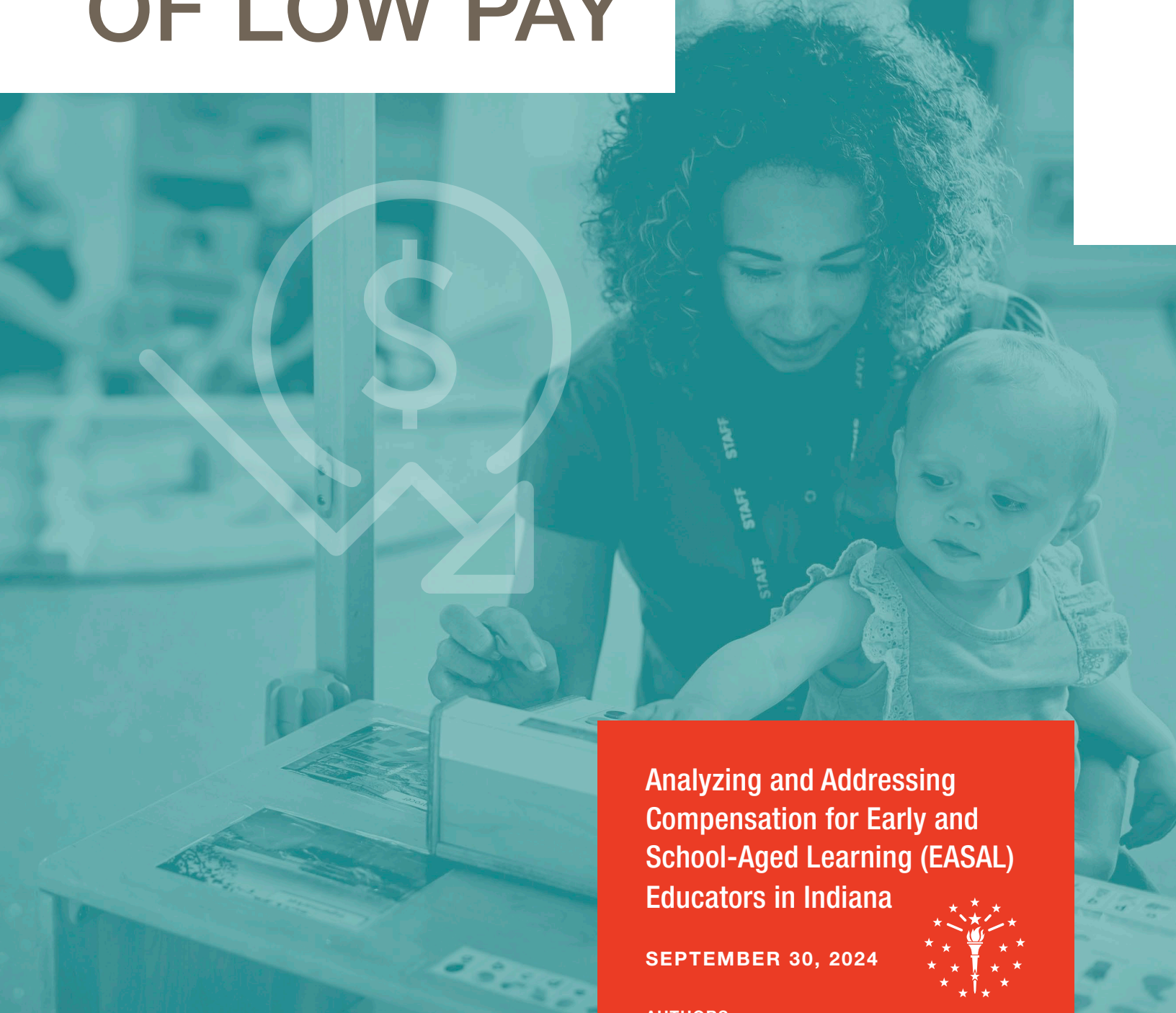


THE HIDDEN COST OF LOW PAY



Analyzing and Addressing
Compensation for Early and
School-Aged Learning (EASAL)
Educators in Indiana

SEPTEMBER 30, 2024



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ABOUT THIS REPORT



About Indiana Early Learning Advisory Committee

The Early Learning Advisory Committee was established in 2013 by the Indiana General Assembly. Committee members are appointed by the governor and leaders in the General Assembly. Membership also includes representation from the state Family and Social Services Administration's Office of Early Childhood and Out-of-School Learning, the Department of Education Office of Kindergarten Readiness, and the Head Start State Collaboration Office.

About TalentFirst

TalentFirst is a 501c3, CEO alliance providing leadership on today's complex talent challenges. It relies on data and expertise to illuminate gaps, evaluate strategies, and advocate for solutions to attract, retain, and develop the talent employers need and to ensure all individuals and the region can thrive. TalentFirst is headquartered in West Michigan and works in partnership with organizations and communities across the state. TalentFirst has a track record of developing reputable research reports, including wage studies and wage scales, for the early childhood sector and other industries.

In response to the need for working families to have more access to high-quality, affordable child care, the Indiana Senate in 2024 drafted legislation, Senate Act 2, with several key reforms for Early and School-Aged Learning (EASAL).

Senate Act 2 earned broad bipartisan support and was signed into law by Gov. Eric Holcomb on March 13, 2024.

Because wages are a major influence on employment levels in the EASAL sector – and therefore, childcare capacity – the act included a requirement to examine compensation

and to issue a report with recommendations. The

development of this report has been led by the Indiana Early Learning Advisory Committee (ELAC) of the Family and Social Services Administration.

Acknowledgments

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THANK YOU

Additionally, special thanks to the following subcommittee members who provided their time, insights, and expertise:

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Early and School-Aged Learning professionals in Indiana do not earn wages that adequately reflect the skill requirements and complexity of their work.

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Despite recent efforts to reform Indiana’s early childcare and education system, more work remains to ensure all Hoosier families have access to high-quality and affordable child care. At present, it’s estimated that just over 61% of children needing care can be served through existing capacity.¹ As a result, thousands of Indiana parents face both immediate and lasting consequences that limit their ability to fully participate in the state’s workforce, earn wages consistent with their experience and competencies, and continue their education.

This translates to a potential loss of \$4.22 billion annually for Indiana’s economy due to child-care related employee turnover, absenteeism, and disruptions to parents’ class or work training attendance.²

At the crux of the matter are substantial compensation disparities confronting the state’s Early and School-Aged Learning (EASAL) educator workforce. Despite their critical role in fostering the development of young children and enabling parental workforce participation, EASAL professionals do not earn wages that adequately reflect the skill requirements and complexity of their work.

In fact, nearly 81% of EASAL educators in Indiana earn below the self-sufficiency standard required to support a single adult (\$20.44), while 98% do not earn enough to support two children (\$44.16). As a result, many must rely on public assistance programs, imposing high costs on the state and its taxpayers.

¹ Early Learning Indiana, Closing the Gap: An Assessment of Indiana’s Early Learning Opportunities, 2023 Update.

² U.S. Chamber of Commerce Foundation, Untapped Potential: How Childcare Impacts Indiana’s Workforce Productivity and the State’s Economy.

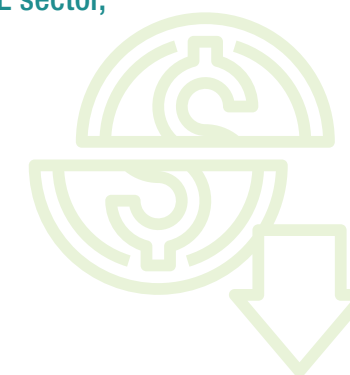
| A Contrast with K-12 Wages

Our analysis finds EASAL wages in Indiana are markedly lower than those for comparable roles in the K-12 system and other professions requiring similar skills and qualifications.

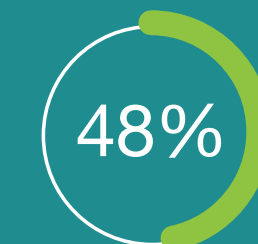
For instance, the median statewide wage for the highest-earning EASAL classroom role, Lead Teacher, stood at \$16.28 per hour in 2023, placing them in the 10th percentile of all occupations in the state. Kindergarten Teachers, meanwhile, earned a median wage of \$24.48 per hour, ranking in the 52nd percentile. This means that 90% of other occupations in the state had a median wage greater than the highest-paid EASAL role, while just 48% of occupations exceeded the earnings of Kindergarten Teachers.

Indiana’s median hourly wage gap of \$8.20 between Lead Teachers and Kindergarten Teachers — a 42-point difference in percentile rankings — highlights an undervaluation of Lead Teachers despite their similar responsibilities and qualifications to Kindergarten Teachers. While it’s true that EASAL wages scale with experience and education, earning potential in the sector is significantly limited compared to the K-12 system.

Even the most senior Lead Teacher earns nearly \$6.00 less per hour than the starting wage for a Kindergarten Teacher, despite having at least 13 more years of experience working in the field. This trend is indicative of the broader issue in the EASAL sector, where experience and advanced education does not translate into financial rewards comparable to those in the K-12 system.



90% of other occupations in the state had a median wage greater than the highest-paid EASAL role



48% of occupations exceeded the earnings of Kindergarten Teachers

Geography is the Biggest Variable

While modest disparities exist for EASAL wages across Indiana's Paths to QUALITY™ rating and improvement system, regional geography appears to play the most influential role in determining compensation after experience and education.

Holding an individual's qualifications constant, Marion County (Region 12) offers the highest median hourly wage for EASAL professionals at \$15.84 — which ranks in the 8th percentile compared to all other occupations in this region. In stark contrast, Region 7 emerges as the lowest paying area for EASAL professionals in Indiana, with a median hourly wage of \$13.56. However, the cost of labor in Region 7 is much lower than other regions in the state, explaining why this wage ranked in the 18th percentile against all other occupations in Region 7. EASAL workers in Region 10 earned the second highest wage of any region in the state with a median hourly rate of \$15.59, which also maintained the highest percentile ranking found in any region at the 32nd percentile. This is likely because Region 10 closely borders Louisville, Kentucky, and EASAL educators could easily commute across state lines if wages in the region did not remain competitive. Conversely, EASAL wages in Region 5 were the least competitive compared to other occupations in the region — ranking in the 8th percentile with a median wage of \$14.37. These variations highlight the significant impact of regional economic climates on EASAL wage structures.

Region 5

Shows the least competitive EASAL wages against other occupations in the region. Median hourly wage:

\$14.37

Region 7

Emerges with the lowest median hourly wage for EASAL professionals:

\$13.56

Region 10

Earned the second highest median hourly wage in the state for EASAL professionals:

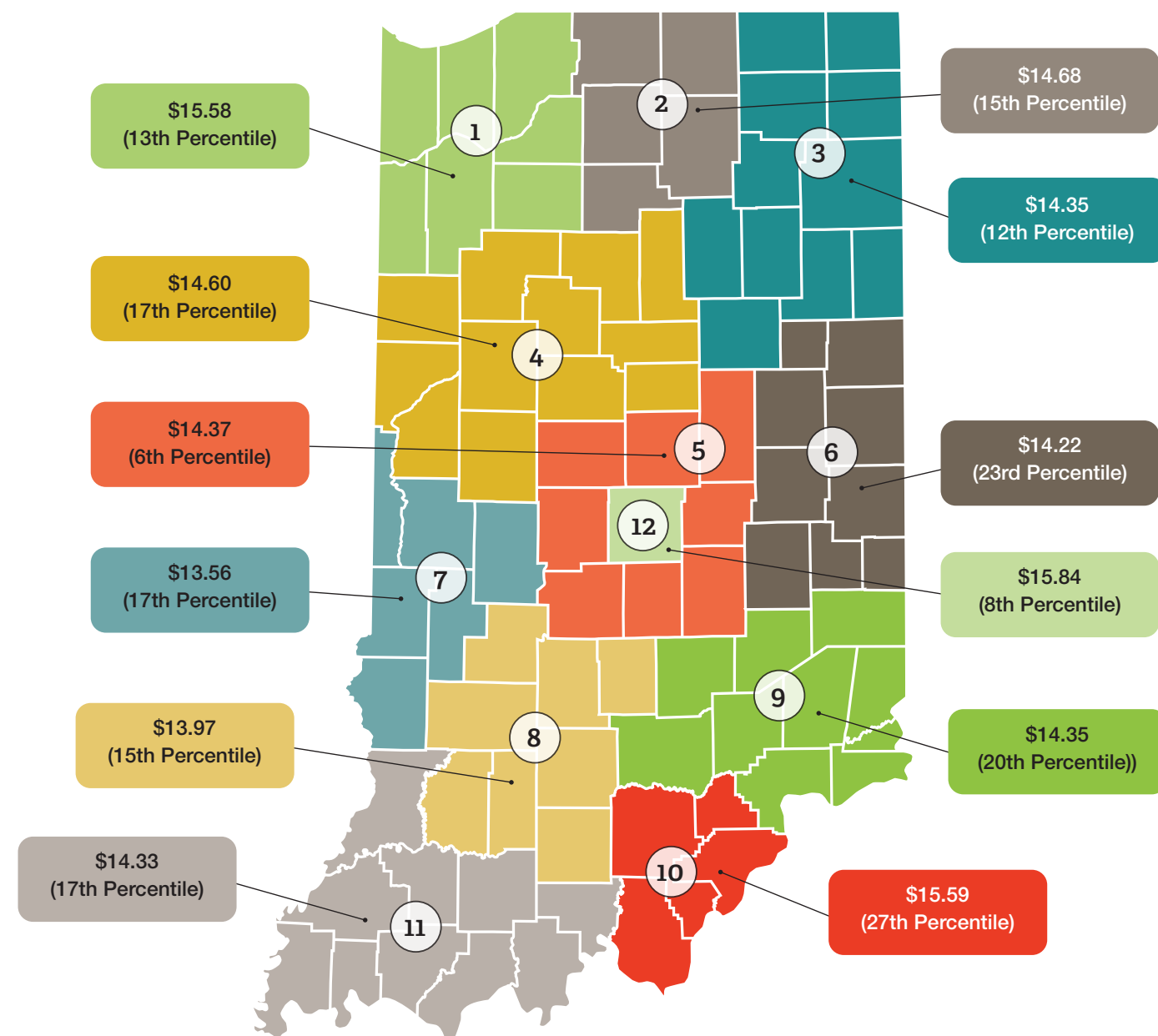
\$15.59

Region 12

Offers the highest median hourly wage for EASAL professionals:

