maine encountered situations when funding either contracted or was not sufficient to continue to provide the same level of funding to programs. In Alabama, for example, program funding is intended to cover the whole cost of operating an FCPK classroom: salaries, start-up, and consumables. The grant formula was set to align lead and auxiliary teacher salaries with K–12 salaries. However, since the formula was created, K–12 salaries increased and Alabama decided to increase FCPK salary objectives accordingly, but the grant formula did not keep pace. As a result, the funding that previously covered multiple costs now only covers salaries for some programs. D.C. faced a similar situation—shortly after OSSE set the Pay Equity Fund budget, DCPS increased teacher salaries. To help anticipate and plan for funding contractions, Colorado could incorporate scheduled field scans—something similar to a [Strengths, Weakness, Opportunities, and Threats analysis](#)—into initiative implementation. These field scans could focus on factors within and outside of the early childhood field. Shifting opinions among voters, fund revenue projections, and school district salary decisions are all types of information that could affect initiative funding and that the state can plan for with the necessary visibility.



Having a plan in place is critical for initiative stability—as is communicating that plan. Georgia faced a reduction in funding in response to concerns about overtapping the Lottery for Education Account reserve. As a result, the state could not implement the planned spending for Georgia pre-K and staff salaries. The state clearly communicated with the field the near-term implications and a strategy for bringing salaries back up moving forward.

Conclusion

For years, Colorado’s communities—and states and localities across the country—have grappled with the consequences of low ECE workforce compensation. That reality can be discouraging, chipping away at the optimism for finding a true solution. At the same time, there has been marked progress, and many trials and errors have given the field an incredible breadth and depth of experiences on which to build.

This work explores many of the design decisions, implementation strategies, and key takeaways from past and current ECE workforce compensation initiatives, with the goal of creating a body of evidence that can help inform future efforts. The resulting recommendations are grounded in this knowledge base, shared with the Working Group to consider, adopt, adapt, or reject as appropriate to Colorado’s context and objectives for the state’s compensation initiative.

Lessons Learned

This research and analysis surfaced rich insights for Colorado to consider regardless of the specific initiative design decisions. Indeed, this broader set of lessons learned is valuable to any state or locality that is considering an investment in ECE workforce compensation to produce meaningful, durable, systems-level change.

The source of funding matters.

The stability of a compensation initiative is connected to the source that funds it. Initiatives that rely on general funds tend to be more volatile (e.g., Maine) than initiatives funded directly through taxes (e.g., Alabama) or revenue set asides (e.g., Georgia and New Mexico). Even outside of general funds, however, it is critical that there is a clear and dedicated allocation to the initiative or stability can suffer (e.g., D.C.). Additionally, shifting across different funding streams (e.g., Minnesota and Wisconsin) complicates the administration process for the state and the compliance process for programs.

Identify the nonnegotiables.

Within an initiative, there are certain design decisions that are nonnegotiable—the aspects of an initiative that are most directly correlated with and necessary for the initiative’s success. The state should inventory the design decisions from that lens: What must be true if the initiative is going to work? What can be changed, to what degree, and under what conditions, and what would the implications be? The nonnegotiables should be formalized however possible to guard against changes in support or resources. In Illinois, for example, advanced grant distribution is critical for the success of the initiative, and the state team advocated to write that mechanism into legislation. At the same time, this inventory would help Colorado identify where and how to be flexible and create a backup plan for alternative approaches if necessary.

Broaden the value proposition.

Compensation initiatives bear benefits not only for the ECE workforce, but for a broad array of voters, legislators, and communities. Successful states and localities have been able to communicate the value proposition of compensation initiatives in a way that resonates with a larger audience. Clearly drawing the connection between workforce compensation and child care access—making the point that without caregivers, there is no care—has been particularly successful. Others have found that messaging around universal access lands is better than initiatives that are billed as targeted to certain populations. Voters who are deciding the future of an initiative should be able to clearly articulate how someone who is not an educator or program leader would benefit from this state investment. Similarly, quantifying the return on investment of an initiative has been effective in building support. It is not only about achieving the goals of the initiative (e.g., higher salaries); just as important is the ability to quantify progress toward objectives that benefit broader communities (e.g., increase in infant/toddler care and parent labor force participation).

