The Child Care WAGE$® Program: An Evidence-Informed Initiative

Is the Child Care WAGE$® Program an evidence informed initiative? Yes. WAGE$ is a proven way to increase the education, retention and compensation of early educators, which means higher quality care for children. Brain research makes it clear that early experiences are critical for successful brain development, and making sure these quality early experiences are possible is far more effective than trying to address problems at a later age. It takes a qualified, educated, stable and effective teacher to provide the types of experiences that are needed to build trust and promote learning. The Center on the Developing Child at Harvard University reports that "substantial investments in training, recruiting, compensating, and retaining a high quality workforce must be a top priority for society." [1] WAGE$ helps attract educated teachers to the field in the first place who might not otherwise choose it due to typically low salaries and benefits. The additional compensation helps retain those educated teachers and the program encourages (even mandates) additional education.

How do research findings support the need for the Child Care WAGE$® Program? Research clearly shows the importance of teacher retention and education for the successful growth and development for young children and the role that compensation plays in quality care. The authors of *The Early Care and Education Teaching Workforce: At the Fulcrum* reported that most evidence suggests there are three primary factors associated with teacher quality[2] and WAGE$ is designed to address those three issues – professional development/education, compensation and stability.

Why are lower turnover rates so important for children? Stability is one of the key factors in quality early care and education. The bond that children create with their teachers sets the groundwork for learning, enabling better success in school and life. The consistent association of low teacher turnover rates with positive teaching practices[3] highlights the need for strategies that increase retention.

Turnover tends to breed turnover. When a program has a revolving door of teachers, it makes it more difficult to provide quality care for children and to improve services, and it may also impact the remaining teachers. The decisions of others to leave may ultimately encourage them to do the same.[4] As WAGE$ helps to slow the turnover rate in child care programs, the retention of even one teacher can make a positive difference for the staff, children and the program as a whole.

**How does the Child Care WAGE$® Program reduce turnover?** Money! The Child Care WAGE$® Program is an education-based salary supplement program for teachers, directors and family child care providers. An annual financial award is issued in two installments, each after the participant completes at least six months in the same child care program. These supplements make early childhood a more affordable and attractive option for educated teachers.

Does increasing the compensation of teachers have an impact for children? There is strong significant evidence of a positive correlation between teacher qualifications and quality with respect to the learning

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[1] National Scientific Council on the Developing Child. 2007. *The Science of Early Childhood Development: Closing the Gap Between What we Know and What We Do.* Cambridge, MA.

[2] Kagan, S. L, Tarrant, K, Carson, A and Kauerz, K. 2006. *The Early Care and Education Teaching Workforce: At the Fulcrum (Summary Report)*: National Center for Children and Families for Cornerstones for Kids.

[3] Kagan, S. L, Tarrant, K, Carson, A and Kauerz, K. 2006. *The Early Care and Education Teaching Workforce: At the Fulcrum (Summary Report)*: National Center for Children and Families for Cornerstones for Kids.

[4] Whitebook, M. and Sakai, L. 2004. *By a Thread: How Child Care Centers Hold On to Teachers, How Teachers Build Lasting Careers.* Kalamazoo, MI: Upjohn Institute for Employment Research.

environment in early childhood education settings. The qualifications, compensation and retention of early childhood teachers are the primary indicators of quality in an early care and education program.[5] Early childhood professionals receiving higher compensation are more likely to provide positive developmental experiences.[6] Research also suggests that teachers' financial well-being is associated with children's positive emotional expressions and behaviors in classrooms.[7] WAGE$ participants have often voiced this by sharing that when they have less stress because of the WAGE$ supplements, they are able to better focus their positive attention on children in their classrooms, which means children are happier and more open to learning.

