



Minnesota Early Care and Education Workforce Pay Equity Pilot: Key Lessons and Recommendations

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Introduction

The Minnesota Departments of Education (MDE) and Human Services (DHS) and Minnesota's Children's Cabinet engaged SRI Education and our partners at Think Small, Upjohn Institute, Third Sector, and the University of Minnesota to implement the Minnesota Mixed Delivery Action Labs and Compensation Parity Prototype Project, funded by the state's Preschool Development Grant Birth through Five (PDG B-5) funds. The Mixed Delivery Action Labs supported building and strengthening partnerships between local early care and education (ECE) settings in seven selected communities and strengthened their connections with the state agency partners listed above. The state selected these communities to become Action Labs in part because they either already had or were well positioned to have relationships and partnership work with local ECE professionals. The MN ECE Workforce Compensation Equity Pilot (colloquially called the "Pay Equity Pilot," which is used throughout this report) advanced the state's efforts to support its ECE workforce through increased compensation.

This report addresses the work of the MN ECE Workforce Pay Equity Pilot. MDE and DHS staff (now at the Department of Children, Youth, and Families [DCYF] after the creation of the new state agency in July 2024) can use this report to inform their recommendations to the legislature for the creation of an ECE Wage Scale. Depending on legislative action, DCYF staff can also use it to help inform the implementation of the wage scale.

History of Minnesota ECE Compensation-Related Work

The ECE workforce in Minnesota and nationwide faces fundamental challenges that have changed little over the years. Decades of low wages, limited benefits, and inadequate opportunities for career advancement, compounded by the instability of the COVID-19 pandemic, have led to high staff turnover and minimal retention of new staff across programs and settings. Without stable and equitable compensation, many ECE professionals rely on public assistance to meet their basic needs (Whitebook et al., 2018). Poor compensation is negatively associated with program quality, professional well-being, recruitment, and retention. Bonuses, hazard pay, or slight wage increases are not enough to combat the staffing crisis (Bassok et al., 2021). Further, disparities in pay between ECE settings may lead staff to move from program to program. For example, after increasing their education or credentials, community-based program staff may move to a school district that pays preschool teachers on a K–12 scale with significantly higher wages. Such differences in wages by program contribute to staff turnover, program instability, and challenges in building mixed-delivery partnerships across settings.

Against this backdrop, Minnesota is pursuing opportunities for transformational change that will support a high-quality, robust, and stable ECE workforce. Together, MDE, DHS, the Department of Employment and Economic Development (DEED), the Children's Cabinet, and now DCYF, along with community partners across the ECE ecosystem, have shown a long-standing

commitment to investing in resources and guidance for the field. They have also made new efforts to advance this work. For example, Transforming Minnesota's ECE Workforce, a public-private partnership with participants from across the ECE workforce landscape, was instrumental in identifying key workforce challenges in Minnesota such as compensation, and doing early work to outline and push forward solutions. In 2023 MDE updated the Knowledge and Competency Framework (KCF) for Early Childhood Professionals, which grew out of a core competencies document originally released in 2004 and which has versions for care and education providers who work with infants and toddlers, family child care providers, and those who work with preschool-age children in center- and school-based programs. MDE, DHS, and the Children's Cabinet commissioned a 2023 study of the ECE workforce that reports on workers' characteristics, their professional development needs, the supports they experience, and the challenges they face.

Also in 2023, DHS released an updated Minnesota Child Care Cost Modeling Report that includes a future cost model that considers recommendations by the Great Start for All Minnesota Children Task Force and depicts the impact of those recommendations at the program level. The Walz-Flanagan Administration established this cross-agency task force to closely examine the state of child care in Minnesota, including affordability to families and care and education providers, and workforce compensation and supports. The task force's final report includes a suggested ECE wage scale, along with recommending a comparable competencies process to evaluate the skill and abilities of those who would not automatically place on the wage scale. DEED had also previously put forth an early iteration of an ECE wage scale.

In recent years, Minnesota has invested significant local, state, and federal resources to respond to the most critical ECE workforce needs. In response to low enrollment and higher costs during the pandemic, DHS used federal funds to offer Child Care Stabilization Base Grants between September 2021 and June 2023 to ECE programs, with the direction from the Minnesota legislature that 70% of funds must be used to increase staff compensation. In January 2023, Cook County implemented a locally funded wage enhancement program for licensed care and education providers to increase pay by approximately \$6 an hour so that local pay averages better aligned with DEED's recommended hourly wage for ECE professionals.

Further, in May 2023, the state legislature passed the Health and Human Services Omnibus Bill (S.F. 2995), which established the Great Start Compensation Support Payment Program. Building on the pandemic-era Child Care Stabilization Grant Program, this new and permanent program issues monthly payments to eligible child care businesses based on the total of full-time equivalents (FTEs) with a set amount awarded per FTE to increase compensation and provide benefits for ECE staff. The bill also directed the Commissioner of Human Services to continue to implement the Great Start for All Minnesota Children Task Force's recommendations. This effort includes refining the ECE Wage Scale to recommend:

- Wages that are equivalent to those of elementary school educators with similar credentials and experience
- Compensation packages that include benefits such as health care and retirement
- Implementation of a process for recognizing comparable competencies and incorporating comparable competencies pathways as a feature of qualifications

In late 2023, MDE contracted with SRI, Think Small, and the Upjohn Institute to implement the Pay Equity Pilot, using federal PDG B-5 funds. The small, time-limited Pay Equity Pilot occurred in four communities where ECE professionals were paid using a pilot wage scale that SRI, with interest-holder input and guidance, updated and adapted from the Great Start for All Minnesota Children Task Force's suggested wage scale. MDE and DHS used this pilot to document learnings and refine existing ideas about approaches to an ECE wage scale and to support larger efforts (related to S.F. 2995) to develop a wage scale model (or models) that could be scaled for implementation. This report concludes the work of the pilot and describes key findings and recommendations for DCYF's consideration.

Separate from but related to the pilot discussed in this report, in early 2024, DHS partnered with MDE to contract with SRI, Think Small, and Insight Works to support its preparation of required wage scale recommendations to the legislature. DHS charged SRI with providing subject matter expertise to support the state wage scale team's development of the recommendations for the legislature; defining comparable competencies pathways for individuals to qualify for placement on the wage scale using a combination of their training, education, and experience; and facilitating both targeted and general engagement activities with ECE interest holders to inform the state wage scale team's work.

Overview of the Pay Equity Pilot Program

The Pay Equity Pilot Program was designed to provide a time-limited series of payments to ECE providers that would supplement their existing pay and increase it to the pay levels of comparable roles in Minnesota elementary schools.

Workgroup Convenings and Development of the Pilot

SRI convened interest holders in meetings and discussions between December 2023 and March 2024 and conferred with MDE, DHS, and the Children's Cabinet to finalize the structure and approach of the Pay Equity Pilot Program. Specifically, the SRI team:

- Engaged MDE and DHS staff in a series of planning meetings to receive initial state staff guidance on parameters, details of the pilot, and names and roles of individuals to invite to join the MN ECE Pay Parity Workgroup.
- Convened three meetings of the MN ECE Pay Parity Workgroup, which included state staff and other important constituents such as family child care providers and center-based

providers who serve in rural, mid-sized, and metro areas and who represent historically underserved communities; child care association representatives; Minnesota Head Start Association representatives; and representatives from each of the seven Action Lab communities. Additionally, SRI, Think Small, and Upjohn Institute team members facilitated these meetings and provided subject matter expertise. The project team invited all seven Action Lab communities to participate in the Pay Parity Pilot workgroup series, and all seven sent representatives to each meeting.