Appendix A: Key Findings and Implications

Table A1. Key Findings and Implications

Findings	Implications
<p>Stipends are the most common strategy to increase early childhood workforce compensation in Colorado; promising initiatives connect wage supplements to a guaranteed salary floor.</p>	<ul style="list-style-type: none"> • Depending on the stipend amount and the size of the workforce, stipends can be a relatively low-cost, appealing option, particularly in the absence of funding or political will for a longer-term compensation commitment. • An approach that pairs stipends with a salary floor has the added value of simultaneously offering direct financial relief and guaranteeing a salary floor for educators, creating the foundation for a longer-term strategic salary objective. • If the state pursues a strategy that combines a stipend with a salary floor or salary scale, it will be important to balance incentivizing higher salaries for educators without punishing the programs that do not have the resources to meet the salary thresholds.
<p>Directors and educators quickly began to rely on additional wages from local Colorado compensation initiatives, leaving them vulnerable if the funding were to disappear.</p>	<ul style="list-style-type: none"> • Strategies need to be designed with a plan to soften the blow of potential shifts in funding allocation or eligibility for a compensation initiative. These strategies could include creating a funding reserve or giving substantial lead time for implementation of any changes. • Communication with programs and educators to manage expectations about sustainability and duration of funding is a key part of implementing an initiative.

Findings	Implications
<p>Leaders of Colorado initiatives made similar recommendations on the most salient design choices for a compensation strategy.</p> <p>There are four key decision points that the leaders elevated as the most important for a successful compensation strategy.</p> <ol style="list-style-type: none">1. <i>Disbursement of funding to programs/educators</i>: Balance initiative goals, oversight, program autonomy, and educator experience.2. <i>Use of technology</i>: Leverage technology to ease the burden of implementation and reduce capacity needs and costs.3. <i>Alignment of existing infrastructure</i>: Align any new compensation initiative requirements with existing infrastructure where possible.4. <i>Role of intermediary organizations</i>: Utilize intermediary organizations, ideally trusted community partners, to disburse funding.	<ul style="list-style-type: none">• It will be important to clearly define the goals and objectives of the compensation initiative and ensure any design decisions are aligned with those priorities.• Successful implementation will hinge on an accurate assessment of the existing capacity of the administering organization(s), relevant systems and infrastructure, and perspectives of voting communities.• The landscape analysis will investigate how promising initiatives from other jurisdictions addressed these four decision points.

Findings	Implications
<p>Local initiative leads shared lessons related to advocacy for investments in workforce compensation</p> <p>There are three common lessons learned related to advocacy campaigns for compensation initiative</p> <ol style="list-style-type: none"> 1. <i>Implementation plans:</i> Combining an implementation plan with funding requests builds trust among voters. 2. <i>Cross-sector coalitions:</i> Cross-sector coalitions can help advocacy efforts, but without dedicated allocations, early care and education (ECE) funding risks being deprioritized. 3. <i>Value of workforce investments:</i> Quantifying ROI of workforce investments and connecting investments to access and affordability priorities is critical for support. 	<ul style="list-style-type: none"> • Being specific about initiative design and funding allocation during the advocacy process, to the extent possible, can help foster success. • Securing initial funding for a compensation initiative must be framed as the starting point, not a final solution, to systems-level improvements to ECE workforce compensation. • Advocacy messaging for compensation initiatives should include quantified fiscal return on investment and clear connection between the workforce initiative and other priorities, specifically child care accessibility and affordability.

Appendix B: Considerations for Disbursing Funding to Educators or Providers

Administering funding directly to educators through a state agency or state intermediary would ensure uses of funding are tightly aligned with the goals of the initiative—such as specific compensation increase amounts, target job roles, or duration of employment. The state would also have direct access to workforce data and information on outcomes. At the same time, disbursing funding directly to educators involves a range of recurring systems and activities (e.g., electronic payments and/or cutting checks, validating educator eligibility, and delivering 1099s) that would require robust administrative capacity for this population size. Further, this approach divorces educator compensation from their employer and can create potentially complicated tax implications for educators to navigate.