According to the *Early Childhood Workforce Index 2024*, a report by the Center for the Study of Child Care Employment, the early childhood workforce ranks in the third percentile in annual earnings when compared to 500 other occupations, with wage growth lagging behind other low-income occupations such as retail or fast food. Early educators experience poverty rates that are 5.7 times higher than those of elementary and middle school teachers and, as a result, have greater food insecurity and higher participation rates in public safety net programs. Despite the important work that teachers do, the median early educator wage in every state falls below a living wage for a single adult with no children.[8]

According to a 2023 workforce study, the median wage in NC for teachers and assistants is $14.42 an hour.[9] While this rate is an increase from the $12 per hour rate reported in workforce data from 2019, it has not kept pace with inflation. Someone earning $12 per hour in January 2019 would have the buying power of someone earning $14.70 in January 2024. WAGE$ participants must have higher education coursework in order to participate and may earn higher hourly rates as a result. However, the median rate of participants in FY25 was only $16.82 per hour, which is well below North Carolina's living wage of $22.54 (https://livingwage.mit.edu/states/37; September 2025). It may be worth noting that stabilization grants were still available for much of FY25. It is unclear how early educator earnings will be impacted now that those funds are no longer available to help employers address compensation.

In their study, which included detailed interviews with early care and education professionals, Marcy Whitebook and Laura Sakai also found that better pay is most often identified as the way to reduce turnover, and better pay coupled with greater public respect would have an even stronger impact.[10]

Research is clear that children need engaging, stable relationships with the adults in their lives, particularly those children who face greater stress and adversity. Poverty is known to be a significant risk factor and it is often joined with or can exacerbate other sources of stress. Children living in poverty often face nutritional challenges, have less security in their home situations, less access to medical care, more family chaos, potential parental depression and less predictability in their lives overall.

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[5] Bivens, J; Garcia, E; Gould, E; Weiss, E; and Wilson, V. 2016. *It's time for an ambitious national investment in America's children.* Economic Policy Institute.

[6] Center of Children, Families, and the Law. 2005. *Compensation of Early Childhood teachers: What value do we place on young children?*

[7] King, E., Johnson, A., Cassidy, D., Wang, Y., Lower, J., and Duffy, V. 2015. *Preschool Teachers' Financial Well-Being and Work Time Supports: Associations with Children's Emotional Expressions and Behaviors in Classrooms.* Early Childhood Education Journal, 44.

[8] McLean, C., Austin, L. J. E., Powell, A., Jaggi, S., Kim, Y., Knight, J., Muñoz, S., & Schlieber, M. 2024. *Early Childhood Workforce Index – 2024*. Center for the Study of Child Care Employment, University of California, Berkeley. Retrieved from https://cscce.berkeley.edu/workforce-index-2024/.

[9] Child Care Services Association. 2024. *Working in Early Care and Education in North Carolina, 2023 Workforce Study.* Chapel Hill, N.C.

[10] Whitebook, M. and Sakai, L. 2004. *By a Thread: How Child Care Centers Hold On to Teachers, How Teachers Build Lasting Careers.* Kalamazoo, MI: Upjohn Institute for Employment Research.

According to the seminal report from the Institute of Medicine and National Research Council, *Transforming the Workforce for Children Birth Through Age 8: A Unifying Foundation,* one problem for children facing these adverse circumstances is that they "usually have parents and other caregivers who are affected by the same conditions of adversity." The report goes on to say that when parents and caregivers "are managing well, they can help children cope more competently with the ordinary stresses that inevitably occur. When caregivers are stressed, by contrast, they cannot provide this buffering and are instead more often a source of stress for children."[11]

The well-being of caregivers is certainly linked to their compensation and economic security. Early care and education continues to be an underpaid profession despite expectations of what teachers should know and be able to do. According to the 2023 early childhood workforce study, 42% of North Carolina's teachers and assistant teachers had used public assistance in the previous three years[12], and research shows that those teachers using public support services for themselves and their children are among those experiencing the most worry.[13]

True economic security in the form of adequate and fair pay is the goal, and the Child Care WAGE$® Program is one opportunity to address the compensation for educated teachers and subsequently help reduce the stress they feel. In fact, 98% of the WAGE$ survey respondents in FY25 stated that WAGE$ does help ease their financial stress, and they often provide feedback that illustrates that their stress might otherwise impact their ability to focus on the children in their classrooms. For example, one teacher said, "Due to the financial help from WAGE$ my stress level is reduced, and this is a benefit for the children in my care. I can more effectively do my job with a lower stress level."