\$15.84

Overall Median Hourly Wage and Percentile Ranking of EASAL Educators Compared to All 797 Occupations in DWD Region, Indiana, 2023



Source: Bureau of Labor Statistics, Occupational Employment and Wage Statistics (OEWS)

Variation by Center Types

Wage disparities across different provider types reveal additional variations driven by funding levels, regulation, and operational scales.

Public School Programs (Local Education Agencies, or LEA)

Consistently offer the highest median wage of any regulated setting, with an overall median wage of \$14.81, exceeded only by Legally Exempt Center-Based Programs (\$15.00).

\$14.81/hour

Legally Exempt Family Child Care

Reports the lowest median wage at \$9.00 per hour, reflecting the minimal regulatory oversight and limited financial resources in these settings.

\$9.00/hour

Licensed Center-Based Programs and Unlicensed Registered Child Care Ministries

Present broader wage ranges, with median wages of \$14.13 and \$14.00 per hour, respectively, indicating diverse financial capabilities and support structures.

\$14.13/hour & \$14.00/hour

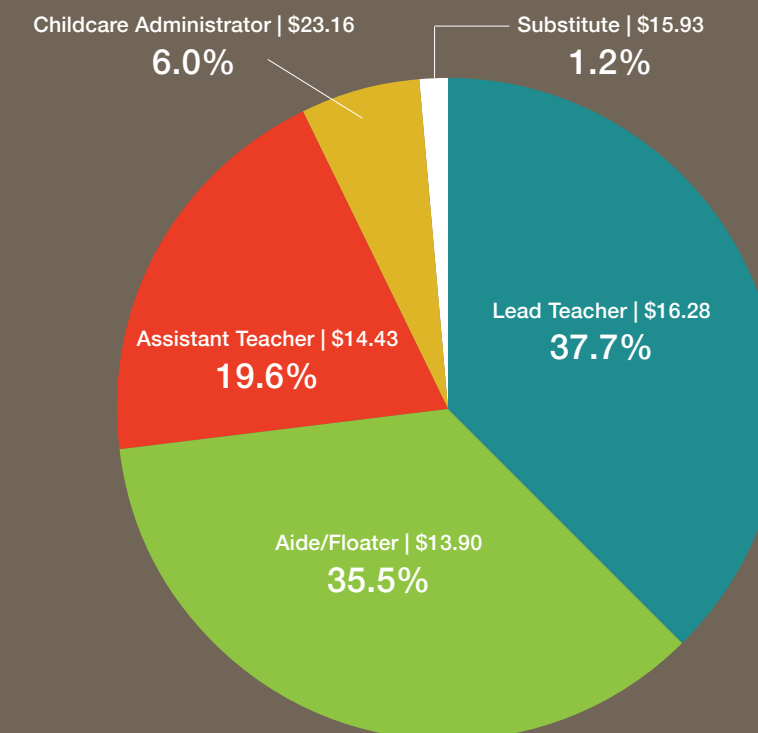
A comparison of median wages against the average weekly rate of full-time care by provider type illustrates a stark reality: Licensed providers must keep costs high to maintain competitive EASAL wages. For example, a direct comparison of Legally Exempt Center-Based Programs and Licensed Center Based Programs illustrates an \$0.88 difference in the median hourly wage of EASAL educators in 2023. This is just a 6% difference, but the difference in the cost of care for parents is more significant. The average weekly rate of full-time care for licensed programs is \$190.25, while the rate for unlicensed programs is 79.1% lower, at \$106.25. The teacher-student ratios enforced in regulated EASAL settings maintain a high quality of care, while ensuring that costs to parents are closely linked with educator wages. **In licensed settings, wages cannot increase without a direct increase in the cost of care.**

The ROI of Child Care

Investing in a sustainable EASAL system is an investment in Indiana's children and economy. Ensuring competitive compensation and support for EASAL professionals will attract and retain talented individuals in the field.

Making affordable, high-quality childcare accessible to more Hoosiers will bolster the state's economic competitiveness in several ways. As higher wages lift more EASAL educators out of poverty, spending on public assistance will decline. By increasing early educator wages to align with the self-sufficiency standard (\$20.44), the state and federal government would see an annual savings of \$49.1 million to \$815.6 million in public assistance expenditures. Income tax revenue will rise over time — the result of not just higher earnings among EASAL educators, but because workers with caregiving responsibilities will be able to engage more fully in the workforce and contribute to a thriving Indiana economy. As a result, the state would see an estimated \$883.8 million to \$1.1 billion annually in increased earnings from EASAL workers and caregivers reentering the workforce — **resulting in a gain of \$27 million to \$34.7 million each year from income tax revenues.**

Occupational Distribution and Median Wages of EASAL Educator Workforce, Indiana, 2023



The pie chart illustrates the distribution of early childhood education roles in Indiana, including their median hourly wages and employment numbers. Teaching Assistants comprise 19.6% of the workforce with a median wage of \$14.43 per hour. Aides/Floaters account for 35.5% of the workforce, and the median wage is \$13.90 per hour. Substitute Teachers make up 1.2% with a median wage of \$15.93 per hour. Lead Teachers represent 37.7% with a median wage of \$16.28 per hour.

Source: Bureau of Labor Statistics, Occupational Employment and Wage Statistics (OEWS)

EASAL EDUCATOR PAY IN INDIANA

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The entire EASAL educator workforce in Indiana, from the lowest-earning role to the highest-earning, falls within the bottom quintile of the state's occupational wage distribution.



Early and School-Aged Learning (EASAL) educators provide essential day-to-day services for infants, toddlers, and school-aged children in out-of-school learning to support the development of healthy brain architecture, which forms the foundation for all future learning and development.

Beyond preparing young children for success in K-12 and beyond, child care and out-of-school learning opportunities significantly contribute to economic success for families, local communities, and the state as a whole. Access to high-quality, affordable care enables workers with caregiving responsibilities to engage more fully in the workforce. This increased workforce participation benefits families through higher incomes and improves state budget efficiency by increasing revenues from income and sales taxes, while reducing public spending on social safety net programs. Additionally, children who receive high-quality childcare see greater earning potential over their lifetimes, increasing the future return on today's investments.

Despite their crucial role in supporting families and the economy, EASAL careers have not achieved wages that meet the basic needs of educators. Nor do these wages reflect the skills and complexity required to instruct young children. This issue is not unique to Indiana but may explain why the state's EASAL workforce has grown by only 13% from 2001 to 2023, an increase of 1,578 early educators. This growth is in stark contrast to the 34.7% growth rate observed nationwide. Neighboring states Ohio and Michigan have seen workforce growth rates at 36.7% and 18.2%, respectively.

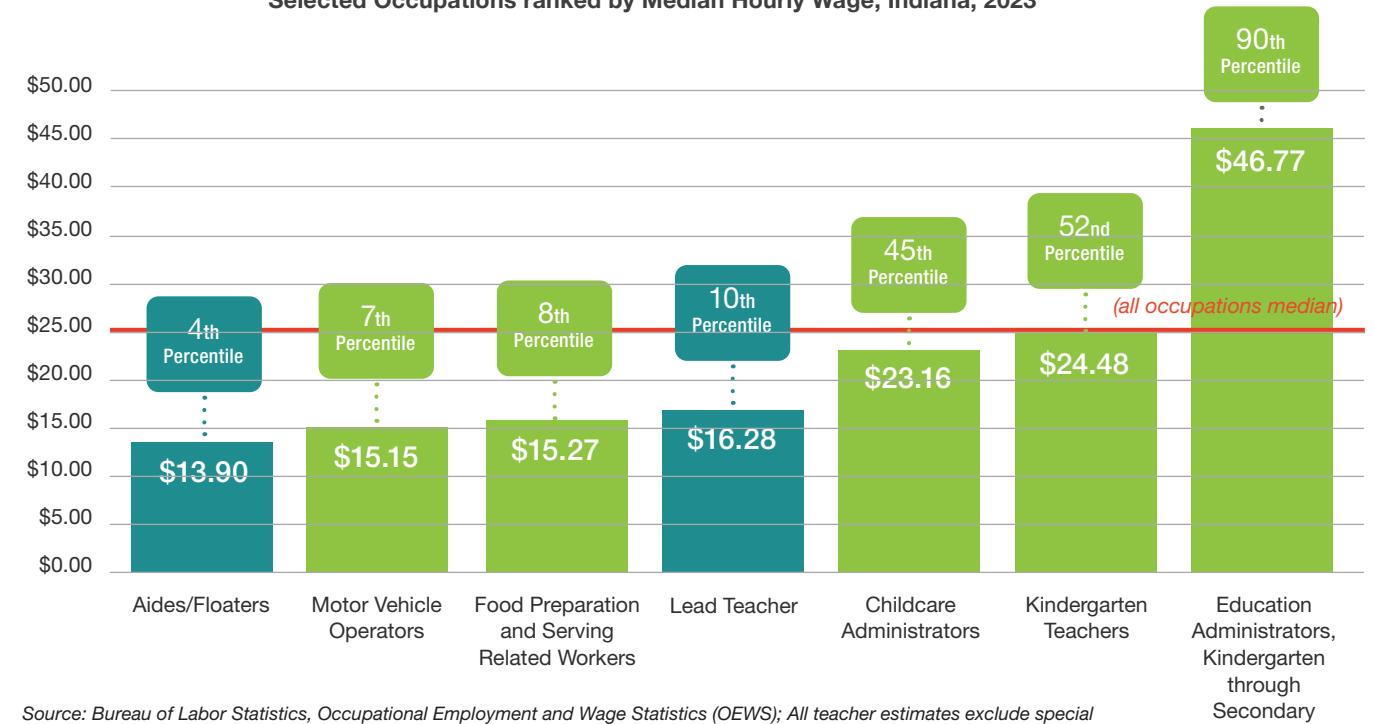
If Indiana's EASAL workforce had matched the national growth rate, the state would have over 3,000 more early educators, providing care for 38,000 more Hoosier children and contributing significantly to the state's tax base.

This could translate to \$26.9 million to \$34.7 million annually to the state's revenue through income taxes paid by parents and early educators who rejoin the workforce, taxes and fees contributed by providers, and economic activity from EASAL workers and parents who have more financial stability to stimulate local economies.

One of the biggest obstacles to growing the EASAL workforce, however, is that wages and benefits remain substandard compared to similar K-12 teaching roles – which themselves are underpaid relative to their qualifications and skills.

The entire EASAL workforce in Indiana, from the lowest-earning role (Aide/Floater) to the highest-earning (Lead Teacher), falls within the bottom quintile of the state's occupational wage distribution — despite national estimates suggesting that 1 in 2 EASAL educators possess a college degree.

Selected Occupations ranked by Median Hourly Wage, Indiana, 2023



Source: Bureau of Labor Statistics, Occupational Employment and Wage Statistics (OEWS); All teacher estimates exclude special education teachers. Hourly wages for preschool teachers, kindergarten teachers, and elementary school teachers account for standard school schedules. All other occupations assume 40 hours per week, 12 months per year.