- The workgroup meetings covered a breadth of topics to elicit discussion about which programs and individuals should be eligible to participate; how to incorporate education levels, experience, and hours worked into the wage scale; whether and how to prioritize participants if applications exceeded pilot capacity; and how to logistically manage wage verifications, among other topics.
- Met with DHS staff from the Great Start Compensation Support Payment Program to better understand how they implement the program and to ask about any lessons learned, including insights about family child care providers' earnings, operational models, and expenses.
- Met with board members from the Lead & Care Association of Family Child Care Professionals to provide an overview of the pilot and share the general direction of the work related to family child care.
- Met with Achieve (The MN Center for Professional Development) staff and DHS staff who oversee the state's contract with Achieve to discuss how SRI might use the Develop system data to support implementation of the pilot.
- Met regularly with the state staff team during planning to finalize the wage scale and implementation policies and procedures, and throughout implementation to address issues as they surfaced.

Detailed information about the decisions guiding the design of the pilot program can be found in Appendix A.

Summary of Pilot Approach

MDE selected four Mixed Delivery Action Lab communities for the pilot: Cook County, Itasca Area Schools Collaborative (IASC), Rochester, and Willmar. This section includes a summary of the pilot approach; detailed pilot program information is included in Appendix A.

Eligibility for pilot participation included program-level criteria (e.g., applicant must work at a program in one of the pilot community ZIP codes, program must be licensed or certified with an "active" DHS licensing flag) and provider-level criteria (e.g., applicant must work in an approved job role and be typically scheduled for at least 15 hours a week, applicant must be a Develop

member for education verification purposes). Both family child care providers and center-based employees were invited to participate in the pilot program.

SRI developed a wage scale for individual participants based on their education level, years of experience, and community cost of living. The wage scale incorporated data about livable wages, starting salaries for elementary school teachers, and Bureau of Labor Statistics data about wage differences based on education levels. Average salaries for Bachelor-level K–12 teachers were used as an “anchor” for Bachelor-level ECE teachers. Wages were adjusted up or down from this anchor with the assumption that higher educated and more experienced professionals earn more, as supported through BLS data. A detailed description of the wage scale development is available in Appendix A.

Payments were based on the number of verified hours worked and were capped at a 40-hour work week. Participants were paid the difference between their current hourly pay and the designated wage on the pilot wage scale. Center-based employees provided verified wages.

The base wage scale included six levels, based on the participant’s highest education level (Table 1).

Table 1. Starting Wage Scale by Community

Level	Cook County	IASC	Rochester	Willmar
Level 1: Less than HS diploma or equivalent	\$14.03	\$15.72	\$15.99	\$14.39
Level 2: HS diploma or equivalent	\$15.44	\$17.29	\$17.59	\$15.83
Level 3: ECE-specific credential or some college or equivalent	\$16.98	\$19.02	\$19.34	\$17.41
Level 4: Associate degree or equivalent	\$18.68	\$20.92	\$21.28	\$19.15
Level 5: Bachelor’s degree	\$26.15	\$29.29	\$29.79	\$26.81
Level 6: Master’s degree	\$30.86	\$34.57	\$35.15	\$31.64

Note: this table does not show wage scale adjustments for years of experience.

Constraints and Variation From Existing Programs

Wherever possible, SRI incorporated the feedback from the MN ECE Pay Parity workgroup and other interest holders in the design of the pilot program and aligned the program with state compensation efforts. However, funding limitations and the short timeline of this project (8 months for workgroup and interest-holder engagement, design, implementation, and evaluation) required that the pilot program differ in some ways from the feedback and state efforts.

- The pilot program paid staff directly because there was not sufficient time to establish or maintain financial relationships with ECE programs (e.g., determining the amount of pay needed for each staff member in the program, reporting on which staff members received increased pay).
- Given that funds were not sufficient to provide equity payments to all staff within a program and all programs within a community, paying staff directly allowed SRI and Think Small to distribute funds across community and program types based on capacity to serve children by programs in each community.
- The pilot program was implemented over the summer months, which excluded participants from programs that were closed during this time, especially school district-based programs and Head Start programs that operate fewer than 12 months a year.
- The pilot program could only provide compensation in the form of pay. It could not provide alternate benefits such as training, professional development, educational supplies, or wellness-related purchases.
- Because of time limitations, it was not feasible for the pilot program to address health insurance or retirement benefits.
- Pilot resources and timelines did not support the collection and review of family child care providers' tax documentation. Additionally, the workgroup did not support asking family child care providers for their tax documents out of concerns that it would present a barrier to participation in the pilot program. The workgroup also shared concerns that tax documents may not accurately capture earnings, which could be impacted by the amount of business expense documentation a provider maintained, the use of tax preparers, and the number of hours worked per week (often more than 40). Therefore, SRI relied on MN statewide estimates of family child care providers' wages that were normed on the 60+ hour workweek that most family child care providers work.
- The workgroup suggested that the pilot program use multiple methods to verify education, given the relatively low rates of participation in Develop in the pilot communities. They also recommended that the pilot wage scale use providers' highest level of education rather than highest level of education with ECE credits. The workgroup reflected that the MN ECE Career Lattice was not developed as a wage scale but was designed to support a professional's progression of training and formal coursework with an emphasis on ECE coursework. Additionally, it was not developed to account for salary expectations related to degree completion and competencies developed through experiential learning. Ultimately, the state team opted to use Develop's verified education data because the pilot resources could not support education verification. However, given the concerns expressed by the workgroup, the pilot wage scale used highest level of education rather than career lattice level.

- The Great Start Compensation Support Payment Program allows one person to count up to 2.0 FTEs based on hours worked. For funding reasons, the pilot program capped payments at 40 hours despite evidence that many ECE providers, particularly family child care providers, work more than 40 hours a week.
- The pilot program was open to staff in leadership positions (e.g., center directors, curriculum coordinators) that do not regularly care for children but guide staff in support roles. This varies from the Great Start Compensation Support Payment Program, which requires funds be used to increase compensation for staff who regularly care for children.

Recruitment

SRI, Think Small, and the state staff team collaboratively implemented recruitment activities. The state team distributed pilot recruitment communications one month before the recruitment began and opened the application period with an introductory webinar advertised to the primary points of contact for any ECE programs (usually the owner or director) in the pilot communities. This webinar was offered in the evening to accommodate providers' working schedules, and a recording was distributed to any interested individuals who could not attend the live webinar. Communications encouraged ECE program points of contact to share the recruitment materials with their staff. Additional communications were distributed through community-based organizations. Because of data privacy restrictions, the SRI team was not able to access contact information for individual providers (e.g., a teacher in a center-based program) via Develop. Therefore, the SRI team relied on ECE program points of contact, typically program directors in center-based settings, to distribute information. Translated recruitment and application materials and multilanguage support lines were also available, although these were not widely used.

ECE providers in the eligible communities applied using an online application launched by Think Small from April 17 to May 1, 2024. ECE providers were required to complete a short application, provide an individual account number for their Develop membership, and agree to a release statement that allowed SRI and Think Small to receive their education information from Develop.

Selection

Across the four pilot communities, 434 providers submitted applications to participate in the pilot. Think Small reviewed all applications and found 230 providers who were eligible (53%). SRI, Think Small, and the state staff team reviewed the distribution of applications and the resources needed to serve those who applied and determined that all eligible providers could be invited to participate in the program. Of the 230 eligible providers, 226 ultimately accepted participation in the pilot program and received the first payment after verifying their wages (center-based staff only) and hours worked in May.

Among the applicants who were found ineligible, more than half (55%) had more than one area of ineligibility. Common reasons for ineligibility were that the applicant did not have a Develop membership (25% of those ineligible) and that the applicant earned more than payment specified in the wage scale (21% of those ineligible). An additional 52 applicants were deemed ineligible because their wage including Great Start Compensation Support payments was more than the payment specified in the wage scale (12% of those ineligible). A full list of reasons for ineligibility is in Appendix C.