Does the education of the workforce really make a difference for children? Research continues to show the importance of education for those working with young children. The *National Child Care Staffing Study* indicated that formal education and specialized training were significantly associated with higher quality caretaking.[14] In 2003, Marcy Whitebook reviewed eight major research studies on pre-kindergarten quality. The findings not only showed that the retention of educated teachers was critical to the success of young children, but specifically identified the importance of higher education.[15]

The most effective preschool teachers, according to Steven Barnett in his article *Better Teachers, Better Preschools: Student Achievement Linked to Teacher Qualification*, have at least a four year degree and specialized early childhood training. Although teacher qualifications alone cannot guarantee teaching effectiveness, the conclusion from research review supports the importance of having educated preschool teachers. Teachers who have earned a bachelor's degree tend to have more positive interactions with children, have greater sensitivity to their needs and provide richer linguistic experiences.[16]

In *High-Quality Preschool: Why We Need It and What it Looks Like,* Dr. Linda Espinosa summarized, "Research

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[11] Institute of Medicine and National Research Council. 2015. *Transforming the Workforce for Children Birth Through Age 8: A Unifying Foundation*. Washington, DC: The National Academies Press

[12] Child Care Services Association. 2024. *Working in Early Care and Education in North Carolina: 2023 Workforce Study.* Chapel Hill, N.C.

[13] Whitebook, M., Phillips, D., and Howes, C. (2014). *Worthy Work, STILL Unlivable Wages: The Early Workforce 25 Years After the National Child Care Staffing Study, Executive Summary*. Berkeley, CA: Center for the Study of Child Care Employment, University of California, Berkeley.

[14] Whitebook, M., Howes, C. and Phillips, D. 1990. *Who Cares? Child Care Teachers and the Quality of Care in America.* Final Report of the National Child Care Staffing Study. Berkeley, Calif.: Child Care Employee Project.

[15] Whitebook, M. 2003. *Bachelor's Degrees Are Best: Higher Qualifications for Pre-Kindergarten Teachers Lead to Better Learning Environments for Children.* Washington, D.C.: The Trust for Early Education.

[16] Barnett, W. S. Revised December 2004. *Better Teachers, Better Preschools: Student Achievement Linked to Teacher Qualifications.* National Institute for Early Education Research. New Brunswick, NJ.

has consistently shown that 3- and 4-year-olds who attend a high-quality preschool are more successful in kindergarten and beyond—both academically and socially." One of her primary recommendations is that teachers need four-year degrees and specific child development training and education.[17] Research suggests that the effects of high quality child care continue into the teen years.[18]

The study *Transforming the Workforce for Children Birth Through Age 8: A Unifying Foundation* makes it evident that higher education is necessary and, in fact, recommends a minimum of a bachelor's degree for lead teachers working with young children, comparable to the requirements in elementary school. The report stated, "The current differential in education requirements lags behind the science of child development and early learning, which clearly indicates that the work of lead educators for young children of all ages is based on the same high level of sophisticated knowledge and competencies."[19]

How does WAGE$ help increase education? Because WAGE$ offers higher supplements as higher education levels are reached, there is the constant incentive to pursue more coursework. In addition, all education levels below an Associate Degree with at least 24 birth to five focused semester hours are funded on a temporary basis, so participants must make educational progress in order to retain their eligibility.

Through surveys, teachers have repeatedly shared that the compensation provided through WAGE$ not only motivates them to continue in their education, but often makes it financially possible. Many participants at temporary levels were surveyed during the year to learn more about their educational plans and potential barriers (434 completed calls). Seventy-three percent (73%) indicated that they do still intend to take coursework to remain eligible for their WAGE$ supplements and 52% said they had completed new coursework since their last submission.

**Does the Child Care WAGE$® Program have written guidelines?** Yes. WAGE$ has a written policy manual with text reaching nearly 200 pages. Staff members receive written updates as applicable and the full manual is revised annually to include all updates and changes. A national version of this extensive document is provided as part of the licensing agreement with other states that have elected to replicate the WAGE$ model. While they receive direct training, the copyrighted WAGE$ manual provides the necessary instruction and guidelines to successfully operate the program.