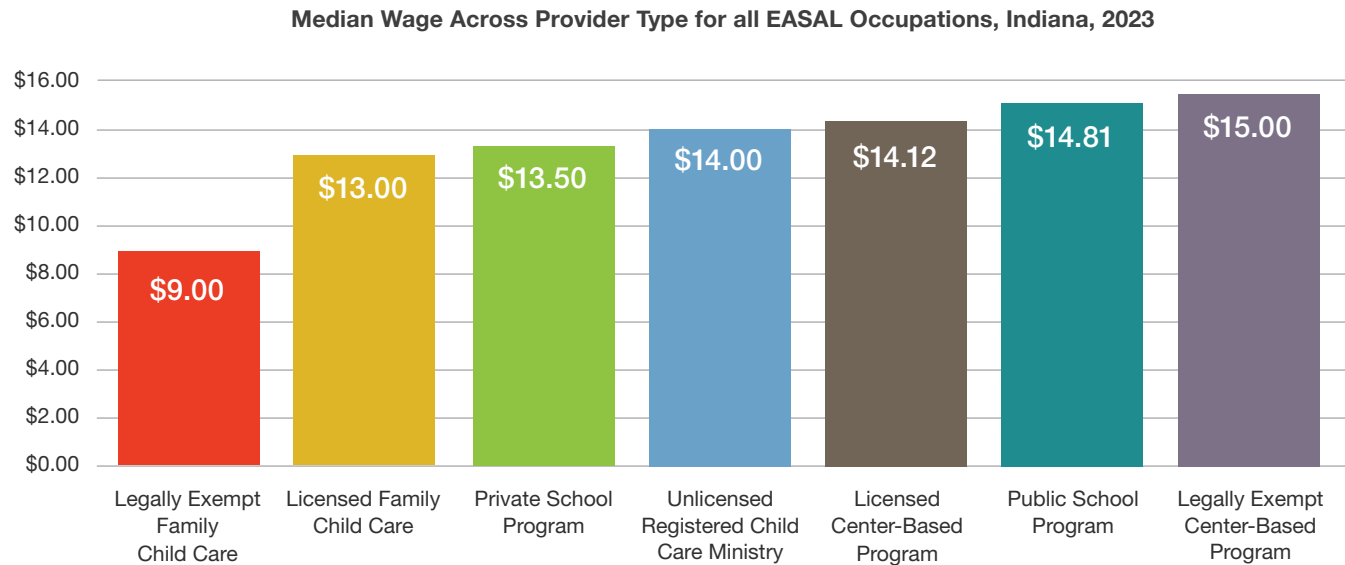
The current median hourly wage for EASAL Aides or Floaters (\$13.90) ranks in the fourth percentile of all occupations in Indiana, while the highest-paid EASAL teaching occupation, Lead Teachers, ranks in the 10th percentile with a median hourly wage of \$16.28. In comparison, Kindergarten Teachers rank in the 52nd percentile with a median hourly wage of \$24.48 (adjusted for the standard K-12 calendar).

Although this study looks specifically at educator compensation, a comparison of wages between Childcare Administrators and Education Administrators (K-12) illustrates the limited earning potential associated with all careers in the EASAL sector. Administrative roles

represent an opportunity for both EASAL and K-12 educators to experience career and wage progression, but the median hourly wage of Education Administrators (K-12) in Indiana is more than double that of Childcare Administrators. This disparity reinforces that education and experience are not rewarded equally in both sectors. It's important to note that these wages do not account for benefits, which further widen existing inequalities. Early childhood educators often lack access to the benefits provided to K-12 school district employees, such as retention, merit and longevity bonuses, retirement plans, paid time off, and paid planning time.

Differences Across Provider Types

Indiana's EASAL sector encompasses seven distinct provider types, each influenced by unique regulatory standards and funding mechanisms, leading to variations in wage distributions.



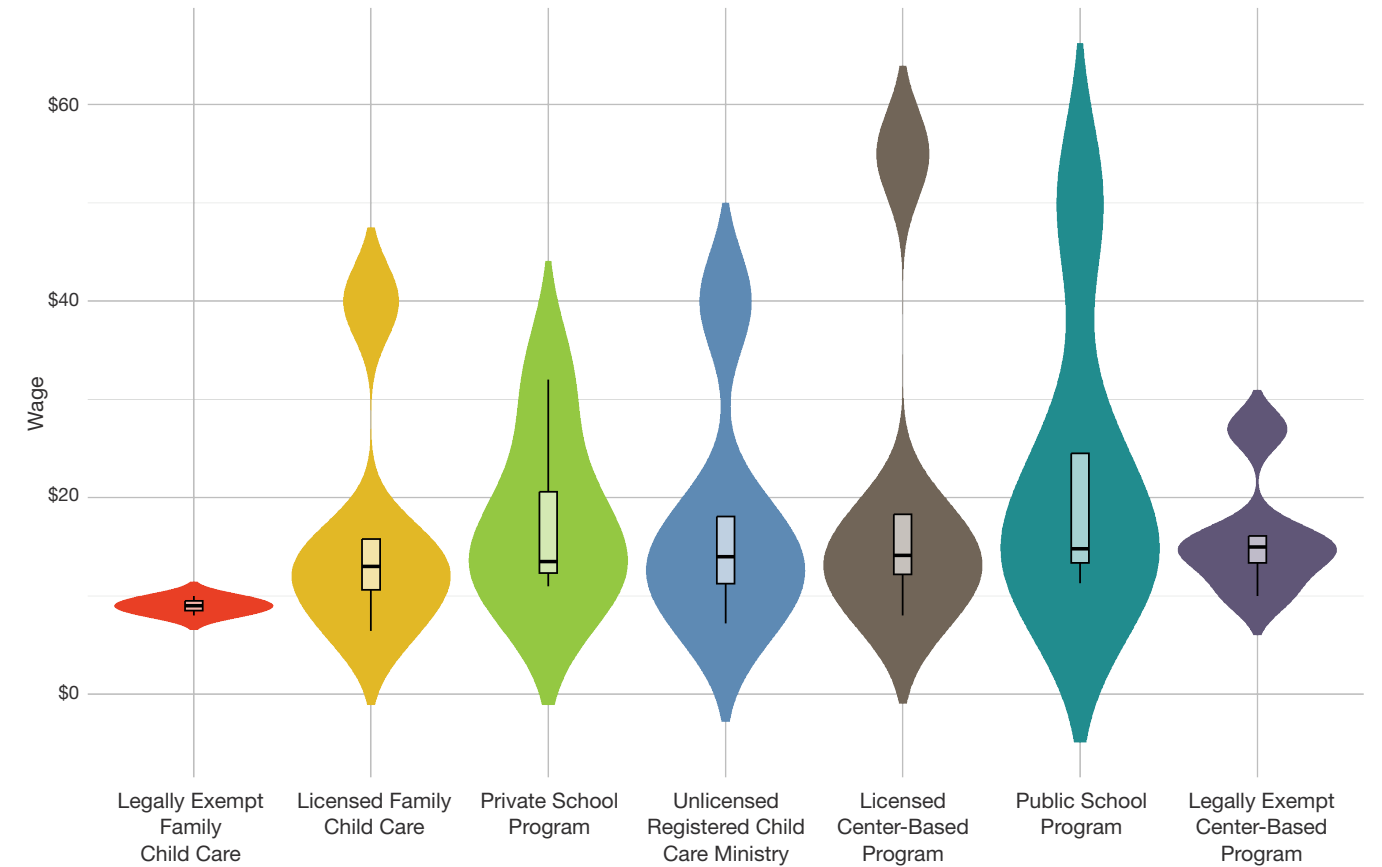
Source: Indiana Office of Early Childhood and Out of School Learning, Market Rate Survey, 2023

According to the data reported by providers in the most recent Market Rate Survey, center- and school-based programs consistently offer higher wages for EASAL workers regardless of licensure status. Legally Exempt Center-Based Programs offer the highest hourly median wage for EASAL workers in any setting (\$15.00), while Legally Exempt Family Child Care employs the lowest number of EASAL workers and reports the lowest median wage at \$9.00. Licensed Center-Based Programs and Licensed Family Childcare exhibit more substantial wage ranges with median wages of \$14.13 and \$13.00, respectively, benefiting from more consistent funding and structured operational scales. Private School Programs and Public School Programs (LEA) have the highest funding levels, and pay median wages of \$13.50 and \$14.81, respectively. Unlicensed Registered Childcare Ministry, with a median wage of \$14.00, demonstrates varied pay structures, indicating a diverse approach to compensation within less regulated environments.

A comparison of median wages against the average weekly rate of full-time care by provider type illustrates a stark reality: Licensed providers must keep costs high to maintain competitive EASAL wages.

For example, a direct comparison of Legally Exempt Center-Based Programs and Licensed Center-Based Programs illustrates a \$0.88 difference in the median hourly wage of EASAL educators in 2023. This is just a 6% difference, but the difference in the cost of care for parents is more significant. The average weekly rate of full-time care for licensed programs stands at \$190.25, while the rate for unlicensed programs is 79.1% lower, at \$106.25. The teacher-student ratios enforced in regulated EASAL settings maintain a high quality of care, while ensuring that costs to parents are closely linked with educator wages. In licensed settings, wages cannot increase without a direct increase in the cost of care.

Wage Progression More Consistent in School-based Settings, Large Outliers in Licensed Family and Center-Based Programs



Source: Indiana Office of Early Childhood and Out of School Learning, Market Rate Survey, 2023

Although center-based and school-based programs have the highest reported median wages, school-based programs appear to have a more robust and structured approach to wage scaling when assessing the distribution of reported wages across provider types. The wage distributions of Public School Programs and Private School Programs appear significantly more uniform, with few – if any – extreme outliers. Wages in these settings seem to progress more consistently than other domains. In contrast, other provider types appear to have less uniformity with visible clusters of high-wage employees lying far above the median. The difference could be a result of labor unions, which typically have

a larger presence in school-based settings and enforce robust wage scales with multiple lanes and steps corresponding to an educator's experience and education level. Regardless of the cause, it's clear that compensation is not consistent for EASAL professionals in Indiana across provider types.

This panorama of wages across provider types underscores the complex interplay of funding, regulation, and wage dynamics within Indiana's EASAL landscape.

Comparing Roles Across Provider Types

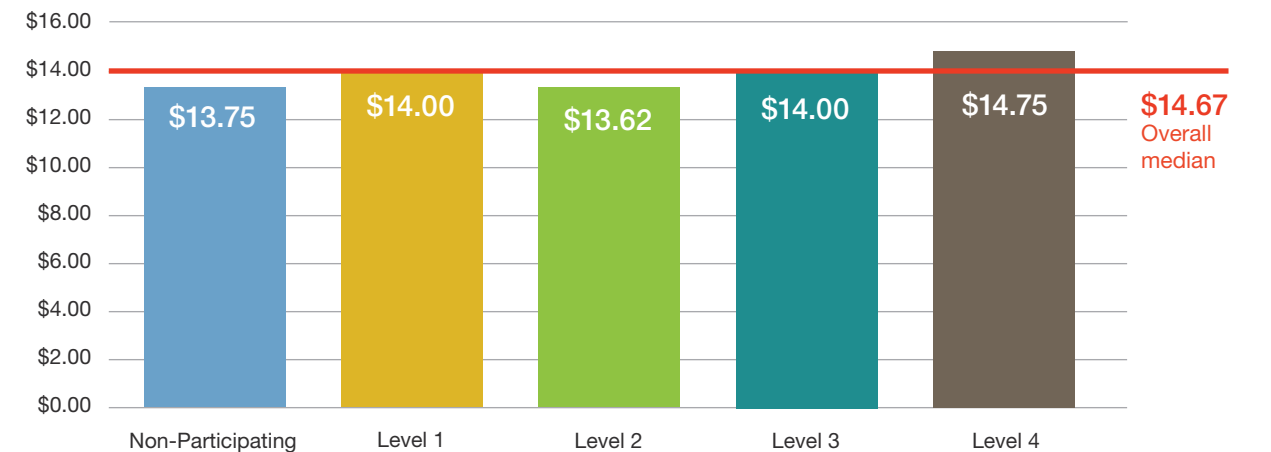
LEAD TEACHERS	ASSISTANT TEACHERS	AIDES/FLOATERS
<p>The median wage in Legally Exempt Center-Based Programs is \$15.00/hour while Licensed Center-Based Programs offer a slightly higher median wage of \$16.19/hour.</p> <p>Private School Programs provide a median wage of \$19.25/hour, and Public School Programs (LEA) offer the highest median wage at \$22.00/hour.</p> <p>Unlicensed Registered Child Care Ministries have a median wage of \$15.00/hour.</p>	<p>Legally Exempt Center-Based Programs offer a median wage of \$14.00/hour, whereas Licensed Center-Based Programs have a comparable median wage of \$14.30/hour.</p> <p>Public School Programs (LEA) again offer higher compensation with a median wage of \$14.81/hour.</p> <p>Unlicensed Registered Child Care Ministries provide a median wage of \$14.00/hour, consistent with other types but with a broader range.</p>	<p>Legally Exempt Center-Based Programs offer a median wage of \$15.00/hour, while Licensed Center-Based Programs provide a lower median wage of \$13.25/hour.</p> <p>Public School Programs (LEA) offer \$14.50/hour.</p> <p>Unlicensed Registered Child Care Ministries show a median wage of \$13.00/hour, with significant variability.</p>

Overall, Public School Programs (LEA) consistently offer higher wages across EASAL classroom occupations compared to other provider types, while Legally Exempt Family Child Care consistently offers the least-competitive wages. Licensed Center-Based Programs and Unlicensed Registered Child Care Ministries display broader wage ranges, highlighting varied financial resources and support.