Eligible participants completed an acceptance form and provided additional documentation to Think Small, including (for center-based staff) a recent pay stub for wage verification, and a W-9 form and information for direct deposit or physical check payment. To remain eligible for the duration of the pilot, participants agreed to maintain required eligibility status (e.g., continue working at an eligible program), participate in monthly verification of hours worked, and participate in evaluation activities. Participants who did not meet the continued eligibility criteria each month were removed from pilot participation.

Overview of Participants

For work completed in the month of May 2024, 226 participants received the first payment. Following monthly verification of employment, hours worked, and hourly wage, 218 participants received the second payment and 216 participants received the third and final payment. The most common reasons participants became ineligible during the pilot were that they were no longer employed at an eligible program, they received a raise that increased their hourly wage above the designated pay scale rate, or their program began receiving Great Start Compensation Support payments that increased their hourly wage above the designated pay scale rate.

Of the 226 initial participants across the four pilot communities, 224 were still eligible at the time of the first data collection activity. The demographic and professional characteristics in Table 2 are for these 224 pilot participants. The majority (143 participants, 64%) were from Rochester, with 52 participants (23%) from IASC, 27 (12%) from Willmar, and 2 (< 1%) from Cook County. The pilot participants were evenly split across family child care providers and staff in various roles at center-based programs/certified child care centers.

Table 2. Demographic and Professional Characteristics of Pilot Participants

Characteristic	Pilot Participants	Statewide ECE Workforce Comparison
Setting and role	50% family child care provider Center-based programs: 31% teacher, co-teacher, or lead teacher; 10% director, assistant director, or	17% family child care; 61% licensed centers; 9% HS/EHS; 7% license-exempt (e.g., certified centers); 6% school-based (ECFE/ECSE/Pre-K) ^a

Characteristic	Pilot Participants	Statewide ECE Workforce Comparison
	curriculum/education coordinator; 8% assistant teacher or aide; < 1% other.	
Formal education	64% associate degree or higher; 16% some college credits, 21% some high school, high school diploma, or GED	63.4% associate degree or higher ^a
Average years of experience	16	18.1 ^a
Gender	95% female	98% female ^b
Race/ethnicity	84% white; 8% Black or African American; 3% Hispanic; 2% Asian; 2% two or more races	96% white; 92% white alone; 3% Hispanic/Latino; 2% American Indian; 2% Asian; 1% Black/African American; 1% Native Hawaiian/Pacific Islander ^b
Primary language	95% English; 3% Spanish; 2% other languages	99% English; 1% Spanish ^b
Use of public benefits	24% receive one or more public benefits	15% receive public benefits ^b

Note. ECE = early care and education; HS/EHS = Head Start/Early Head Start; ECFE = early childhood family education; ECSE = early childhood special education.

^aFrom Minnesota's 2023 Workforce Study (Valorose et al., 2023) and for licensed and certified settings only.

^bFrom Minnesota's 2023 Workforce Study (Valorose et al., 2023) and for all respondents ($n = 892$).

The pilot participants looked like the broader Minnesota ECE workforce in education and gender. Participants had slightly fewer years of experience than the state workforce and had slightly more individuals reporting they were a person of color or spoke a language other than English. Family child care providers were overrepresented in the pilot group (50% in the pilot versus 17% in the state workforce), and pilot participants were more likely to be using public benefits (24% versus 15%).

Payment Summary

Prior to the pilot program, participants were earning a range of hourly wages. On average, directors, assistant directors, and curriculum or education coordinators earned \$25.38 per hour, which increased to an average of \$36.46 per hour as supplemented by the pilot. Teachers, co-teachers, and lead teachers earned \$19.42 per hour before the pilot and \$28.80 per hour during the pilot. Assistant teachers or aides earned \$15.51 per hour before the pilot and \$20.14 during the pilot. Verified wage data were not collected for family child care providers the pilot group, but on average family child care providers earned \$26.55 per hour during the pilot.

Payments were provided for work conducted in May, June, and July, 2024 (Table 3). The payments totaled \$1,202,082.

Table 3. Payment Summary

Month	Total Payment	Participants	Average Payment	Median Payment	Minimum Payment	Maximum Payment
May 2024	\$426,450	226	\$1,887	\$1,594	\$68	\$7,565
June 2024	\$357,679	218	\$1,641	\$1,325	\$22	\$6,563
July 2024	\$417,953	216	\$1,934	\$1,602	\$68	\$7,122

Differences Between Pre-Pilot Wages and Pilot Wages

SRI conducted subgroup analyses to identify hourly wage support required for pay equity for different groups of ECE providers. Note that these analyses include only center-based providers, as actual hourly wages were not available for family child care providers.

On average, center-based pilot participants received \$9 more per hour, with a minimum of \$1 more per hour and a maximum of \$30 more per hour. Participants with higher levels of education and more years of experience in the ECE field required more support to reach an equitable hourly wage as defined by the wage scale. This finding reflects that ECE wages do not dramatically increase over time or with higher levels of education, and the design of the wage scale was intended to provide higher wages for more education and years of experience.

Table 4 includes more detailed subgroup data; see Appendix A for a description of how the wage scale was developed.

Table 4. Average Difference Between Center-Based Participants' Pre-Pilot Wages and Wages During Pilots

Subgroup	Average Wage Difference Pre-Pilot and Pilot
Education	
Less than high school diploma	\$3
High school diploma or GED	\$4
ECE credential or some college	\$6
Associate degree	\$6
Bachelor's degree	\$12
Master's degree	\$18
Job Role	

Subgroup	Average Wage Difference Pre-Pilot and Pilot
Assistant teacher or aide	\$5
Teacher, co-teacher, or lead teacher	\$9
Director, assistant director, or curriculum/education coordinator	\$11
Years of ECE Experience	
Less than 2 years	\$7
2 to 5 years	\$6
6 to 10 years	\$7
11 to 15 years	\$9
16 to 20 years	\$10
21 to 25 years	\$11
26 to 30 years	\$13
More than 30 years	\$17

Data Collection Activities

To receive the second and third payments in the pilot, participants were required to complete brief surveys. The surveys were designed to gather meaningful information about participants' financial experiences prior to and during the pilot, understand how participants used and benefited from payments, and gather feedback about their experience participating in the pilot program. This section includes brief overviews of the surveys; more detailed findings are in Appendix D.

Pay Equity Survey 1

The first pay equity survey was conducted during July 2024; 100% of eligible pilot participants completed the survey. Questions on this survey asked how easily participants could make ends meet with their typical household income, what financial hardships they experienced, concerns about loss of public benefits based on pay raises, and perceptions of negative impacts of race on wages (for non-white participants). Additionally, the survey gathered information about how participants spent their pay equity payment and how it impacted their well-being. Finally, this survey asked participants about the employment benefits (e.g., healthcare, retirement) they currently received and about their interest in pursuing additional professional qualifications.

Pay Equity Survey 2

The second pay equity survey was conducted during August 2024; 100% of eligible participants completed the survey. Based on feedback from the first survey, SRI refined questions about the financial hardships participants experienced, how they spent their payment, and how it impacted their well-being. SRI included new questions about the impact of pilot program on participants' desire to stay in the ECE field; the employment benefits they considered most important; how and how frequently they wanted to receive payments should the program continue in the future; their interest in providing information to maintain or increase their payment should the program continue (e.g., maintaining training and professional development data, participating in assessment of their skills, family child care providers providing tax information); and what barriers professionals experience to increasing their qualifications.

Lessons Learned and Considerations

This section summarizes lessons learned based on feedback from pilot participants through survey responses and written comments. Also included are lessons SRI and Think Small learned through the design and implementation of the pilot program.

Lessons Learned From Pilot Participants

Pilot participants are not financially stable. Based on survey feedback, very few pilot participants were financially stable, and financial hardships were common. Fewer than a third of participants (31%) reported that their regular household income was enough to make ends meet. More than half of participants experienced “some” or “significant” hardships with unexpected expenses; medical needs or medical debt; personal debt; dental needs or dental debt; extracurricular activities; utility payments; and clothing, shoes, or other necessities (see full table for this item in Appendix D).