**How does the Child Care WAGE$® Program ensure that fidelity is maintained in its implementation?** The Child Care WAGE$® Program mandates consistency in its policy application, transcript review and program implementation. To help assure this level of quality, staff must adhere to all policies and procedures listed in the manual described above. WAGE$ conducts multiple quality control measures to secure greater consistency and accuracy. An approval system is in place for much of the WAGE$ work, including educational assessments and award amounts. This system involves a double check of accuracy by a supervisor who must then sign off that the work has been approved. WAGE$ specialists, who process the work, have specific performance measures for which they are accountable and the regular assessments of accuracy determine the score for one of many high standards the team is expected to achieve.

**Does the Child Care WAGE$® Program have a strong logic model?** Yes. The Child Care WAGE$® Program does have a logic model that reflects the goals listed here. The logic model may be found online on the Early Years

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[17] Espinosa. L. 2003. *High Quality Preschool: Why We Need It and What it Looks Like.* National Institute for Early Education Research. New Brunswick, NJ.

[18] Vandell, D.L., Belsky, J. Burchinal, M., Steinberg, L., Vandergrift, N. and the NICHD Early Child Care Research Netwoork. 2010. *Do Effects of Early Child Care Extend to Age 15 Years? Results From the NICHD Study of Early Child Care and Youth Development.* Child Development.

[19] Institute of Medicine and National Research Council. 2015. *Transforming the Workforce for Children Birth Through Age 8: A Unifying Foundation*. Washington, DC: The National Academies Press

website: www.earlyyearsnc.org.

**Does the Child Care WAGE$® Program have a history of demonstrating positive results?** Yes. WAGE$ reports on a semiannual basis to local funding Smart Start partnerships, the North Carolina Partnership for Children and the Division of Child Development and Early Education. The mid-year report includes extensive data tables showing participant demographics, educational assessments, payments made and turnover rates to date. Those data tables are updated for the annual report and are submitted along with a detailed narrative covering the program's outcomes and evaluation findings. Feedback from recipients is also shared.

WAGE$ has consistently met its statewide outcomes. For the last decade, for example, the statewide WAGE$ turnover rate has ranged from 12% to 16%, significantly lower than the 25% contract goal. The participant turnover rate compares favorably to the 38% turnover rate of full-time teachers and assistants in the state's early childhood workforce overall, captured in 2023 workforce data. The study also states that 23% of all teaching staff indicate they plan to leave the field in the next three years.[20] Continued efforts to make it possible for teachers to stay are essential.

WAGE$ recipients have continually shown significant educational progress, with 89% of the active participants in counties with at least two years of experience on WAGE$ having at least the Associate Degree with 24 birth to five focused semester hours *or* submitting coursework in FY25 to document their progress. WAGE$ recipients have repeatedly reported satisfaction with the program (nearly 100% satisfaction rate in FY25) and have identified WAGE$ as a significant reason why they either stay in their child care programs or return to school. Due to the availability of higher tiers (award amounts) and growing education levels, WAGE$ has also seen an increase in the average six-month supplement from $951 in FY15 to $1,227 in FY25.

**Has the Child Care WAGE$® Program been rated as "promising" or "emerging" by at least one source that rates evidence-based programs?** While the Child Care WAGE$® Program has not been officially rated as an evidence-based program, it has been recognized as evidence-informed by the North Carolina Partnership for Children and as a promising practice or potential compensation model by many different credible sources, including the following:

- Build Initiative[21]
- Center for Law and Social Policy (CLASP)[22]
- Financing Child Care in the United States[23]
- Hunt Institute[24]
- Institute for Women's Policy Research[25]
- Linking Economic Development and Child Care Research Project[26]

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[20] Child Care Services Association. 2024. *Working in Early Care and Education in North Carolina, 2023 Workforce Study.* Chapel Hill, N.C.