Disbursing funds to programs to allocate to staff allows the state to define the parameters while giving programs flexibility and autonomy to use the funding to respond to specific staffing needs. Providers can incorporate funding into a comprehensive salary and benefits package for educators, which can be critical for recruitment, retention, and perception of the early care and education profession. However, the state would have limited visibility into how funds are allocated, creating the risk of uses that are inequitable or misaligned with initiative goals. Further, while this approach requires less administrative capacity than a direct-to-educators initiative, there remains an administrative cost to implement.

Appendix C: The Taxpayer's Bill of Rights and Implications

The Taxpayer's Bill of Rights (TABOR) is an amendment to the Colorado Constitution that affects access to tax revenue for any new initiatives. TABOR requires that all new taxes to be approved by voters and caps the amount of tax revenue that state and local governments can collect and spend. Revenue collected above the TABOR caps must be refunded to taxpayers unless voters approve otherwise.

Enterprise programs are an exception to TABOR caps. Programs granted enterprise status are government-owned businesses that receive revenue in return for the provision of a good or service. Enterprise programs are funded through user fees, up to 10% of which can come from state or local government sources. Revenue from enterprise programs does not count toward TABOR caps. In certain cases, enterprise programs create flexibility for using state and local funding for initiatives that offer both a public and private good. For example, there are several current enterprise programs dedicated to increasing enrollment and reducing the cost of health insurance for Coloradans, funded primarily through federal sources and fees from hospitals and health insurance carriers.

Voters must approve any new enterprise program if its projected or actual revenue exceeds \$100 million in the first 5 years. Programs can move in and out of enterprise status depending on their revenue sources (e.g., several higher education institutions temporarily lost enterprise status when they received state funding for capital projects).

TABOR affects use of tax revenue for potential compensation initiatives. TABOR requirements create an additional step in passing and implementing any compensation initiatives that hinge on using tax revenue, even in years when there is excess state or local funding. Enterprise status offers additional flexibility, but 90% of funding must come from outside of state and local sources. Alternative sources for enterprise programs could include federal funding (e.g., Child Care Development Fund and Temporary Assistance for Needy Families), family copays, or employer fees. If federal funding is used, any future decisions to shift federal money to states will affect enterprise status. Additionally, the variability in funding for local ballot measures may require continuous monitoring in order to maintain enterprise status.

Appendix D: Phase 1 Colorado Environmental Analysis Sources

Interviews

- Philanthropies: two interviews
- Localities: 12 interviews
- Colorado Department of Early Childhood: four interviews

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Appendix E: Phase 2 Compensation Initiatives

1. Alabama First Class Pre-K pay parity
2. Cook County, MN Wage Supplement
3. Delaware Early Childhood Assistance Program
4. Georgia Pre-K pay Parity
5. Illinois Smart Start Workforce Grants
6. Johnson County, IA Wage Program
7. Maine Early Childhood Education Workforce Salary Supplement System
8. Massachusetts Commonwealth Cares for Children (C3) Grants
9. Minnesota Great Start Compensation Support Payments
10. Multnomah, OR Preschool for All
11. New Mexico Pay Parity Programs
12. Nevada Ready! State Pre-K
13. North Carolina Model Salary Scale
14. Oregon Preschool Promise Program
15. San Francisco, CA SF CARES 3.0 and Early Educator Salary Support Grant
16. Sonoma County, CA Measure I
17. Tennessee Voluntary Pre-K
18. Utah Child Care Grants
19. Washington, D.C. Pay Equity Fund

Appendix F: Phase 2 National Landscape Scan Sources

Interviews

- State and localities: 31 interviews.
- Subject matter experts: five interviews.