“The equity payment made us able to pay our car insurance that is due every 6 months. During the two months a year (June and December) that it is due, we always struggle to make ends meet, but with the equity payment, we were able to make it and not have to carry a credit card balance for a month to make it.” – **Center-based provider**

Additionally, 26% of the participants were the sole wage earners for their household, 24% received one or more public benefits, and 11% worked more than one job.

Equity payments made a sizable difference in pilot participants' financial stability. Around three quarters of participants agreed that the equity payment, when added to their regular monthly income, was enough to help them make ends meet (78%) and was enough to make a

“For our family, it is like a huge weight lifted off our shoulders. We could breathe again. It allowed us to pay extra on mounting medical bills, and credit cards. It was a huge stress reliever on so many levels.” – **Family child care provider**

real difference in their lives (78%).

The majority also reported that the payments eased the stress over their short-term (87%) *and* long-term (57%) finances and promoted satisfaction in their job and ECE career.

Pilot participants most commonly used their equity payments for necessary expenses, such as paying their regular bills (66%) and purchasing day-to-day items for their home or family (52%). Those participants who were business owners (e.g., family child care providers, center owners) commonly reported putting money from the equity payments back into their business (51%).

Pay equity may promote better retention of ECE providers. About two thirds of pilot participants (65%) reported a little or a lot more desire to stay in the ECE field, particularly among the participants who received higher payments and those who had been in the ECE field longer. Additionally, equity payments could potentially encourage providers to pursue additional qualifications which may also increase staff retention and improve program quality. More than half (58%) of participants reported they would be interested in increasing their professional qualifications if they knew it would result

in improved pay. When asked about barriers that currently impact their ability to increase qualifications, 62% of participants indicated that cost was a barrier and 58% cited personal reasons such as personal time constraints and family commitments as a barrier.

Additionally, 45% did not believe more professional qualifications would result in

a job role promotion, and 42% did not believe more qualifications would result in a pay increase. Taken together, these results suggest that participants are open to increasing qualifications but are not confident there will be sufficient benefits (i.e., promotions, pay increases) to justify the cost and time required to do so.

“I have worked in child care for about 16 years and have struggled the whole time trying to make ends meet. I'm tired of working more than one job. If I was being paid the amount you say I should be at, I could work only one job. I also think our pay is why we can't find good teachers that will stay.”

– **Center-based provider**

Pilot participants value employment benefits, even if they may not currently receive them. When asked to rank the benefits that are most important to them (regardless of whether they receive them), participants' top three selections were health insurance (85%), paid time off (56%), and retirement contributions (51%).

Participants are willing to provide information and participate in activities that would enable them to receive payments. When asked about their likelihood to complete tasks to maintain or increase equity payments should the program become permanent in the future:

- 88% were likely or very likely to update information on education, training, and professional development to maintain or increase pay.
- 55% were likely or very likely to increase professional qualifications to increase pay.
- Most were open to assessments of professional skills to increase pay.
 - 71% would participate in a virtual assessment.
 - 63% would participate in a portfolio submission.
 - 60% would participate in an observational assessment.
- 74% of family child care providers were likely or very likely to provide tax documents to verify income.

"I finally feel like I am finally earning what my job is worth. I have been a licensed family child care provider for 32 years in a small community. I try to keep my rates affordable for my families ... but I still often find I am barely getting by and not really getting ahead. ... If the pay equity payment was a permanent thing, I could ... have enough savings to protect me if I am ever not able to work for an extended period. As I get older, this is a big fear because we do not have unemployment or disability benefits." – **Family child care provider**

Lessons Learned by SRI and Think Small

State-level infrastructure is key to supporting a statewide wage scale. Statewide infrastructure is currently in place to provide critical wage compensation to the ECE workforce through the Great Start Compensation Support Payment Program. This program is designed to provide funds to ECE programs, so the individual payment approach used for this Pay Equity Pilot Program represents a shift that, if instituted statewide, would require new infrastructure and processes. SRI acknowledges that there are values and benefits to both payment approaches, and shares these findings so MN DCYF may make informed decisions.

One challenge in implementing the pilot program was verifying education through Develop. The most common reason pilot program applicants were deemed ineligible was because they did not have a Develop membership. While this challenge was primarily due to the short timeline to

educate potential applicants about the need to verify their education through Develop, it highlights the importance of Develop as a resource for wage scale programs and the potential for a wage scale program to incentivize the ECE workforce to become Develop members.

Think Small provided feedback to SRI that implementing the pilot program (especially during the outreach and application phases) required developing administrative processes. The relatively small scale of the pilot allowed Think Small staff to flexibly create processes and address challenges as they arose, but they communicated that a larger program would require more staff and infrastructure. For example, they reported that applicants were eager to verify that required documentation was received, and each request required a Think Small staff member to check the application status and respond by phone or email. A scaled-up version of the program would require a more standardized process, such as automatic emails when all materials have been submitted, or technological solutions such as an online portal where applicants could verify the status of applications for themselves.

Implementation of a wage scale program requires consideration of how to reach all providers. The provider community in Minnesota is diverse both in settings and in provider characteristics. While this pilot was geographically limited in its scope, a broader implementation would require more focused work to reach all providers and design a program that meets the needs of providers across settings.

Think Small provided feedback to SRI that proactive outreach to provider communities, though outside the scope of this pilot, could increase the diversity of applicants. This would likely need to be supported through resources such as a multi-language support line. Additionally, recruitment for the pilot underscored limitations in communication pathways with providers, with the project team relying on each program's point of contact to relay information to individual providers. Outreach represents an opportunity to build new or expand on existing communication pathways and strengthen the provider community.

Wage scale requirements in Head Start will also impact providers in Minnesota, and there may be opportunities for alignment. New Head Start performance standards will require Head Start programs with 200 or more slots to establish a pay scale for teaching staff that creates pay parity with local public prekindergarten teachers (or 90% parity of local kindergarten teachers if there is no comparable public pre-K) and wage scales or salary schedules for all other program staff (Office of Head Start, n.d.). This requirement will phase in over the next several years and may be an area for collaboration and alignment with the Minnesota statewide wage scale work.

Recommendations

This section offers a few recommendations for Minnesota based on the lessons learned. These recommendations support Minnesota's broader work around wage scale development, which

may be addressed during the upcoming legislative session. Given the opportunity by the legislature, DCYF might:

- Consider how to leverage existing statewide infrastructures and determine where new structures or processes may need to be established.
 - Consider how to incentivize Develop membership and encourage providers to undergo education verification in preparation.
 - Determine if the MN ECE career lattice is in alignment with a statewide wage scale and address any misalignments.
 - Determine if Develop can be leveraged as a tool for communication with the provider community—for example, by prompting members to allow data sharing so their contact information can be provided for communication purposes.
 - Assess the feasibility of coordinating with other professional registries in the state, such as those used by school-based professionals.
- Consider how to design or adapt the statewide infrastructure based on payment approach (i.e., whether payments will be made to programs or individuals).
 - Identify current administrative processes that could be used for a wage scale program.
 - Establish outreach pathways to ensure that historically underserved populations are educated about the wage scale program, and use multiple methods (e.g., in-person, phone calls, webinars, email) to conduct outreach.
- Consider how to engage programs on Tribal lands, in collaboration with Tribal partners
 - Determine what supports would need to be developed or expanded to implement a wage scale program, such as a support line for application assistance or an online portal for maintaining and updating provider information.
- Determine how annual income verification will be carried out for different types of providers (e.g., pay stubs provided by center-based staff, previous years' tax documents for family child care providers).
- Continue exploring providers' need for increased access to employment benefits such as health insurance and retirement accounts. This pilot focused on wage supports and was not able to sufficiently explore the importance and potential impact of employment benefits on compensation as a whole.

