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TO: Early Learning Council
FROM: David Mandell, Director of Policy and Research
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RE: Establishing Minimum and Target Salaries for Preschool Promise teachers
DATE: February 18th, 2016

What does the ELC need to Decide?

HB 3380 directs the Early Learning Council to establish minimum salary and target salary requirements for lead preschool teachers employed in *Preschool Promise* classrooms. The minimum salary sets the minimum amount a *Preschool Promise* program would be allowed to pay a lead teacher in a *Preschool Promise* classroom. The target salary, which HB 3380 specifies should be comparable to that of a public school kindergarten teacher, will be incorporated into the model used to determine the reasonable cost of running a *Preschool Promise* program that meets all of the program standards.

At their January 19th meeting, the Early Learning Council discussed various options for setting the minimum and target salaries in preparation for formally adopting a methodology at their February 25th meeting. Based on that discussion, Early Learning Division staff has developed a set of recommendations that are outlined in this memo.

The Early Learning Council has the authority to revisit and revise the methodology for setting target and minimum salary requirements in the future. After the first year of *Preschool Promise*, the Early Learning Council will have much more information about the variety of program structures developed within Early Learning Hubs, and the impacts of salary and other program standards on providers. Based on that information, the Early Learning Council may choose to modify the methodology that it selects for this first year of *Preschool Promise* implementation.

Methodology for setting target salaries

During their January meeting, the Early Learning Council identified that the following criteria should be used for setting target salaries for *Preschool Promise* lead teachers:

- a. Be linked to the median kindergarten teacher salary in the Hub region

- b. Reflect education level as measured by the Oregon Registry
- c. Reflect years of experience

Methodology for setting minimum

At their January meeting, the Early Learning Council raised concerns about the potential impact requiring programs to pay leader teachers a specified minimum salary might have and were concerned that the minimum salary could inadvertently limit provider diversity and stifle innovative models. Some of these situations where the minimum salary requirement was identified as a potential barrier included: where the lead teacher of a family child care program was also the owner; programs with multiple classrooms but only one was *Preschool Promise*, and where children whose parents paid tuition shared a classroom with children funded by *Preschool Promise*.

In recognizing these challenges and that there are likely additional scenarios where a higher minimum salary requirement poses a barrier, Early Learning Division staff recommends, for the first year of implementation, the program setting the minimum salary relatively low. After the first year, the Early Learning Council will have much richer information about the situations in which the minimum salary requirement poses a barrier, and a better sense of how to balance flexibility with the desire to push on compensation. Since the cost-modeling is based on the target salary, setting the minimum salary low will not impact the ability of most programs to pay teachers at a level close to the target salary for that teacher's education or experience level.

Based on the concerns and feedback from the Early Learning Council, staff recommends setting the minimum salary a provider can pay a *Preschool Promise* lead teacher as 50% of the target salary in that Hub region for the first year of program implementation, with that minimum revisited before the next *Preschool Promise* contract cycle. Four examples using this methodology are represented in the table below.

Early Learning Hub Region	Average Salary of Kindergarten Teachers <i>Preschool Promise Target for lead teacher with BA*</i>	50 % of Average Salary of Kindergarten Teachers <i>Preschool Promise Minimum for lead teacher with CDA*</i>
Lowest Wage Region	\$48,174	\$24,087
Low Mid-Range Wage Region	\$53,052	\$26,526
High Mid-Range Wage Region	\$57,680	\$28,840
Highest Wage Region	\$63, 272	\$31,636

Using the lowest wage hub region as a model, the chart below incorporates consideration for educational levels, experience, and local kindergarten teacher average salaries. Based on the percentages used, the minimum salary for a lead teacher with a CDA is higher than the mean annual salary of childcare workers and the minimum salary for a lead teacher with a bachelor degree is higher than the mean annual salary of Head Start lead teachers (US Bureau of Labor Statistics, May 2014).

Lead Teacher Educational Level	Target Salary	Target Salary Methodology	Minimum Salary	Minimum Salary Methodology	Accounting for Years of Experience
Child Development Associates (CDA) OR Registry: Step 7	\$31,313	65% of Target BA Salary	\$24,087	50% of BA Target Salary	<i>Providers can account for years of experience within the salary range (minimum to target) for each educational level.</i>
Associate Degree (AA) OR Registry: Step 9	\$40,948	85% of Target BA Salary	\$28,904	60% of BA Target Salary	
Bachelor Degree (BA) OR Registry: Step10	\$48,174	Average Salary of Kindergarten teacher in Hub region	\$33,721	70% of BA Target Salary	