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Appendix G. Overview of Initiative Design Recommendations

Table G1. Overview of Initiative Design Recommendations

Design Category	Summary of Recommendation	States to watch
Initiative structure	Initiative funding would be allocated as a program-level grant . The center or home would use funds to increase regular salaries or wages . The initiative would be administered by the state , authorized annually , and allocated quarterly in advance of the funding period. With sufficient resources, the initiative would be administered as a formula grant. If there were funding constraints, resources would be allocated according to prioritization and ranking factors .	<ul style="list-style-type: none"> • Program-to-staff: Alabama, D.C., Georgia, Illinois, Maine, Minnesota, and Wisconsin • State administered: Alabama, D.C., Georgia, Maine, and Minnesota • Advanced allocation: D.C., Maine, and Illinois • Universal/ranked approach: Alabama, D.C., Georgia, and Wisconsin
Program and workforce eligibility	Licensed family child care homes and center-based programs would be eligible for grant funds. Programs would be able to use grant funds toward staff in all program roles . There are minimum child enrollment and workforce role FTE and qualification requirements to be eligible for funding formula calculations.	<ul style="list-style-type: none"> • School districts ineligible: D.C., Illinois, Maine, Minnesota, New Mexico, and Wisconsin • Certified license-exempt programs eligible: Minnesota • Minimum enrollment requirement: Alabama, Georgia, Illinois, New Mexico, and Wisconsin • All staff roles eligibility: Alabama, D.C., Georgia, Illinois, Minnesota, and Wisconsin
Role of salary objectives	There would be newly defined salary floors added to the existing statewide salary scale. These salary floors would function as minimum salary requirements for grant recipients.	<ul style="list-style-type: none"> • Defined salary objectives: Alabama, D.C., Georgia, Illinois, and New Mexico • Directors included in salary objectives: New Mexico • Salary objectives differentiated

Design Category	Summary of Recommendation	States to watch
		by qualification: D.C., Georgia, and New Mexico
Award allocation	Grant awards would include two components : a base award (calculated according to the number of qualifying FTEs) and award adjustments (award multipliers based on program characteristics). Awards would be adjusted quarterly to reflect actuals ; changes that affect grant awards would not be reflected until review.	<ul style="list-style-type: none"> • Program base award + adjustments: D.C., Georgia, Illinois, Maine, and Minnesota • Calculation based on direct care staffing: D.C., Georgia, and Minnesota • Capped program base award by qualifying FTE: Alabama, Georgia, and Illinois
Recipient prioritization	Awardees would be considered according to a ranking system that would produce a tiered list of potential recipients, beginning with a targeted group that could be expanded toward universal access as funding became available. The system would assign a flat or proportional number of points to defined ranking factors .	<ul style="list-style-type: none"> • Ranking factors: Alabama, D.C., Georgia, and Wisconsin • Types of care ranking factors: D.C. • Geographic ranking factors: Alabama, Georgia, and Wisconsin • Access to resources ranking factors: D.C. and Wisconsin
Permitted use of funds	As a condition of funding, awardees would need to meet minimum salary requirements for qualifying FTEs . Programs would be permitted to use excess grant funds on staff compensation.	<ul style="list-style-type: none"> • First use toward salary objectives: Alabama, D.C., Georgia, and Illinois • Funds used for compensation, specific staff: Maine and New Mexico • Funds used for compensation, all staff: Illinois and Minnesota
Accountability mechanisms	Program accountability review would align with the grant cycle and award distribution timelines . State data systems (e.g., PDIS, licensing, Colorado Shines, and payroll) would be used to review program documentation whenever possible;	<ul style="list-style-type: none"> • Regular review of existing data: Georgia, D.C., Maine, and Minnesota • Request for additional information: All except Wisconsin

Design Category	Summary of Recommendation	States to watch
	<p>programs would submit separate documentation for data not captured in these systems. Recurring inaccuracies or noncompliance could result in future award adjustments, requirements for deeper data access, additional restrictions on spending, and/or grant ineligibility.</p>	<ul style="list-style-type: none"> • Random audits and compliance monitoring: Alabama, Georgia, Maine, and Minnesota
<p>Approach to implementation</p>	<p>All design details and implementation supports would be finalized prior to roll out. The state would have a strategy in place for responding to contractions in funding.</p>	<ul style="list-style-type: none"> • Reported struggles with gradual implementation: D.C., Maine, New Mexico, and Minnesota • Recommended universal implementation: Georgia, Illinois, Minnesota, New Mexico, and Wisconsin