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Appendix A: MN ECE Workforce Pay Equity Pilot Implementation Packet Summary

This implementation packet summarizes decisions and includes descriptions of the major considerations and decision points in the pilot design.

What Is Pay Parity?

Pay parity (also called compensation parity) is the idea that ECE professionals who work in community-based settings should be compensated in a manner that is equivalent to how elementary school educators with similar credentials and experience are compensated. Community-based settings include non-school-based programs such as licensed or license-exempt family child care and child care centers, including Head Start and Early Head Start programs.

Pay parity can have multiple components, as described in the glossary below. Note that Minnesota's pilot was designed to achieve parity for degreed staff using a salary schedule. We were unable to align all levels in the ECE system with K–12 levels and instead focused on an equitable distribution of wages while not paying less than the cost of living. Therefore, the pilot was named the Pay Equity Pilot rather than the Pay Parity Pilot.

Compensation Parity: A Glossary

Salary parity: Equivalent starting salary and salary schedule, prorated to account for longer work days and years in private settings where applicable, and including payment for non-child contact hours (such as paid time for planning and professional development).

Salary schedule: A scale with clearly differentiated salary increments based on qualifications and years of experience, which provides guidance for salary increases over time.

Benefit parity: Equivalent paid time off from work, as well as health and retirement benefits.

Parity in payment for professional responsibilities: Payment for non-child contact time to complete professional responsibilities, such as planning, professional sharing, and reporting, as well as paid time for professional development.

Source: *In Pursuit of Pre-K Parity: A Proposed Framework for Understanding and Advancing Policy and Practice* (Whitebook & McLean, 2017, p. 4).

Overview of the Minnesota ECE Pay Equity Pilot

The Pay Equity Pilot was a small, time-limited pilot that paid ECE professionals using an updated and adapted model of the Great Start for All Minnesota Children Task Force's wage

scale (called the “pilot wage scale” in this packet) that SRI implemented in four of the seven Action Lab communities in 2024.

We centered our approach on planning and implementation using the following considerations identified in the workgroup meetings:

- The pilot operated under a very compressed time frame, so it was essential that we make decisions that resulted in feasible implementation activities *and* provided the best information possible for future planning.
- Where possible, we aligned activities with current state initiatives and built on existing state infrastructures so that any lessons learned during the planning and implementation would help state staff better understand where good alignment exists across state systems and where changes are needed to effectively implement a scaled wage scale that informs child care subsidy rates.
- Given the short duration of the pilot, some recommendations did not align with the current state approach and/or workforce group preferences because of feasibility issues.
- We did not want to create any unintended consequences for participants. Knowing that some ECE professionals receive public benefits, we clearly communicated any potential negative impacts (e.g., benefits cliffs). We also tracked whether those we selected for the pilot decided not to participate because of concerns about their potential loss of public benefits.
- We communicated clearly where wage scale and implementation decisions were specific to the conditions of this small, time-limited pilot and noted that future efforts may want to revisit the topic before applying it to the larger, scaled wage work.
- Community-specific engagement strategies were important, and we worked closely with the state staff team and our local implementing partner, Think Small.
- Family child care providers use different business and organizational models than centers do, and we strived to address the distinct differences and considerations (e.g., wages vs. business earnings, hours of operation vs. individual hours worked per week, access to benefits).
- We were prepared to make pilot participant selections to prioritize ECE professionals who are from and reflect the diverse communities they serve, including race, ethnicity, culture, and language, as well as ECE workforce members who have been systemically disadvantaged by barriers to higher education and higher wages. However, we were able to serve all eligible applicants without instituting any selection priorities.

MDE and DHS used this pilot to document learnings and refine existing ideas about approaches to an ECE wage scale and support larger efforts (related to SF 2995, Chapter 70) to develop a

pay parity/equity model that can be scaled for implementation. They also used the pilot to gauge and document providers' perspectives about compensation and the perceived impacts of the parity payments from pilot participants and the seven Action Labs.

Overview of Key Pilot Decisions

This section provides an overview of key decisions for the Pay Equity Pilot (Exhibit 1). The decisions are organized by topic and source. The sources of the recommendations that supported these decisions include state staff (MDE or DHS) guidance, workgroup discussions, SRI's response to the contract opportunity, and SRI's suggestions based on the need to learn about key issues during the pilot and/or the feasibility of implementation with the compressed timeline. Where possible, we aimed to align the decisions to current Minnesota policy and recommendations and used current infrastructure supports.

Exhibit 1. MN ECE Pay Equity Pilot Decisions by Topic and Source

Topic	Source*	Decision
Pilot Areas	SSG	Four Mixed Delivery Action Labs: Cook County, Itasca Area Schools Collaborative, Rochester, and Willmar.
Eligible Employers	SSG	Type of Programs: Licensed or certified license-exempt programs. In alignment with the Great Start Compensation Support Payment Program requirements, programs had to be in good standing, open and operational, and serving a minimum number of children based on program type. Note: There were 532 eligible employers within the four Action Labs.
	WGR	Ages Served: Programs had to serve infants, toddlers, or preschoolers to be eligible; however, they could also serve school-age children. Operational Months: Programs had to be operational during all months eligible for pay equity payments (i.e., May, June, and July).
Eligible Individuals	SSG	Age: Individuals had to be 18 years of age to participate. Role: Support educators (e.g., assistant teachers, aides), lead educators (lead teachers, co-teachers, teachers), family child care providers, and leaders with guiding support roles (directors, assistant directors, curriculum/education coordinators) were eligible. These roles aligned with the Great Start for All Minnesota Children Task Force's final report.
	WGR	Education Levels: Individuals at all levels of education were eligible. The pilot required verification (via Develop) of highest level of education (except for high school diploma) but did not distinguish payments based on whether education was in ECE. Hours Worked/Week: Individuals working 15 hours or more per week were eligible. Those in teaching roles had to spend most of their time working directly with children in a group setting. Experience: Individuals with all levels of experience were eligible.

Topic	Source*	Decision
	SRI	Wages: Eligible individuals could not earn more than the wage set (in the pilot wage scale) for their education, role, and experience.
Pilot Wage Scales (see Exhibits 2–5)	WGR	<p>Amounts: We set the pilot wage scale amounts to achieve parity with local public elementary school teaching staff for those with bachelor's degrees. We adjusted amounts based on cost of living data for communities.</p> <p>Enhancements: Family child care providers eligible for a Great Start Compensation Support Payment Program enhancement were also eligible for a 10% parity enhancement. The workgroup added this enhancement because these FCC providers were more likely to serve economically disadvantaged families and likely charged lower fees. Given pilot limitations requiring one salary level for all FCC, this was an opportunity to account for differences in earnings. We calculated the 10% enhancement based on the professional's total equity wage in the wage scale. Note: This enhancement did not apply for center-based staff as the pilot could track earnings and guarantee that center-based staff were brought to the equity payment level.</p>
	SSG	Source of Comparable Wage Data to Support Calculations: We used the most recent PELSB starting salary data for teachers and calculated a statewide average for the bachelor's-degree level and adjusted the amount based on the economic characteristics of the communities. We used national data on median earnings by education level to establish the standard for how to adjust the wage levels by education for levels below or above the bachelor's degree. We ensured that the base level amount did not drop below the cost-of-living levels in each community.
	SSG	Adjustments for experience were based on the following increments: 1–2 years, 3–5 years, 6–7 years, 8–10 years, 11–15 years, 16–20 years, 21–25 years, 26–30 years, 31–35 years, 36–40 years, 41–45 years, and 46–50 years. We made 3% adjustments for increments through 10 years and 5% for increments of 11–15 years and higher.
	SSG	Adjustments: We adjusted individuals' monthly pay parity amounts to account for programs' receipt of Great Start Compensation Support Payment Program and/or Cook County compensation payments (if applicable).
Selection	SRI	Application Window and Link: We opened an online application window of approximately 2 weeks to allow all interested individuals to apply. We made the application available online, and the link to the application was shared broadly in pilot communities. We also provided a PDF version of the application in Spanish, Somali, and Hmong and provided contact numbers to individuals who could assist individuals as they completed the application.
	WGR	Distribution of Participants: We planned to allot participant slots based on the distribution of licensed capacity to serve children in pilot communities and program type. We did not plan to allot participant slots within center-based programs based on job roles. We planned to redistribute funds to other pilot communities if we did not receive sufficient applications during the application