Differences Across Quality Levels

Paths to QUALITY™ (PTQ), Indiana’s quality rating and improvement system for early childhood education programs, encompasses four levels representing ascending standards of care and education. Level One indicates basic health and safety standards are met, while Levels Two through Four progressively introduce and require more comprehensive educational practices, family engagement, and administrative professionalism. The scale tops out at Level Four with national accreditation.

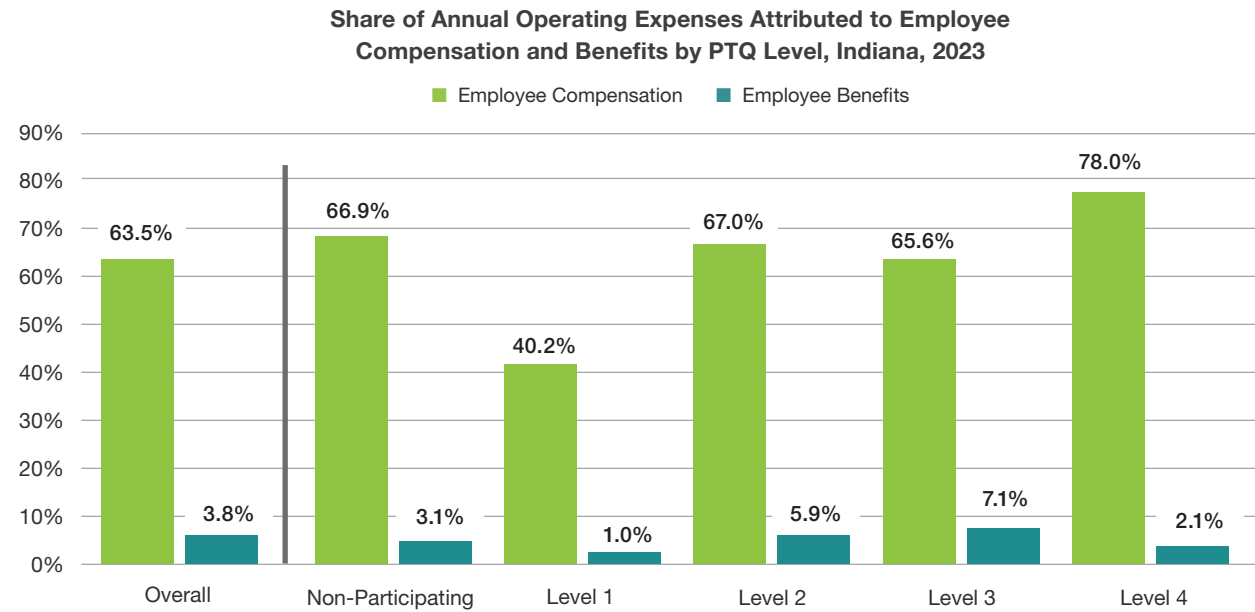
Median Wage of FTEs Across PTQ Levels for All EASAL Classroom Occupations, Indiana, 2023



Source: Indiana Office of Early Childhood and Out of School Learning, Market Rate Survey, 2023

Examining the wage distribution of full-time equivalents across PTQ levels indicates no clear association between higher PTQ levels and increased compensation. While non-participating providers have a narrow wage distribution, Levels One through Four exhibit wider distributions with noticeable outliers.

However, these variations do not consistently demonstrate that employees of higher quality providers are rewarded with better compensation. Outliers show significant deviations from median wages, indicating that some educators receive higher compensation due to factors such as seniority, specialized roles, or higher-cost areas, rather than the quality rating assigned to their place of work. Accreditation likely plays a more significant role in determining employee wages than PTQ level, as staff competencies and credentials are required to exceed a certain threshold to maintain national accreditation and achieve a Level Four PTQ rating. This could explain the 11–percentage-point increase in the median wage between non-participating providers and those at Level Four.



Source: Indiana Office of Early Childhood and Out of School Learning, Market Rate Survey, 2023

Overall, employee compensation and benefits account for over two-thirds (67.3%) of childcare providers’ operational costs each year. This means that regardless of quality level, staffing costs consume over \$2 in every \$3 providers spend each year — leaving little room to increase educator wages without a significant increase in costs to parents. Yet, an analysis of annual expenses related to employment and benefits across PTQ levels reveals a complex and nonlinear relationship between quality rating and payroll expenses. It should be noted that provider size is likely a more important driver of cost, as fixed costs like mortgage and utilities will inevitably constitute a smaller percentage of total expenses as the number of staff and children served increases.

Distribution of Annual Operating Expenses of Childcare Providers by PTQ Level, Indiana, 2023

PTQ Level	Employee Compensation	Employee Benefits	Food	Mortgage	Utilities	Insurance	Maintenance
Overall	63.5%	3.8%	5.3%	13.0%	7.3%	2.7%	4.4%
Non-Participating	66.9%	3.1%	3.9%	15.7%	3.5%	2.1%	4.9%
Level 1	40.2%	1.0%	11.5%	15.9%	17.8%	7.0%	6.6%
Level 2	67.0%	5.9%	3.2%	19.0%	2.4%	1.2%	1.2%
Level 3	65.6%	7.1%	5.9%	6.6%	5.9%	2.7%	6.2%
Level 4	78.0%	2.1%	1.8%	7.6%	6.8%	0.6%	3.1%

Source: Indiana Office of Early Childhood and Out of School Learning, Market Rate Survey, 2023

\$2 in every \$3

spent by providers in Indiana each year, regardless of PTQ level, goes toward staff compensation and benefits.

A significant 66.9% of total operational costs for non-participating providers are allocated to employee wages each year (an average of \$81,327 per site, annually), while 3.1% (\$3,800 annually) is dedicated to mandatory (unemployment insurance, workers compensation, etc.) and additional benefits. Providers who choose not to participate in the state’s quality rating system tend to be smaller and employ fewer workers, explaining why a larger portion of their expenses are allocated to fixed costs like mortgages and utilities when compared to Level Three or Four providers.

Moving to PTQ Level Four, the highest level, employee wages and benefits constitute \$4 of every \$5 spent by providers over the year (80.1%, or \$380,867 annually). Despite a significant increase in the share of spending attributed to wages, the cost of employee benefits does not increase accordingly. This indicates that advancing to higher PTQ levels enhances wages but does not similarly enhance the overall benefits package.

Intermediate levels such as Level Two demonstrate a more balanced approach, with 67.0% of costs dedicated to wages (\$183,265) and a relatively higher 5.9% to benefits (\$16,107). This suggests that some middle PTQ-level programs may attempt to offer a more comprehensive compensation package, though this is not consistent across all levels.

The disparity in how resources are distributed across PTQ levels for employee wages and benefits highlights that PTQ designations are not a reliable indicator of more holistic compensation practices. If anything, this irregular pattern underscores the inconsistency in compensation frameworks within the sector and calls for a reevaluation of quality standards to ensure that the quality, and therefore compensation, of the educator mirrors the quality rating assigned to the program.

EASAL EDUCATOR PAY REMAINS LOW ACROSS THE STATE

SECTION

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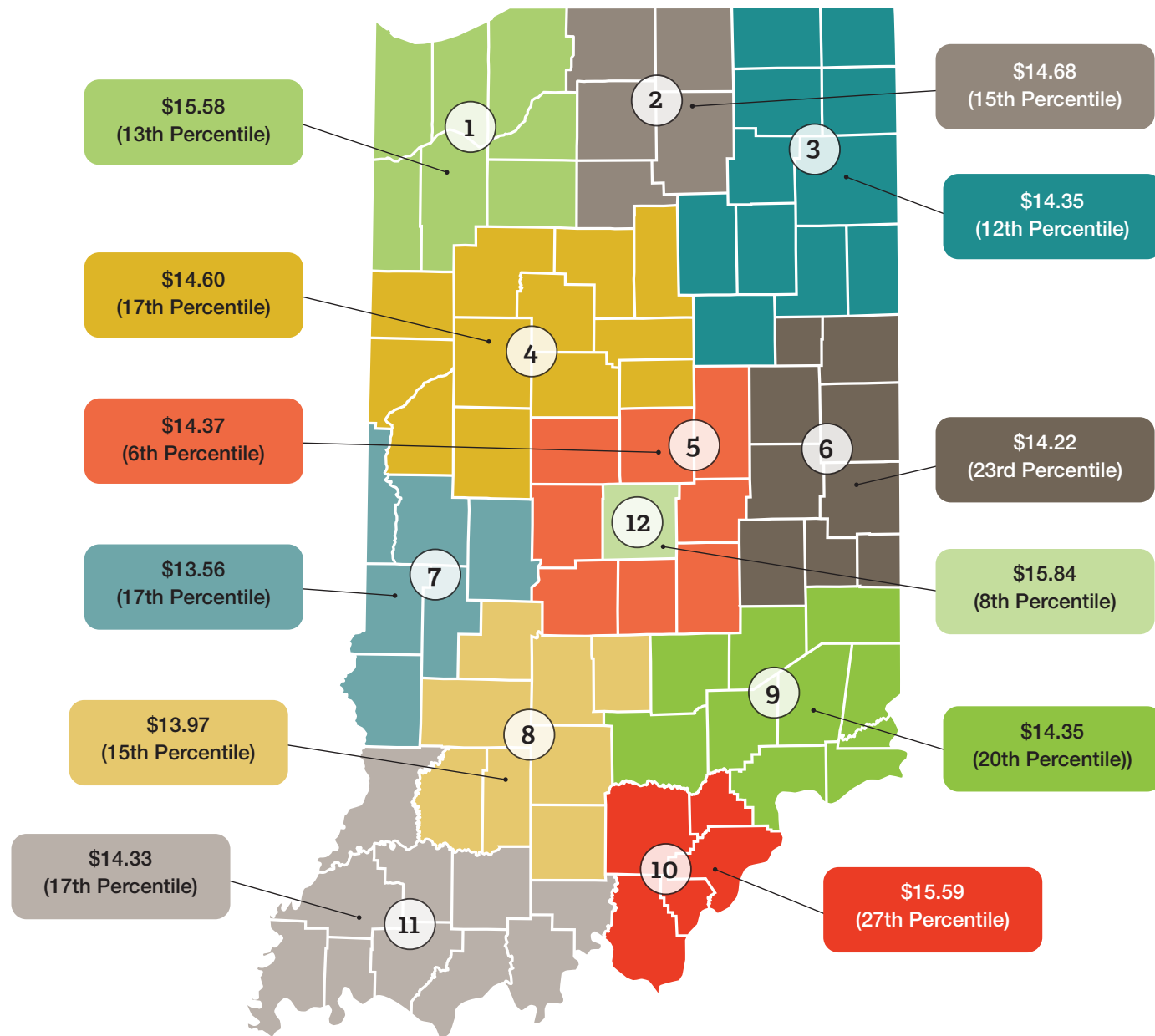


Despite regional differences in pay, median wages in all regions fall short of self-sufficiency thresholds, which results in high costs for public assistance.



The early and school-aged learning educator workforce in Indiana can be segmented into four distinct occupational categories: Lead Teachers, Assistant Teachers, Center Aides, and Substitute Teachers. Job titles vary across settings and organizations, but responsibilities and compensation remain largely the same.