[21] Dichter, H. and LiBetti, A. 2021. *Improving Child Care Compensation Backgrounder October 2021*. The BUILD Initiative. Retrieved from https://buildinitiative.org/resource-library/backgrounder-on-compensation-in-child-care/

[22] CLASP. 2007. *Charting Progress for Babies in Child Care: A CLASP Child Care & Early Education Project.* Retrieved from hhtp://www.clasp.org/babiesinchildcare/states?id=0030.

[23] Mitchell, A, Stoney, L. and Dichter, H. 2001. *Financing Child Care in the United States.* The Ewing Marion Kauffman Foundation. Kansas City, MO.

[24] Hunt Institute. 2022. *Hunt-Lee Commission Final Report.* Retrieved from: https://hunt-institute.org/wp-content/uploads/2022/04/HI-HLC-FinalReport-2022-wSig-Digital.pdf

[25] Gault, B., Goergen, E., Kiflu, F and Murphy, H. 2004. *Building a Stronger Child Care Workforce: A Review of Studies of the Effectiveness of Public Compensation.* Institute for Women's Policy Research: Research-in-Brief Series.

[26] Ribeiro, R and Warner, M. 2004. *Measuring the Regional Economic Importance of Early Care and Education: The Cornell Methodology Guide.* Linking Economic Development and Child Care Research Project. Ithaca, NY.

- National Association of Child Care Resource & Referral Agencies (NACCRRA)[27]
- National Child Care Information and Technical Assistance Center (NCCIC)[28]
- National Organization for Women (Women's Enews)[29]

In 2015, Child Care Services Association (now Early Years), through the Child Care WAGE$® Program, was a finalist for the Drucker Award, which recognizes innovative and promising change in programs that are highly effective and that have made a difference in the lives of the people they serve.

Workforce supports must be available to see genuine advancement in the field. *Transforming the Workforce for Children Birth Through Age 8: A Unifying Foundation* identifies the Child Care WAGE$® Program as a strategy for addressing a complicated compensation issue.[30]

The Child Care WAGE$® Program is also identified as a strategy to address workforce compensation in NC's Leandro Plan.

Sample articles, studies and resources that shed light on the critical issue of early educator compensation:

- https://cscce.berkeley.edu/from-unlivable-wages-to-just-pay-for-early-educators/
- https://www.newamerica.org/in-depth/transforming-early-education-workforce/
- https://www.washingtonpost.com/news/wonk/wp/2016/07/11/the-people-taking-care-of-our-kids-live-in-poverty/?utm_term=.9f9d8dd33b97
- https://www.newamerica.org/education-policy/edcentral/teacher-well-being/
- https://www.nytimes.com/2018/01/09/magazine/why-are-our-most-important-teachers-paid-the-least.html
- https://tcf.org/content/report/quality-jobs-quality-child-care/
- https://cscce.berkeley.edu/workforce-index-2024/
- https://educate.bankstreet.edu/bsec/4/
- https://ncearlyeducationcoalition.org/wp-content/uploads/2021/04/Workforce-Compensation-Fact-Sheet-3.31.21.pdf
- https://www.naeyc.org/sites/default/files/globally-shared/downloads/PDFs/resources/blog/compensation_matters_most.pdf
- https://www.ednc.org/2021-10-04-turnover-retention-early-childhood-educators-better-pay-wage-study-supplement/
- https://www.americanprogress.org/article/still-underpaid-and-unequal/
- https://pn3policy.org/approaches-to-improving-early-educators-compensation

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[27] NACCRA. 2011. *Supporting the Child Care Workforce: Education and Compensation Initiatives*. Retrieved from hhtp://www.naccrra.org/policy/background_issues/child-care-workforce/education-compensation-initiatives.php.
[28] NCCIC. 2010. *Workforce Incentive Initiatives: Research and Evaluation*. Retrieved from hhtp://nccic.acf.hhs.gov/poptopics/resincentives.html.
[29] Curphey, S. 2002. *Bill Would Provide Training for Child-Care Workforce.* Retrieved from http://www.now.org/eNews/may2002/050202child.html.
[30] Institute of Medicine and National Research Council. 2015. *Transforming the Workforce for Children Birth Through Age 8: A Unifying Foundation*. Washington, DC: The National Academies Press