Topic	Source*	Decision
		window. Note: We did not need to use the distribution plans because sufficient resources were available to serve all eligible applicants.
Verification	SSG	<p>Verification of Education and Experience: We used verified education from the Develop system. Note: In the application, we asked individuals for permission to access their learning record in Develop to complete the verification.</p> <p>Paid Time Off Reported During Verification: We paid family child care providers the entire equity wage for up to 20 hours of leave during the pilot. We paid center-based participants up to the equity wage for any paid time off reported during the pilot.</p>
	WGR	Verification of Wages: We used a “current wage” of \$11.64/hour for family child care providers (based on available statewide data) to calculate their equity payments. We requested that center-based participants and family child care assistants provide verification of wages once, upon acceptance into the pilot.
	SRI	Verification of Hours Worked/Week: Family child care participants self-certified their hours (up to 40) worked each week for the month. We verified the hours center-based staff worked per week for each month via the director.
Payments	CR	Recipients and Frequency of Payments: We paid individual participants directly each month.
	SSG	<p>Family Child Care Options for Receipt of Payment: Family child care providers had the option for payments to be made to their family child care business.</p> <p>Alternate Forms of Payments: We did not offer any alternate forms of payment during this pilot. We notified applicants that all equity payments would be treated as income. As a result, individuals who received public benefits had to weigh the benefits of participating in a short-term pilot against the potential negative impacts on benefit eligibility.</p>
	WGR	<p>Number of Payments: Pilot participants received up to three payments based on their ability to maintain eligibility.</p> <p>Calculating Payments: We calculated equity payments based on the difference between the individual’s current wage and their suggested equity wage. We paid based on the number of hours worked in the month (up to 40 hours per week) and adjusted equity payments to account for receipt of Great Start Compensation Support Payment Program and Cook County compensation program funds.</p>
	SRI	<p>Time to Payment: Participants received equity payments within 30 days of the close of the month.</p> <p>Reportable Income: Equity payments were income. Participants who received more than \$600 will receive the appropriate tax form (1099) at the beginning of</p>

Topic	Source*	Decision
		2025. They (along with their tax accountant) will need to determine whether the income is taxable.
Participant Agreement	SRI	<p>Individual participants were required to sign a participant agreement that addressed the following topics:</p> <ul style="list-style-type: none"> • Information provided by individuals was used to determine eligibility and potential selection. • Access to Develop records to verify educational attainment. • Participant's role in the pilot evaluation, and that payments were contingent on completion of brief surveys. • Equity payments were income, and participants would receive tax forms if paid over \$600. • Potential negative impact on eligibility for any public benefits (e.g., MFIP, child care assistance).
Evaluation	SRI	Individuals provided demographic and employment data as part of the initial applications. Participants completed an evaluation survey in August before they could receive their equity payment for July and again in September before they could receive their equity payment for August.

* SSG = state staff guidance; WGR = workgroup recommendation; SRI = contractor offered these recommendations based on the need to learn about key issues during the pilot and/or the feasibility of implementation with the compressed timeline; CR = specified in SRI's response to the contract opportunity.

Pay Equity Pilot Wage Scales

The pilot paid participants the difference between their current hourly pay/earnings and the pilot wage scale. Exhibits 2–5 present the pilot wage scale for each community.

Exhibit 2. Cook County Pilot Wage Scale Model

Pilot Wage Scale	Education Level	Starting Hourly Wage	1–2 Years (2%)*	3–5 Years (3%)*	6–7 Years (3%)*	8–10 Years (3%)*	11–15 Years (5%)*	16–20 Years (5%)*	21–25 Years (5%)*	26–30 Years (5%)*	31–35 Years (5%)*	36–40 Years (5%)*	41–45 Years (5%)*	46–50 Years (5%)*
Pay Level 1	Less Than High School Diploma or Equivalent	\$14.03	\$14.31	\$14.74	\$15.19	\$15.64	\$16.42	\$17.24	\$18.11	\$19.01	\$19.96	\$20.96	\$22.01	\$23.11
Pay Level 2	High School Diploma or Equivalent	\$15.44	\$15.74	\$16.22	\$16.70	\$17.20	\$18.07	\$18.97	\$19.92	\$20.91	\$21.96	\$23.06	\$24.21	\$25.42
Pay Level 3	ECE Specific Credential or Some College Equivalent	\$16.98	\$17.32	\$17.84	\$18.37	\$18.93	\$19.87	\$20.87	\$21.91	\$23.00	\$24.15	\$25.36	\$26.63	\$27.96
Pay Level 4	Associate Degree or Equivalent	\$18.68	\$19.05	\$19.62	\$20.21	\$20.82	\$21.86	\$22.95	\$24.10	\$25.30	\$26.57	\$27.90	\$29.29	\$30.76
Pay Level 5	Bachelor's Degree	\$26.15	\$26.67	\$27.47	\$28.30	\$29.15	\$30.60	\$32.13	\$33.74	\$35.43	\$37.20	\$39.06	\$41.01	\$43.06
Pay Level 6	Master's Degree	\$30.86	\$31.47	\$32.42	\$33.39	\$34.39	\$36.11	\$37.92	\$39.81	\$41.80	\$43.89	\$46.09	\$48.39	\$50.81

* Years of experience and percent increase

Exhibit 3. Itasca Pilot Wage Scale Model

Pilot Wage Scale	Education Level	Starting Hourly Wage	1–2 Years (2%)*	3–5 Years (3%)*	6–7 Years (3%)*	8–10 Years (3%)*	11–15 Years (5%)*	16–20 Years (5%)*	21–25 Years (5%)*	26–30 Years (5%)*	31–35 Years (5%)*	36–40 Years (5%)*	41–45 Years (5%)*	46–50 Years (5%)*
Pay Level 1	Less Than High School Diploma or Equivalent	\$15.72	\$16.03	\$16.52	\$17.01	\$17.52	\$18.40	\$19.32	\$20.28	\$21.30	\$22.36	\$23.48	\$24.65	\$25.89
Pay Level 2	High School Diploma or Equivalent	\$17.29	\$17.64	\$18.17	\$18.71	\$19.27	\$20.24	\$21.25	\$22.31	\$23.43	\$24.60	\$25.83	\$27.12	\$28.48
Pay Level 3	ECE Specific Credential or Some College Equivalent	\$19.02	\$19.40	\$19.98	\$20.58	\$21.20	\$22.26	\$23.37	\$24.54	\$25.77	\$27.06	\$28.41	\$29.83	\$31.32
Pay Level 4	Associate Degree or Equivalent	\$20.92	\$21.34	\$21.98	\$22.64	\$23.32	\$24.49	\$25.71	\$27.00	\$28.35	\$29.76	\$31.25	\$32.82	\$34.46
Pay Level 5	Bachelor's Degree	\$29.29	\$29.88	\$30.78	\$31.70	\$32.65	\$34.28	\$36.00	\$37.80	\$39.69	\$41.67	\$43.75	\$45.94	\$48.24
Pay Level 6	Master's Degree	\$34.57	\$35.26	\$36.32	\$37.40	\$38.53	\$40.45	\$42.48	\$44.60	\$46.83	\$49.17	\$51.63	\$54.21	\$56.92