Overall Median Hourly Wage and Percentile Ranking of EASAL Educators Compared to All 797 Occupations in DWD Region, Indiana, 2023

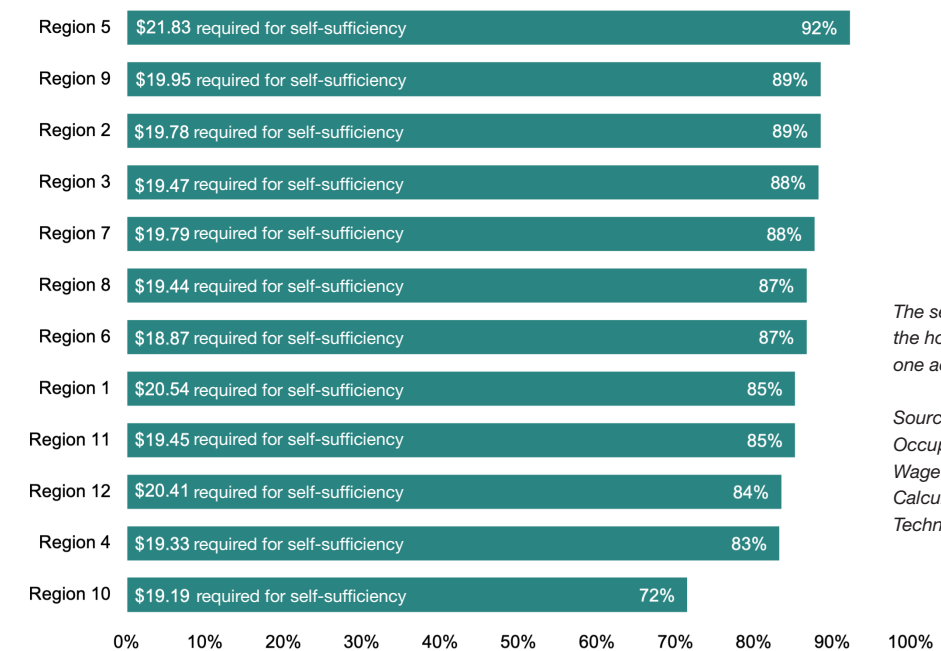


Source: Bureau of Labor Statistics, Occupational Employment and Wage Statistics (OEWS)

Combined, the median hourly wage attributed to these four EASAL occupations statewide stands at \$14.67 – ranking in the 6th percentile compared to all 797 occupations that comprise the state’s workforce. Differences in the cost of labor across Indiana’s workforce development regions means the same wage might be more, or less, competitive in one region compared to another. For example, although EASAL professionals in Marion County (Region 12) earn the highest median wage of any region in the state, at \$15.84 it’s only higher than 5 percent of occupations employed in Region 12. Conversely, the median wage of these four EASAL professions in Region 10 stands at \$15.59. Although that is slightly lower than the wage found in Region 12, it is more competitive against other jobs within Region 10 and ranks at the 27th percentile in this region, the highest ranking in the state.

The wage analysis for various EASAL instructional roles reveals a wide gap between current median wages and the earnings threshold required for financial self-sufficiency, which includes essential expenses like housing, food, healthcare, and transportation. This gap persists across various family compositions, underscoring the economic strains faced by EASAL workers and the hidden costs of low pay imposed on the state through increased spending on public assistance.

Share of EASAL Educators Earning Below Self-Sufficiency by DWD Region, Indiana, 2023



The self-sufficiency wage reflects the hourly wage required to support one adult, with no children, in Indiana.

Source: Bureau of Labor Statistics, Occupational Employment and Wage Statistics (OEWS); Living Wage Calculator, Massachusetts Institute of Technology (MIT).

Despite differences in early educator pay across workforce development regions, all regions in the state fall short in enabling early educators to be financially self-sufficient. Even in areas where EASAL pay is relatively competitive, like Lead Teachers in Region 12 who earn a median hourly wage of \$16.94, a majority of EASAL professionals must rely on social safety net programs and taxpayer support to afford necessities.

In Region 5, which has the highest percentage of EASAL educators below self-sufficiency, 92% of workers fall short of the income needed to meet basic living expenses, representing approximately 6,885 educators. Even in Region 10, with the lowest percentage, 72% of educators earn below the self-sufficiency threshold, equating to around 1,765 workers.

A CLOSER EXAMINATION OF EASAL ROLES

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A review of all four EASAL occupational categories by region, education, experience, comparable roles, and self-sustaining wages.



Lead Teachers

Lead Teachers in Indiana earned the highest median wage of any EASAL occupation, at \$16.28 in 2023. This ranks in the 10th percentile of all occupations in the state, indicating that 90% of other roles offer a higher median wage. Comparable occupations with median wages in the 10th percentile statewide include restaurant cooks, floor layers, and motor vehicle operators – all roles that typically require only a high school diploma or less.

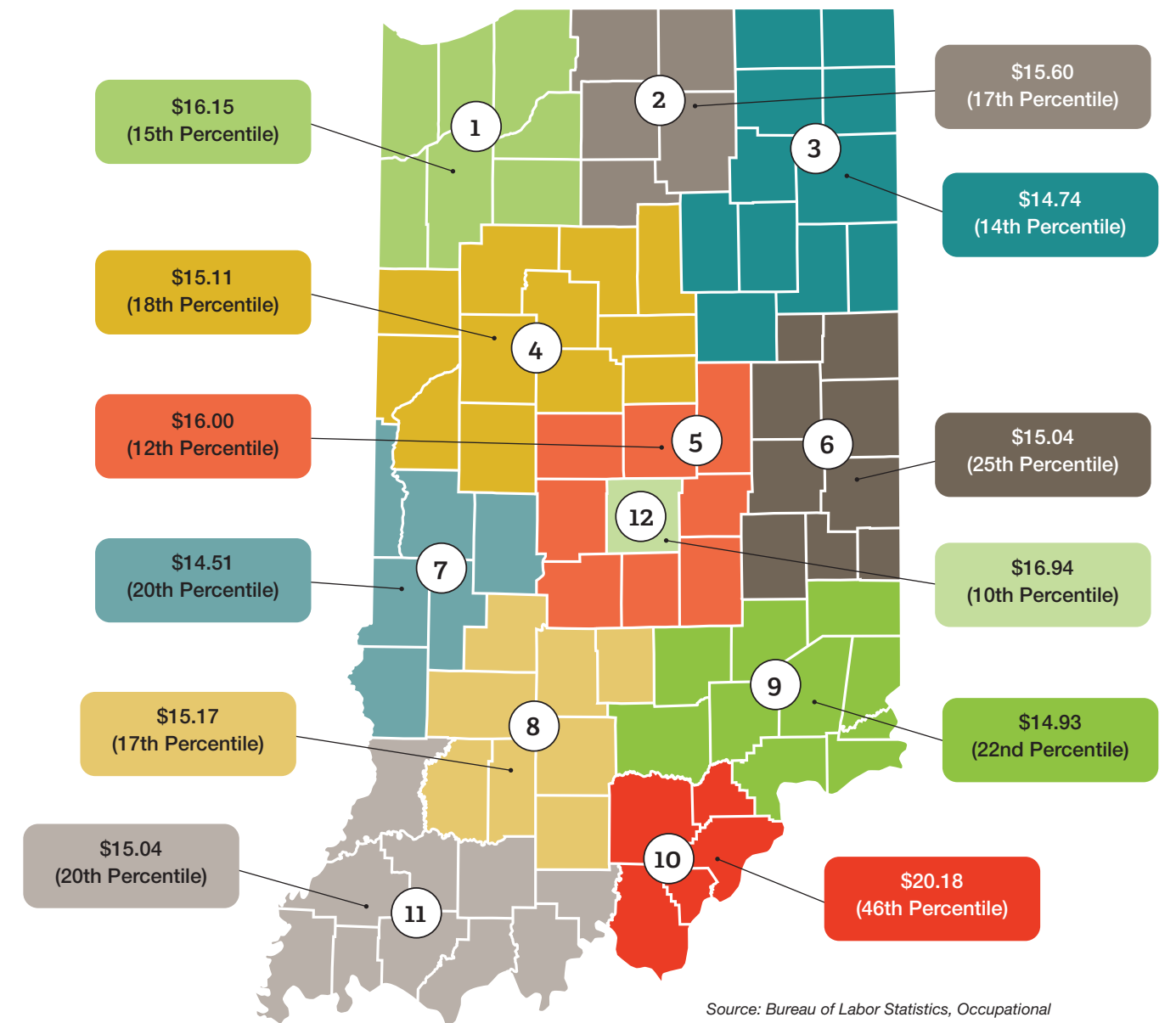
Overview of Employment and Wages for Lead Teachers

Employment (2023)	Employment Trend		Current Median Earnings
	Past Growth (2001-2023)	Projected Growth (2023-2028)	
18,295	▼ (-12.4%)	▲ (4.0%)	\$16.28 Hourly, 2023

\$16.28

Despite requiring 94% of the same competencies, Lead Teachers earn **\$8.20 less per hour** than Kindergarten Teachers.

Median Wage and Percentile Ranking of Lead Teachers Compared to All 797 Occupations in DWD Region, Indiana, 2023



As shown on the map, Region 10 offers both the highest wage for Lead Teachers at \$20.18 and the most competitive wage structure, ranking in the 46th percentile, meaning Lead Teachers earn more relative to nearly half of the other workers in the region. In contrast, Region 7 has the lowest wage at \$14.51 and ranks in the 20th percentile. Region 12 has a wage of \$16.94, but it ranks in the 10th percentile, making it the least competitive region for Lead Teacher wages compared to other occupations. This shows a significant variation in both wages and competitiveness for Lead Teachers across Indiana's regions.

LEAD TEACHER WAGES FALL SIGNIFICANTLY BELOW COMPARABLE ROLES

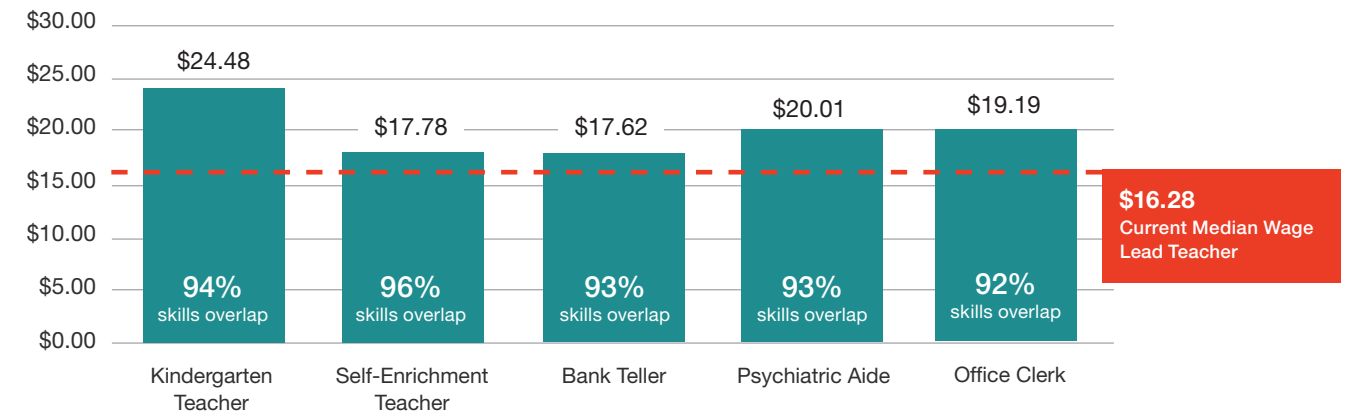
When considering roles that require similar competencies and skills as EASAL Lead Teachers, Kindergarten Teachers are at the top of the list. Lead Teachers could easily transition into this role without any upskilling or reskilling because their roles require 94% of the same competencies, have similar work environments, and require the same educational qualifications. As shown below, both occupations share the same 10 most critical competencies. The largest gaps in proficiency levels are associated with written expression, education and training, deductive reasoning, and speech clarity — but these skills could easily be refined by a Lead Teacher seeking a more lucrative career. Despite this near-perfect match, the current median wage of Kindergarten Teachers is 34% higher than that of Lead Teachers in Indiana.

Proficiency Levels of Most Critical Competencies, Lead Teacher and Kindergarten Teacher



Source: U.S. Department of Labor, Employment and Training Administration, O*Net Online

Median Wage of Most Similar Roles and Share of Overlapping Skills, Lead Teacher, Indiana 2023



Source: Bureau of Labor Statistics, Occupational Employment and Wage Statistics (OEWS), 2023

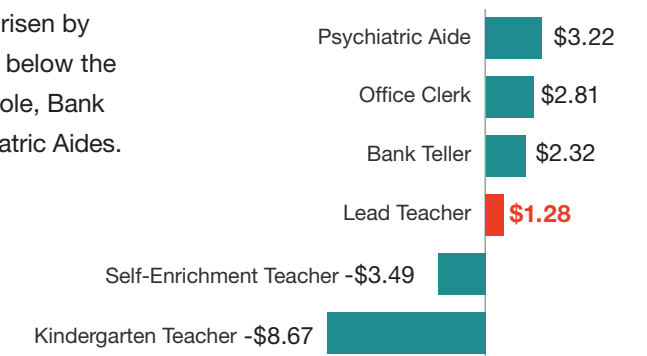
Another comparable occupation, Self-Enrichment Teachers, involves instructing students in subjects that are neither academic nor vocational but tend to be more recreational, such as art, dance, yoga, and various sports. These roles require 96% of the same skills as Lead Teachers and earn \$1.50 more per hour at the median. One notable difference, aside from the age range of the students receiving instruction, is that Self-Enrichment Teaching roles do not typically require education beyond high school, making any Lead Teacher qualified to transition into this job. Despite the low threshold for entry, it should be noted that a majority (55%) of Self-Enrichment Teachers possess a bachelor's degree or above.

