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## FISCAL IMPACT REPORT

SPONSOR Rodriguez ORIGINAL DATE 02/07/17  
LAST UPDATED \_\_\_\_\_ HB \_\_\_\_\_

SHORT TITLE Early Childhood Educator Development SB 324

ANALYST Klundt

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY18	FY19		
\$2,000.0		Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to House Bill 173  
Relates to Appropriation in the General Appropriation Act

### SOURCES OF INFORMATION

LFC Files  
U.S. Department of Labor  
U.S. Health and Human Services Department  
U.S. Department of Education

Responses Received From  
Children, Youth and Families Department

### SUMMARY

Senate Bill 324 appropriates \$2 million from the general fund to the Children, Youth and Families Department (CYFD) to incentivize the retention of and professional development of early childhood educators.

### FISCAL IMPLICATIONS

The appropriation of \$2 million contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY18 shall revert to the general fund.

For FY18 the Executive and LFC recommendations include \$1.3 million for early childhood professional development and retention.

**SIGNIFICANT ISSUES**

In June 2016 The U.S. Departments of Education and Health and Human Services released a report on the gap in pay for early education teachers—97 percent of whom are women—and the impact that inequity has on schools' ability to attract and retain experienced, high-quality staff with higher levels of education. The report stated:

“Despite research recognizing the importance of high-quality early education to healthy child development, and research that indicates that high-quality providers and educators are the single most important factors in these early experiences, too many individuals within the early learning workforce earn low wages –sometimes at or near the Federal poverty line—even when they obtain credentials and higher levels of education.”

<b>Annual Median Salary of Early Learning and Elementary School Teachers 2015 (in thousands)</b>	
National Child Care Workers	\$20.2
National Head Start Teachers	\$28.9
National Preschool Teachers	\$28.6
National Preschool Special Education Teachers	\$53.9
National Kindergarten Teachers	\$51.6
National Elementary School Teachers	\$54.9
New Mexico Average Returning Teachers	\$47.5
New Mexico Preschool	\$26.7
New Mexico Child Care Workers	\$18.9
New Mexico Median Household Income	\$45.4
Federal Poverty Line for Family of Four	\$24.3

Source: US HHS, US ED, NM PED, US DOL, LFC Files

Highlights of the report state:

“The national median annual wage for preschool teachers is \$28,570, 55 percent of wages earned by kindergarten teachers (\$51,640) and 52 percent of elementary school teachers (\$54,890). It is worth noting that the pay for preschool teachers working in elementary school settings may be higher, but it is difficult to differentiate because the Bureau of Labor Statistics does not separate out the salaries by type of preschool.

The report found that while education and training requirements have increased for early education teachers, workforce pay has not. Early learning caregivers and teachers with a Bachelor's degree earn nearly half the average earnings of individuals with a Bachelor's degree overall. In all states, median annual earnings for the child care workforce would qualify a worker with a family of three for Supplemental Nutrition Assistance Program benefits, which equals an income less than \$26,124 annually.

Across early learning settings—including child care, Head Start, publicly-funded preschool in community and school-based settings—teachers with the same level of education have markedly different earnings. For example, the report shows that for an individual with a Bachelor's degree, there is a \$6.70 per hour difference in median wages between employment in a public school sponsored program compared to a community-based program. That translates to a difference of \$13,936 per year.”

For more than ten years, CYFD has managed scholarships and retention incentives to early childhood educators in New Mexico.

It is well documented that the training and professional development of early educators is the primary indicator of program quality and is the most significant predictor of children’s success when they reach the primary grades. This holds true for home visitors, early interventionists, and all early childhood educators, not only child care or preschool teachers.

Research also shows that the consistency of personnel is a significant factor in children’s learning.

Through partnerships with public and private partners CYFD has been able to increase the quality of early care and education for children prenatal to five years through the professional development of those who care for and teach them. It is estimated that in New Mexico alone, there are more than 26,000 individuals (primarily minority women) who earn their livelihood as child care providers/educators.

Started in 2010 with private funds, New Mexico started a program to incentivize the retention of early childhood personnel, with the goal of increasing the education of teachers of children birth to age 5 and reducing the turnover of teachers leaving for other work. Currently, the program pays supplements directly to teachers, based on the teachers’ level of education every six months, as long as the teachers have worked with children fewer than 5 during that time with the same early childhood program. Many of the teachers already have degrees.

Scholarships and educator incentive programs must be flexible and appropriate to the specific needs of the workforce community, offering diverse delivery models that support access, culture, language, life experience and ensures the overall goal of ensuring a stable and qualified early childhood workforce.

In FY16, 869 early educators received scholarships and 231 participated in incentive wage supplements statewide. Of those:

- 6,531 total credits were earned at NM public educational institutions
- 463 scholarships participants had a high school education and began secondary-education opportunities
- 398 scholarship participants were first generation secondary-education participants
- 75 percent of incentive wage supplements were awarded to minority participants

## **RELATIONSHIP**

Relates to House Bill 173 and House Bill 135

## **TECHNICAL ISSUES**

CYFD reported this bill requires CYFD to “contract with a nonprofit entity or entities experienced in promoting quality early childhood education” for the implementation and management of the workforce and professional development program. The agency believes this limits CYFD’s ability to contract with a fiscally viable for-profit or non-profit organization or public governmental entity or entities.

## OTHER SUBSTANTIVE ISSUES

The U.S. Department of Education also notes:

“The 2015 Institute of Medicine (IOM) and National Research Council (NRC) report, *Transforming the Workforce for Children Birth Through Age 8: A Unifying Foundation*, calls for a Bachelor's degree, with specialized knowledge and competencies, for all lead teachers working with children birth through age eight. The IOM determined that the science of child development and early learning indicates that the work of all lead educators for young children of all ages requires the same high level of sophisticated knowledge and competencies. When early childhood educators are held to lower educational expectations and preparation than elementary school teachers, there is a perception that educating children before kindergarten requires less expertise than educating early elementary students. This helps justify the disparity in both the educational requirements and salaries for early learning teachers. Low salaries fail to incentivize teachers to earn Bachelor's degrees. Educators without Bachelor's degrees have difficulty gaining higher compensation. An early childhood workforce without the necessary competencies compromises the quality of learning experiences for young children and their subsequent outcomes.

"A teacher's salary level reflects how the work is valued by society. To maximize the potential of our young children and the educators and programs that serve them, we must do more to support and lift up preschool teachers," said Libby Doggett, the Education Department's deputy assistant secretary for Policy and Early Learning. "I have met many teachers in states like New Jersey and North Carolina who were provided the incentives and supports to get a college degree in early learning. The improvements they made in their instructional methods, classroom management and more told the story. As a nation, we must do better to honor early childhood educators as professionals.""

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