* Years of experience and percent increase

Exhibit 4. Rochester Pilot Wage Scale Model

Pilot Wage Scale	Education Level	Starting Hourly Wage	1–2 Years (2%)*	3–5 Years (3%)*	6–7 Years (3%)*	8–10 Years (3%)*	11–15 Years (5%)*	16–20 Years (5%)*	21–25 Years (5%)*	26–30 Years (5%)*	31–35 Years (5%)*	36–40 Years (5%)*	41–45 Years (5%)*	46–50 Years (5%)*
Pay Level 1	Less Than High School Diploma or Equivalent	\$15.99	\$16.31	\$16.80	\$17.30	\$17.82	\$18.71	\$19.65	\$20.63	\$21.66	\$22.74	\$23.88	\$25.07	\$26.33
Pay Level 2	High School Diploma or Equivalent	\$17.59	\$17.94	\$18.48	\$19.03	\$19.60	\$20.58	\$21.61	\$22.69	\$23.82	\$25.02	\$26.27	\$27.58	\$28.96
Pay Level 3	ECE Specific Credential or Some College Equivalent	\$19.34	\$19.73	\$20.32	\$20.93	\$21.56	\$22.64	\$23.77	\$24.96	\$26.21	\$27.52	\$28.89	\$30.34	\$31.85
Pay Level 4	Associate Degree or Equivalent	\$21.28	\$21.70	\$22.36	\$23.03	\$23.72	\$24.90	\$26.15	\$27.46	\$28.83	\$30.27	\$31.78	\$33.37	\$35.04
Pay Level 5	Bachelor's Degree	\$29.79	\$30.39	\$31.30	\$32.24	\$33.20	\$34.86	\$36.61	\$38.44	\$40.36	\$42.38	\$44.50	\$46.72	\$49.06
Pay Level 6	Master's Degree	\$35.15	\$35.86	\$36.93	\$38.04	\$39.18	\$41.14	\$43.20	\$45.36	\$47.62	\$50.00	\$52.50	\$55.13	\$57.89

* Years of experience and percent increase

Exhibit 5. Willmar Pilot Wage Scale Model

Pilot Wage Scale	Education Level	Starting Hourly Wage	1–2 Years (2%)*	3–5 Years (3%)*	6–7 Years (3%)*	8–10 Years (3%)*	11–15 Years (5%)*	16–20 Years (5%)*	21–25 Years (5%)*	26–30 Years (5%)*	31–35 Years (5%)*	36–40 Years (5%)*	41–45 Years (5%)*	46–50 Years (5%)*
Pay Level 1	Less Than High School Diploma or Equivalent	\$14.39	\$14.68	\$15.12	\$15.57	\$16.04	\$16.84	\$17.68	\$18.56	\$19.49	\$20.47	\$21.49	\$22.57	\$23.69
Pay Level 2	High School Diploma or Equivalent	\$15.83	\$16.14	\$16.63	\$17.13	\$17.64	\$18.52	\$19.45	\$20.42	\$21.44	\$22.51	\$23.64	\$24.82	\$26.06
Pay Level 3	ECE Specific Credential or Some College Equivalent	\$17.41	\$17.76	\$18.29	\$18.84	\$19.40	\$20.37	\$21.39	\$22.46	\$23.59	\$24.77	\$26.00	\$27.30	\$28.67
Pay Level 4	Associate Degree or Equivalent	\$19.15	\$19.53	\$20.12	\$20.72	\$21.35	\$22.41	\$23.53	\$24.71	\$25.95	\$27.24	\$28.60	\$30.03	\$31.54
Pay Level 5	Bachelor's Degree	\$26.81	\$27.35	\$28.17	\$29.01	\$29.88	\$31.38	\$32.95	\$34.59	\$36.32	\$38.14	\$40.05	\$42.05	\$44.15
Pay Level 6	Master's Degree	\$31.64	\$32.27	\$33.24	\$34.23	\$35.26	\$37.03	\$38.88	\$40.82	\$42.86	\$45.00	\$47.25	\$49.62	\$52.10

* Years of experience and percent increase

Appendix B: MN ECE Pay Equity Workgroup Members

In this attachment, we list the workgroup members and include which government agency, early care and education (ECE) provider group, and/or Mixed Delivery Action Lab each represents. Additionally, we list SRI, Think Small, and Upjohn Institute staff who supported the workgroup's planning efforts.

Table B1. MN ECE Pay Parity Workgroup Members and Affiliations

Name	Organization	ECE Provider Group
Amanda Lacek	Rochester Action Lab, Families First of Minnesota	
Amanda O'Connell	Department of Employment and Economic Development	
Amanda Varley	Department of Education	
Angela Butel	Department of Human Services	
Audra Nissen Boyer	Mankato Action Lab, Mankato Area Public Schools	
D'Anne Johnson	Thief River Falls Action Lab, Inter-County Community Council	Head Start
Darla Rahne	Itasca Area Schools Collaborative Action Lab, Invest Early Project	
Deb Swenson-Klatt	Department of Human Services	
Emma Kurth	MN's Children's Cabinet, Governor's Office	
Erin Underbakke	Rochester Action Lab	Family Child Care
Hafsa Shikh		Family Child Care
Joe Piket		Minnesota Child Care Association
June Reineke	Department of Education	
Karen DeVos		Minnesota Child Care Association
Kerry Gershone	Department of Human Services	
Kraig Gratke		Minnesota Head Start Association
Lara Bergman	Department of Human Services	
Lynsey Pierce	Willmar Action Lab, United Way of West Central MN	Center-Based Child Care
Maria Snider		Minnesota Child Care Association
Michele Hutchinson	Thief River Falls Action Lab, First Children's Finance	
Nancie Deming	Cook County Action Lab, Cook County Public Health and Human Services	
Rozalyn Zuest	Department of Human Services	
Scott Parker	Department of Human Services	
Sharon Johnson	Worthington Action Lab, Worthington School District	

Name	Organization	ECE Provider Group
Thandi Blom		Family Child Care
Whitney Jackson		Family Child Care

Table B2. Contract Team by Affiliation

Name	Agency
Aaron Sojourner	Upjohn Institute
Candace Yates	Think Small
Ciearra Norwood-Williams	SRI
Cisa Keller	Think Small
Katie Roberts	SRI
Denise Mauzy	SRI
Laura Hudson	SRI
Wei-Bing Chen	SRI

Appendix C: Ineligible Applicants by Reason for Ineligibility

Table C1. Program-Level Ineligibility for 434 Pilot Applicants

Eligibility Criterion	n and % of Ineligible Applicants
Program is not in the list of eligible programs in the geographic area of the pilot communities	n = 11, 3%
Provider's program is not in good standing/operational	n = 0, 0%

Note: Percentages reported for all 434 pilot applicants; 204 applicants were ineligible for one or more reasons.

Table C2. Individual-Level Ineligibility for 434 Pilot Applicants

Eligibility Criterion	n and % of Ineligible Applicants
Individual does not have Develop membership	n = 97, 25%
Individual earns more than the payment specified in the wage scale	n = 144, 33%
Individual earns more than the payment specified in the wage scale and does not receive Great Start Compensation Support	n = 92, 21%
Individual earns more than the payment specified in the wage scale, including Great Start Compensation Support	n = 52, 12%
Application is a duplicate	n = 5, 1%
Individual does not work at least 15 hours per week	n = 6, 1%
Individual does not work in an approved role	n = 5, 1%
Individual is younger than 18 years of age	n = 6, 1%
Individual does not spend enough time in direct child care	n = 1, < 1%
Individual declined to participate after signing release statement	n = 2, < 1%

Note: Percentages reported for all 434 pilot applicants; 204 applicants were ineligible for one or more reasons.

Appendix D: Survey Findings

This appendix summarizes select findings from the two surveys conducted during the pilot. Surveys were completed by *all* participants who remained eligible for the pilot program.