Aside from Kindergarten Teachers, none of the top occupations most comparable to Lead Teachers require education beyond high school, yet all offer higher earning potential. For example, Psychiatric Aides undergo short on-the-job training to assist individuals with mental health or developmental disabilities in completing daily activities such as dressing, eating, or bathing. These tasks are not dissimilar to those performed by a Lead Teacher yet earn a median wage \$3.73 higher.

Current wage gaps between Lead Teachers and similar roles in Indiana range from \$1.34 to \$8.20, and evidence suggests these disparities will continue to widen. Since 2005, the earliest accessible wage record, Lead Teacher wages statewide have only risen by \$1.28 after adjusting for inflation. This increase is \$1.04 below the wage growth of the next slowest-growing comparable role, Bank Tellers, and \$1.94 below the fastest-growing role, Psychiatric Aides.

Although the wage growth of Lead Teachers has exceeded inflation, giving today's wages more purchasing power compared to the wages seen in 2005, Kindergarten Teachers still earn significantly more. In fact, the inflation-adjusted median wage of a Lead Teacher today stands just \$0.47 more than the median wage of a Kindergarten Teacher in 2005.

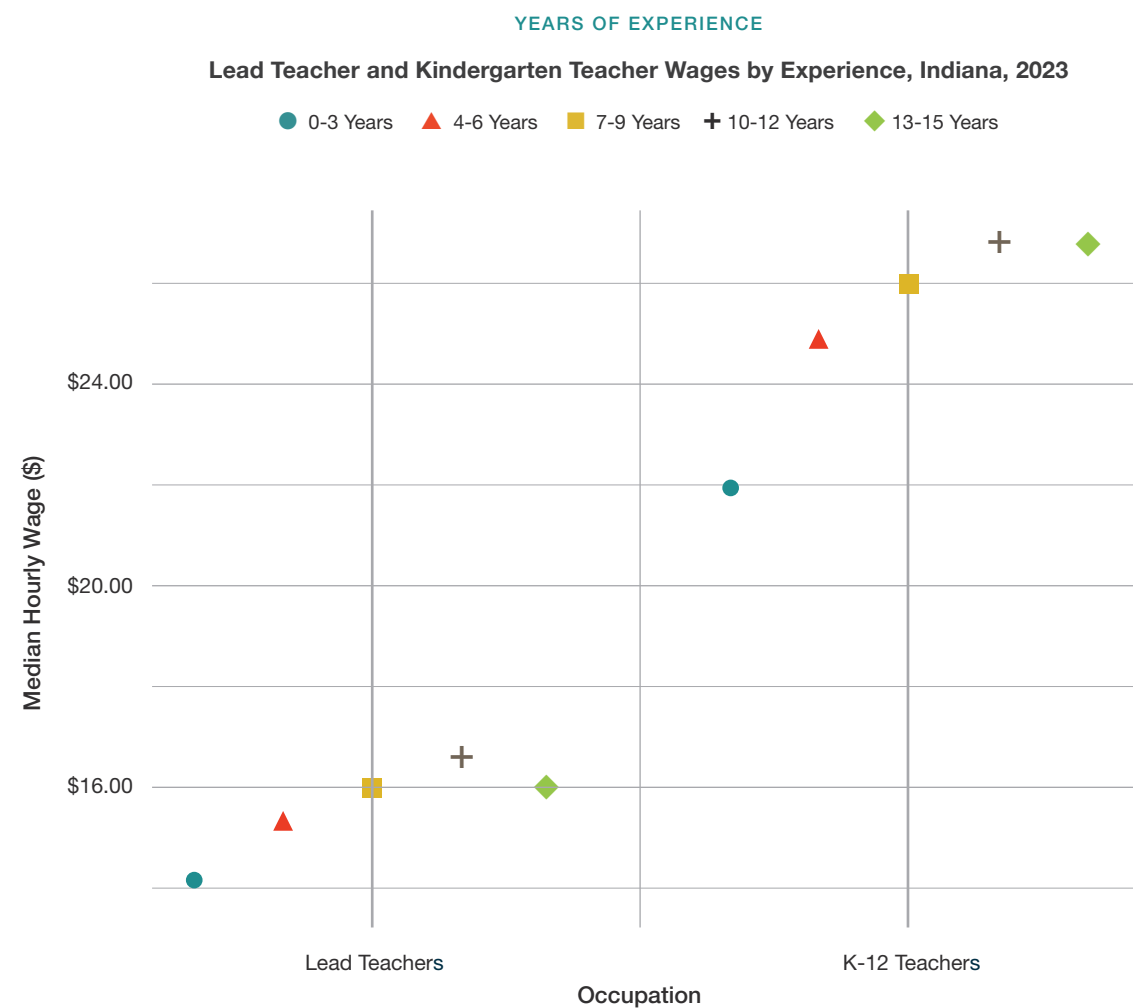
Inflation-Adjusted Wage Growth, Indiana 2005-2023



Source: Bureau of Labor Statistics, Occupational Employment and Wage Statistics (OEWS), 2023

For Lead Teachers, the comparison between years of experience and median hourly wages reveals a significant disparity in earning potential when juxtaposed with K-12 teachers.

The graph below demonstrates that, while wages for Lead Teachers do increase with experience, wage scaling is modest compared to that of K-12 teachers. For example, the median hourly wage for Lead Teachers with 0-3 years of experience is notably lower than that of their K-12 counterparts. Lead Teachers with even 13-15 years of experience do not reach the median wage levels of K-12 teachers who have just started their careers.



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW), 2023



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW), 2023

In the graph above, which examines the impact of educational attainment on wages, the disparity becomes even more pronounced. Lead Teachers with a GED or associate degree earn significantly less than K-12 teachers with the same educational background. Even as Lead Teachers attain higher levels of education, such as a bachelor's or master's degree, their median wages remain well below those of K-12 teachers with less education. This indicates that while EASAL wages do appear to scale with additional experience and education, this does not close the pay gap with K-12 teachers, who enjoy more substantial wage increases as they advance in their education.

These comparisons underscore the wage disparities faced by Lead Teachers in early childhood education compared to their K-12 counterparts, highlighting the need for more robust compensation structures that adequately reflect teacher performance and quality.

LEAD TEACHER WAGES FALL SHORT OF SELF-SUFFICIENCY

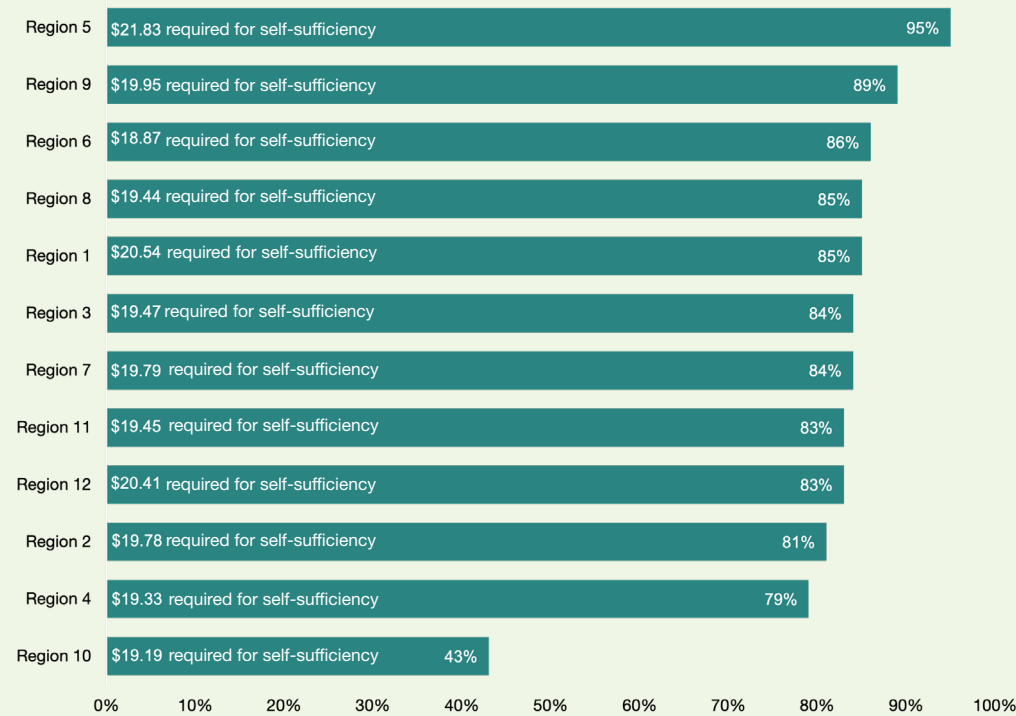


Lead Teachers, who have the highest earnings potential of any early educator occupation while requiring the highest level of qualifications (exclusive of administration), still have a median hourly wage that falls \$4.16 short of the self-sufficiency standard required to support a single adult (\$20.44, as calculated for Indiana by the Massachusetts Institute of Technology’s Living Wage Calculator). As a result, nearly 3 in 4 Lead Teachers in Indiana must rely on public assistance to support themselves, while 98% require public support to afford the cost of living with two children (\$44.16).

3 in 4

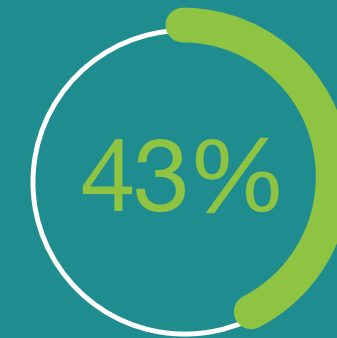
Lead Teachers in the state require public support to afford their basic living expenses.

Share of Lead Teachers Earning Below Self-Sufficiency by DWD Region, Indiana, 2023



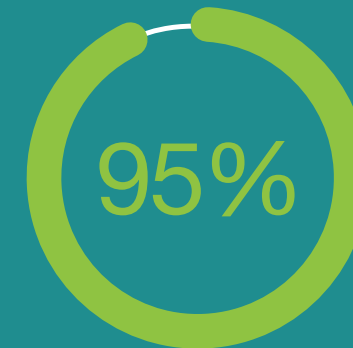
The Self-Sufficiency Percentage reflects a percentage of workers who earn less than the hourly wage required to support one adult, with no children, in Indiana.

Source: Bureau of Labor Statistics, Occupational Employment and Wage Statistics (OEWS), 2023



REGION 10

Best-performing region, with 43% of Lead Teachers earning below the self-sufficiency threshold of \$19.19



REGION 5

Lowest-performing region, with 95% of Lead Teachers earning below the self-sufficiency threshold of \$21.83

Across Indiana’s DWD regions, Region 10 stands out as the best performing region for putting Lead Teachers on a path to self-sufficiency, with only 43% of Lead Teachers earning below the threshold of \$19.19. As noted earlier, the significant difference in reliance on public assistance programs seen in Region 10 compared to other areas of the state is likely a result of competition with Louisville, Kentucky which has elevated wages for all EASAL roles.

On the other hand, Region 5 is the worst-performing region, with 95% of Lead Teachers earning below the self-sufficiency standard, which is the highest in the state at \$21.83. Other regions such as Region 4 (79%), Region 2 (81%), and Regions 11 and 12 (both at 83%) also have significant percentages of Lead Teachers earning below the respective self-sufficiency levels, which vary between \$19.33 and \$20.41.

Regions such as Region 3 (84%), Region 7 (84%), and Region 8 (85%) highlight that a large majority of teachers in these regions falls short of the wage necessary to sustain a basic living standard, even though their self-sufficiency standards are slightly lower than others. Despite having the lowest self-sufficiency standard of \$18.87, Region 6 also has 86% of Lead Teachers earning below the threshold.

Assistant Teachers

Assistant Teachers in Indiana earned the second-lowest median wage of any EASAL occupation, at \$14.43 in 2023. This places them in the fifth percentile of all occupations in Indiana, meaning 95% of occupations in the state offer a higher median wage. Comparable occupations with median wages in the fifth percentile statewide include farmworkers, food servers, and maids – all roles that typically require no more than a high school diploma.

Despite their low statewide ranking, Assistant Teachers' median wages fall more favorably within the overall distribution of the workforce in several regions, as shown on page 33.

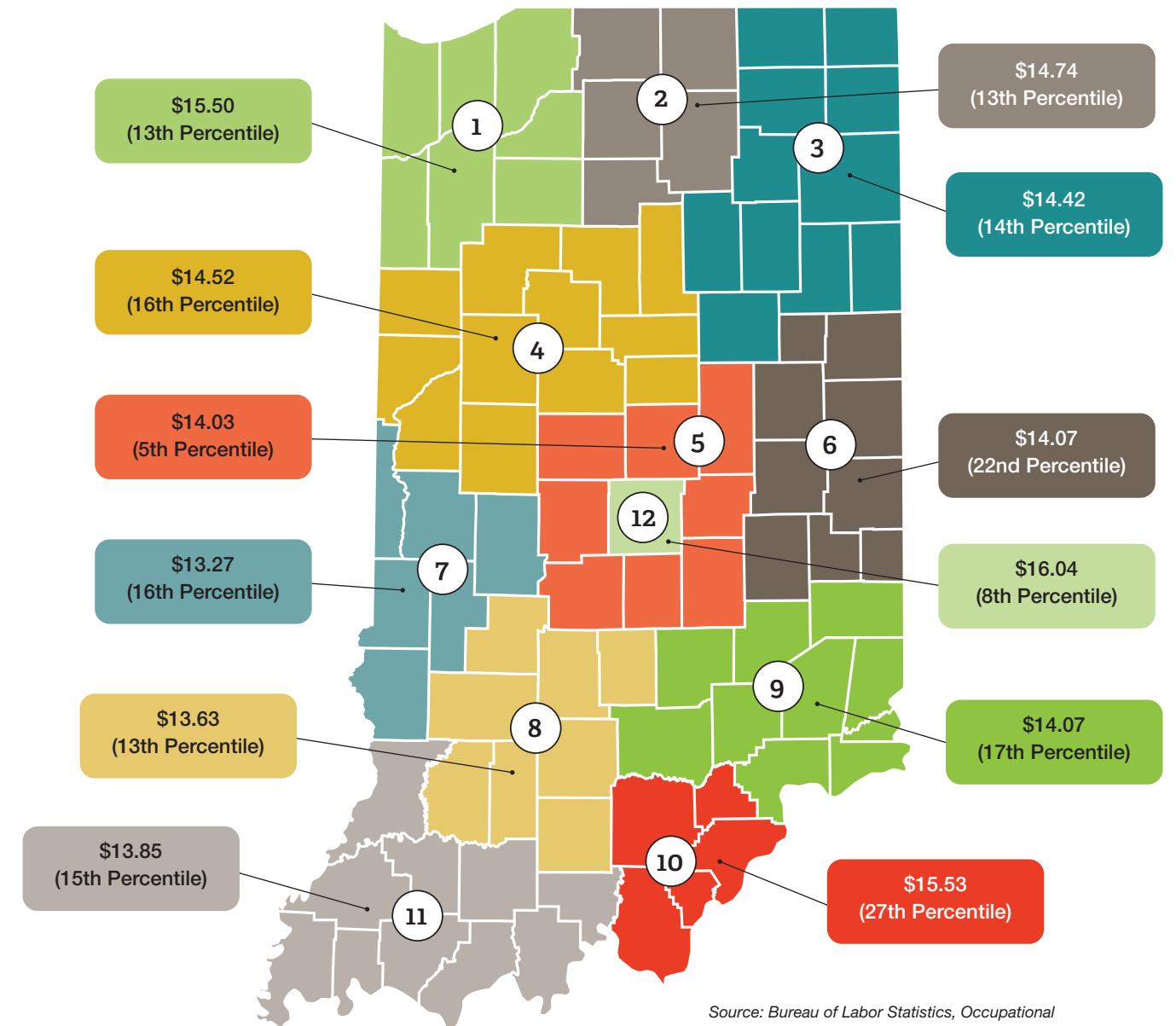
Overview of Employment and Wages for Assistant Teachers

Employment (2023)	Employment Trend		Current Median Earnings
	Past Growth (2001-2023)	Projected Growth (2023-2028)	
9,512	▲ (10.4%)	▼ (0%)	\$14.43 Hourly, 2023

\$14.43

Despite only requiring a high school diploma, Customer Service Representatives earn **\$4.35 more per hour** than Assistant Teachers.

Median Wage and Percentile Ranking of Assistant Teachers Compared to All 797 Occupations in DWD Region, Indiana, 2023

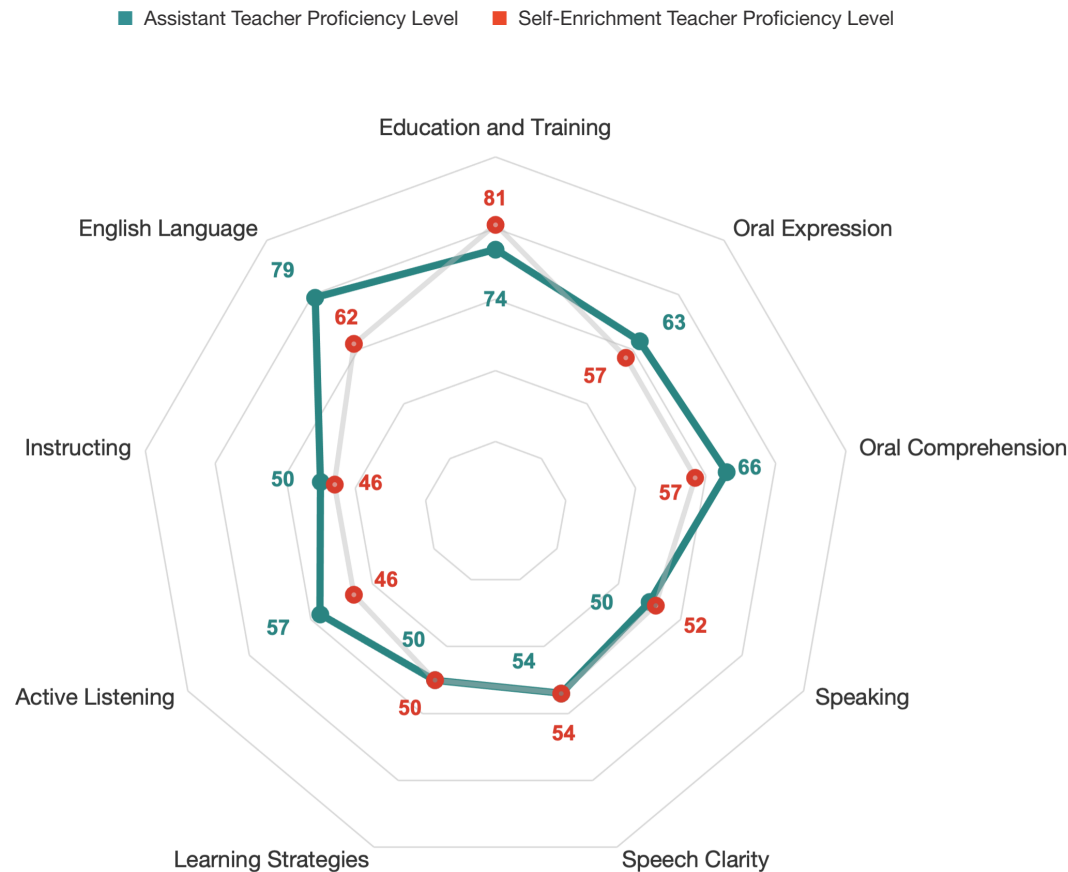


Region 12 offers the highest median wage for Assistant Teachers at \$16.04, ranking in the 8th percentile, while Region 7 has the lowest wage at \$13.27, ranking in the 16th percentile. Region 10 is the most competitive, with wages in the 27th percentile, meaning Assistant Teachers in this region are better compensated compared to other workers. In contrast, Region 5 is the least competitive, with a wage of \$14.03 but ranking in the 5th percentile, indicating that Assistant Teachers earn less compared to most other occupations in the region.

ASSISTANT TEACHER WAGES FALL SIGNIFICANTLY BELOW COMPARABLE ROLES

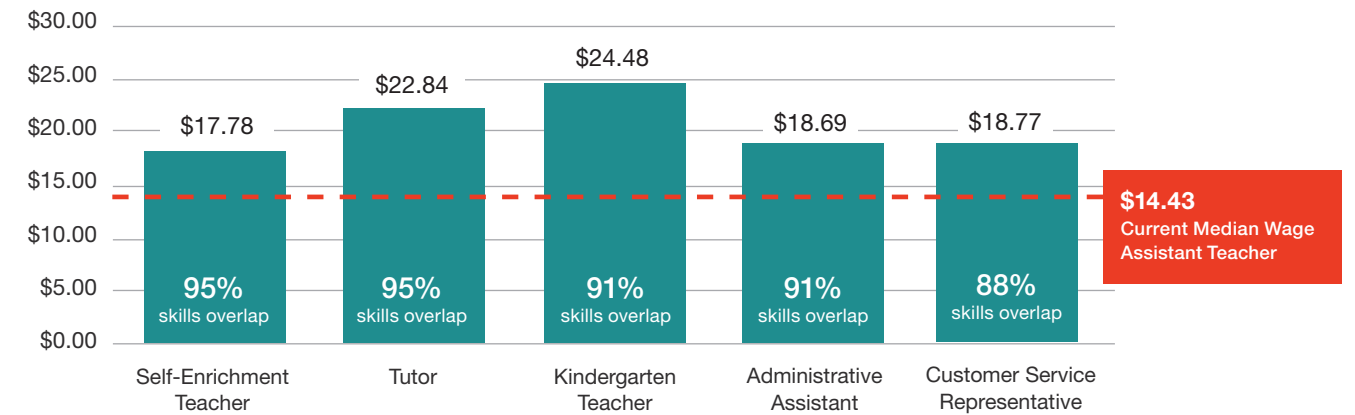
When considering roles that require similar competencies and skills as EASAL Assistant Teachers, Self-Enrichment Teachers are at the top of the list. Self-Enrichment Teachers provide instruction in subjects that are neither academic nor vocational but tend to be more recreational, including various sports, art, dance, and yoga. Assistant Teachers could easily transition into this role without much upskilling or reskilling, as Self-Enrichment Teaching roles require 95% of the same competencies, have similar work environments, and require only a high school diploma. As shown below, both occupations share the same 10 most critical competencies. Assistant Teachers would only need to develop their skills in education and training and speaking to become an ideal candidate for a Self-Enrichment Teacher position – but the gap between these proficiency levels is minor. Despite the stark difference in qualifications and similar skill requirements, Self-Enrichment Teachers in Indiana earn a median hourly wage of \$3.35 above that of Assistant Teachers.

Proficiency Levels of Most Critical Competencies, Assistant Teacher and Self-Enrichment Teacher



Source: U.S. Department of Labor, Employment and Training Administration, O*Net Online

Median Wage of Most Similar Roles and Share of Overlapping Skills, Assistant Teacher, Indiana, 2023

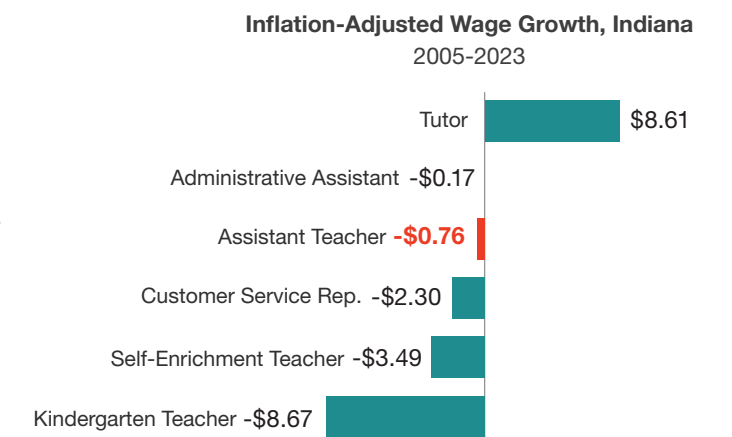


Source: Bureau of Labor Statistics, Occupational Employment and Wage Statistics (OEWS), 2023

Like Lead Teachers, Assistant Teachers are also required to have similar skills and qualifications as Kindergarten Teachers, with 91% of required competencies overlapping. Yet, Assistant Teacher wages are little more than half of those offered to K-12 educators.

Four out of five occupations on the list of top comparable roles could be considered entry-level positions, serving as the first job one would take before advancing along a career pathway. This contrasts with an Assistant Teacher, which is a mid-level role. Despite this, each comparable entry-level position offers a higher median wage than an Assistant Teacher, ranging from \$3.35 to \$10.05 above. Over a year, this disparity could amount to a \$6,900 to \$20,900 difference in gross earnings.

In real dollars, Assistant Teachers in Indiana today earn \$0.76 less than they did in 2005, while Tutors make \$8.61 more. Wages for Assistant Teachers and their top comparable roles have not kept pace with inflation over the past 18 years. Overall, Assistant Teachers in Indiana have experienced adequate wage growth compared to similar occupations. However, it should be noted that Assistant Teachers in Indiana earn less today than every comparable role earned in 2005, aside from Self-Enrichment Teachers.