Financial Status of Participants Before Pilot

Participants reported commonly experiencing financial hardships. Only 31% of participants agreed or strongly agreed that their household income (including from any other wage earners, if applicable) was enough to make ends meet on a month-to-month basis.

More than a third of all participants were experiencing “some” or “significant” hardship for all spending categories included on the survey, except for child/elder care costs.

Table D1. Participants’ Reported Pre-Pilot Financial Status

Category	Significant Hardship	Some Hardship	Not a Hardship	N/A – Does Not Apply to My Household	Skipped
Unexpected expenses	42%	43%	12%	4%	
Medical needs or medical debt	25%	42%	28%	5%	0%
Other personal debt (not medical, education)	24%	47%	23%	5%	1%
Dental needs or dental debt	23%	40%	33%	4%	0%
School/education costs or student loan debt	20%	24%	32%	24%	0%
Extracurricular activities	16%	42%	28%	12%	1%
Mental health needs	12%	28%	47%	12%	0%
Child or elder care costs	7%	14%	42%	36%	0%
Utility payments	7%	47%	44%	2%	0%
Housing	6%	37%	52%	4%	0%
Clothing, shoes, other needed accessories	6%	44%	48%	2%	0%
Food	5%	34%	55%	5%	1%

Participants who identified as people of color were asked about the degree to which their wages had been negatively impacted because they are a person of color. Six percent felt their wages had been strongly negatively impacted, 42% felt their wages had been somewhat negatively impacted, 35% were not sure, and 16% did not feel their wages had been negatively impacted.

Impacts of Equity Payments

Most pilot participants felt that the pay equity payment in addition to their household’s other wages provided enough income for their household to make ends meet (78%), and that the payment was enough to make a real difference in their lives (78%). Additionally, the majority of participants felt that

the total monthly income they received during the pilot program was a fair payment for their education, experience, and skills (77%). Of the individuals who reported receiving public benefits, only 12% felt the pay equity payment was large enough that they were concerned they might lose public benefits.

The majority of participants reported that their participation in the pilot program increased their desire to stay in the early care and education (ECE) field a little (22%) or a lot (44%).

Participants were also asked to give feedback about how the equity payments impacted their financial stress and satisfaction in their job and career. They reported that it had strong positive impacts across these areas:

- 39% strongly agreed and 47% agreed they felt less stress over their short-term finances after receiving the equity payment.
- 17% strongly agreed and 40% agreed they felt less stress over their long-term finances after receiving the equity payment.
- 28% strongly agreed and 47% agreed that the pay equity payment helped them feel more satisfied with their ECE career.
- 26% strongly agreed and 45% agreed that the equity payment helped them feel more satisfied in their job.
- 29% strongly agreed and 49% agreed that the payment made them more positive in their outlook on life.

Use of Equity Payments

Pilot participants were asked to indicate how they spent their pay equity funds, using a “check all that apply” list of options. Additionally, during the first survey, participants were provided with an opportunity to give written feedback about how they used the funds. Most commonly, respondents indicated using their payments to pay regular bills (66%), followed by purchasing day-to-day items for their home or family (52%) and paying personal debt excluding medical debt and student loans (43%). Less commonly, participants reported using the payments for saving (25%), paying medical bills (20%), paying student loans (9%), and going on vacation or treating themselves (5%).

For participants who were also business owners (family child care providers or owners of child care centers), 51% reported using their equity payments to pay for business-related items. In open-ended comments, participants highlighted how they appreciated the funds to purchase supplies, pay for curriculum, and make facility updates or upgrades that they may not have otherwise had funding for.

- “I finally feel like I am finally earning what my job is worth. I have been a licensed family child care provider for 32 years in a small community. I try to keep my rates affordable for my families and I am always at my legal enrollment capacity, but I still often find I am barely getting by and not really getting ahead. My expenses (food, equipment, supplies, insurance, utilities, etc.) continue to go up in price, and I cannot raise my rates enough to make up for that. If the pay equity payment was a

permanent thing, I could get more extra items for my program and maybe have enough savings to protect me if I am ever not able to work for an extended period. As I get older, this is a big fear because we do not have unemployment or disability benefits. I also feel like the Pay Equity Pilot Program has recognized how hard I work, the amount of hours I put in every week, and the value of child care providers.” – **Family child care provider**

- “It made a big difference in my income for my family. Just to be able to afford food, supplies, and pay bills has been challenging, and the credit card balance keeps going up. This helped to be able to make a bigger payment to the credit card and purchase supplies, food for my family and daycare children without making the credit card balance go back up.” – **Family child care provider**
- “The equity payment made us able to pay our car insurance that is due every six months. During the 2 months a year (June and December) that it is due, we always struggle to make ends meet, but with the equity payment, we were able to make it and not have to carry a credit card balance for a month to make it.” – **Center-based provider**
- “For our family, it is like a huge weight lifted off our shoulders. We could breathe again. It allowed us to pay extra on mounting medical bills, and credit cards. It was a huge stress reliever on so many levels.” – **Family child care provider**
- “I have worked in child care for about 16 years and have struggled the whole time trying to make ends meet. I’m tired of working more than one job. If I was being paid the amount you say I should be at, I could work only one job. I also think our pay is why we can’t find good teachers that will stay.” – **Center-based provider**

Benefits

The top three benefits that participants indicated were most important to them (regardless of whether they received them) were:

- Health insurance (85%)
- Paid time off (56%)
- Retirement contribution (51%)

Qualifications

Pilot participants indicated a high degree of interest in increasing their professional qualifications if they knew it would lead to a pay increase. More than half (58%) reported they would be interested in pursuing additional qualifications, with another 10% noting they were already pursuing additional qualifications. Around a third of participants would not pursue additional qualifications regardless of additional pay.

When asked about current barriers to increasing their qualifications in the ECE field, 62% indicated that cost was a barrier, 58% had personal barriers (e.g., family commitments, personal time

constraints), 45% felt that more qualifications would not result in a job role promotion, 42% felt that more qualifications would not result in a pay increase, and 25% cited the accessibility of educational opportunities as a barrier.

- 16% of participants stated they were planning to stay in the ECE field but were not interested in pursuing additional qualifications, while fewer than 1% said they were not pursuing qualifications because they were not planning to remain in the ECE field.
- 3% of participants reported they were currently pursuing additional qualifications and had not experienced barriers.
- Note that this was a “check all that apply” question, so percentages add to more than 100%.

Pilot Program Implementation Feedback

- When asked if they would prefer better pay or better benefits, the majority of participants (87%) would prefer better pay.
- Pilot participants were satisfied with the method, approach, and timing of payments provided through the pilot program:
 - 92% felt the payments were sufficient for cost-of-living needs in their area.
 - 98% felt the payment option they selected (check or direct deposit) was an easy and convenient method to receive funds.
 - If the program were offered on a permanent basis, the majority (94%) of participants would prefer to receive payments on a monthly basis.
 - If the program were offered on a permanent basis, around half (48%) of participants would prefer to receive payments directly from the state or from a partner entity such as Think Small; 13% would prefer to receive payments through their employer as a part of their regular paycheck; and 39% did not have a preference or were not sure.
 - 83% felt that job roles (e.g., lead teacher, assistant teacher, family child care provider) should be used to determine payment amounts.
- Broadly, participants reported they were open to participating in activities that would allow them to receive payments, or increase the amount of payments, should the program be offered on a permanent basis.
 - 87% felt they were likely or very likely to update their education, training, and professional development activities on an ongoing basis to maintain or increase the amount of their payment.
 - 55% felt they were likely or very likely to increase their professional qualifications in order to increase the amount of their payment.
 - Most were open to assessments of professional skills to increase pay:

- 71% would be likely or very likely to participate in a virtual assessment.
- 63% would be likely or very likely to participate in a portfolio submission.
- 60% would be likely or very likely to participate in an observational assessment.
- 74% of family child care providers were likely or very likely to provide tax documents to verify income.

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