Source: Bureau of Labor Statistics, Occupational Employment and Wage Statistics (OEWS), 2023

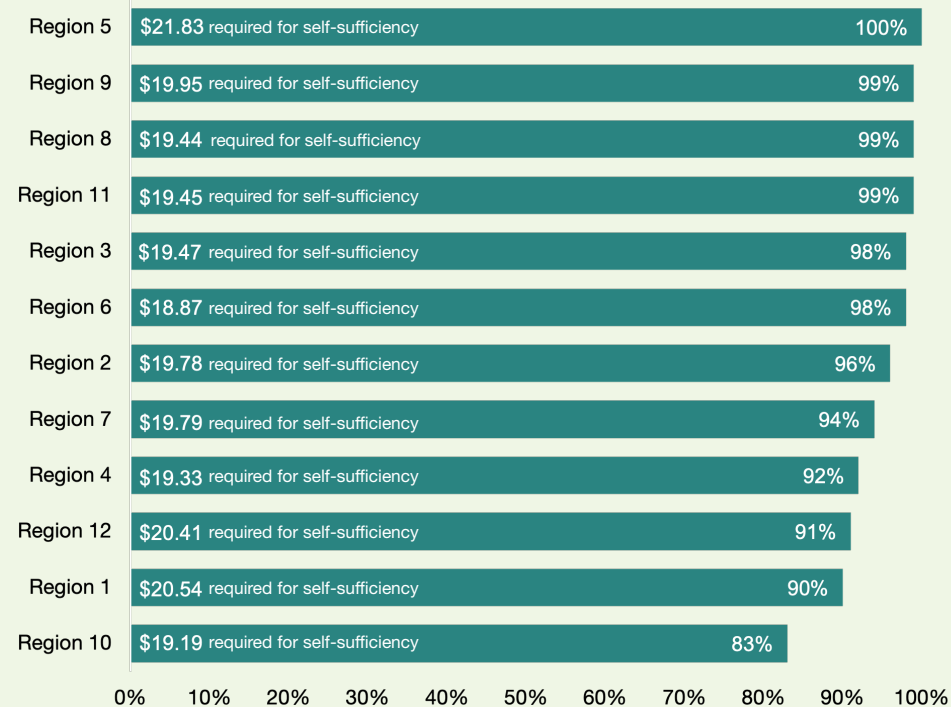
ASSISTANT TEACHER WAGES FALL SHORT OF SELF-SUFFICIENCY



Assistant Teachers encounter even wider gaps from the self-sufficiency standard than Lead Teachers. With a median hourly wage of \$14.43 (\$30,014 annually), nearly 90% of Assistant Teachers in Indiana must rely on public assistance to support themselves — while 99% do not earn enough to support two children (\$44.16).

90%
of Assistant Teachers in the state do not earn enough to support themselves, let alone their families.

Share of Assistant Teachers Earning Below Self-Sufficiency by DWD Region, Indiana, 2023



The Self-Sufficiency Percentage reflects a percentage of workers who earn less than the hourly wage required to support one adult, with no children, in Indiana.

Source: Bureau of Labor Statistics, Occupational Employment and Wage Statistics (OEWS), 2023



REGION 10

Best-performing region, with 83% of Assistant Teachers earning below the self-sufficiency threshold of \$19.19



REGION 5

Lowest-performing region, with 100% of Assistant Teachers earning below the self-sufficiency threshold of \$21.83

Even in the best-performing region, Region 10, 83% of Assistant Teachers earn less than the self-sufficiency standard of \$19.19. Region 1 and Region 12 also show slightly better performance compared to most regions, though the percentage of Assistant Teachers earning below self-sufficiency remains significant, at 90% and 91%, respectively.

Region 4 (92%) and Region 7 (94%) indicate a larger portion of workers are earning below the required wage to meet basic needs. The worst-performing regions include Region 2 (96%), Region 3 (98%), and Regions 6, 9, and 8, each at 99% – with Region 5 showing the most critical situation, where 100% of Assistant Teachers earn below the self-sufficiency standard of \$21.83.

Aides/Floaters

Center Aides, commonly referred to as Floaters, make up 35.5% of the statewide EASAL workforce and have the lowest threshold for entry. This explains why they have the lowest median wage, at \$13.90 in 2023. This wage ranks in the fourth percentile of all occupations in the state, meaning 96% of occupations offer a higher median wage. Comparable occupations with median wages in the fourth percentile statewide include dishwashers, hotel clerks, and cooks, jobs that typically require no formal education.

Despite their low ranking statewide, Aide/Floater median wages fall more favorably within the overall distribution of the workforce in several regions, as shown on page 39.

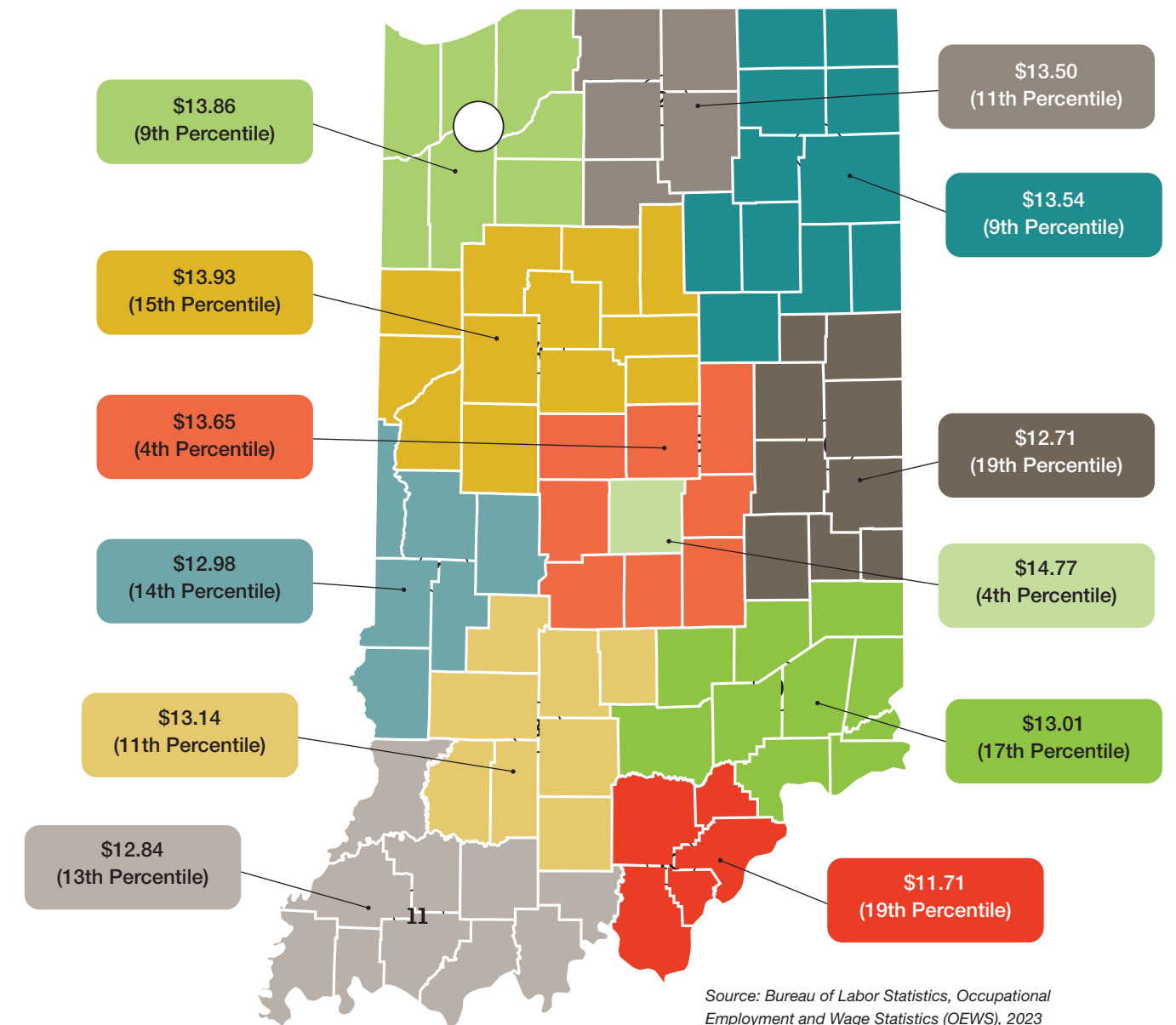
Overview of Employment and Wages for Aides/Floaters

Employment (2023)	Employment Trend		Current Median Earnings
	Past Growth (2001-2023)	Projected Growth (2023-2028)	
9,512	▼ (-18.1%)	▲ (2.0%)	\$13.90 Hourly, 2023

\$13.90

lowest median wage of any EASAL occupation in the state (2023)

Median Wage and Percentile Ranking of Aides/Floaters Compared to All 797 Occupations in DWD Region, Indiana, 2023



Region 12 offers the highest median wage for Aides/Floaters at \$14.77, ranking in the 4th percentile, while Region 10 has the lowest wage at \$11.71, ranking in the 19th percentile. Despite offering the lowest wage of any region, the percentile ranking in Region 10 is higher than any other region, with Aides/Floaters earning a median wage higher than 81% of other occupations in this region. In contrast, Region 5 is the least competitive, with a wage of \$13.65 ranking in the 4th percentile, indicating that Aides/Floaters earn less compared to 96% of other occupations in the region.

AIDE/FLOATER WAGES FALL SIGNIFICANTLY BELOW COMPARABLE ROLES

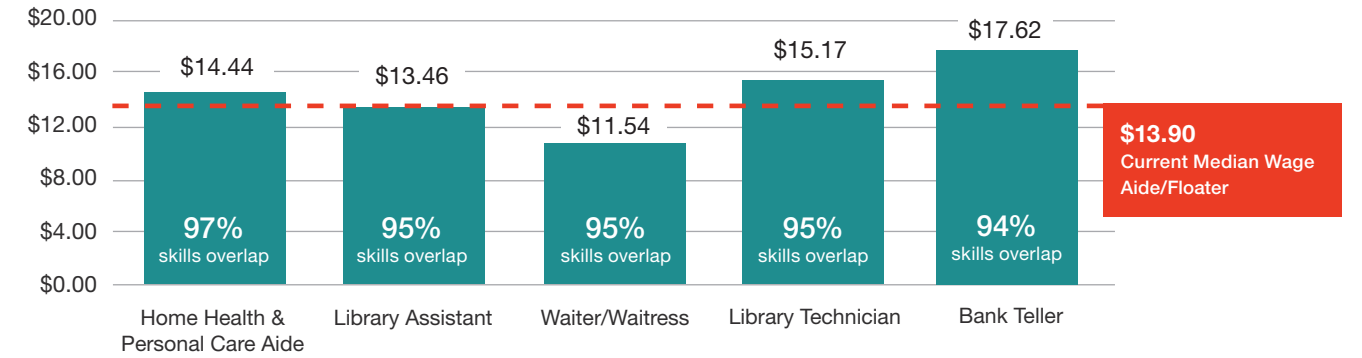
Home Health and Personal Care Aides, who help people with disabilities or chronic illnesses complete daily living activities, are the roles most comparable to Aides/Floaters. Although Home Health and Personal Care Aides tend to care for older patients rather than young children, these jobs require 97% of the same competencies as Aides/Floaters. As shown below, both occupations share the same core competencies and their required proficiency levels aren't far apart. This alternative career option provides slightly higher pay but does have more stringent requirements. Home Health and Personal Care Aides in Indiana must undergo at least 75 hours of training and pass a competency evaluation to become registered in the state's system. In contrast, Aides/Floaters in Indiana don't have explicit training requirements but could be required to have at least one year of experience if they're supervising infants.

Proficiency Levels of Most Critical Competencies, Aide/Floaters and Home Health and Personal Care Aide



Source: U.S. Department of Labor, Employment and Training Administration, O*Net Online

Median Wage of Most Similar Roles and Share of Overlapping Skills, Aide/Floaters, Indiana, 2023



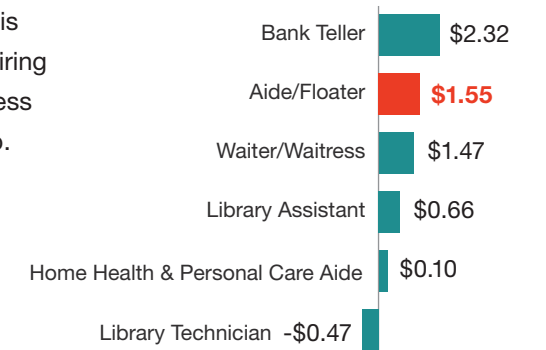
Source: Bureau of Labor Statistics, Occupational Employment and Wage Statistics (OEWS), 2023

Library Technician is the only top comparable occupation that requires a postsecondary certificate. Despite sharing 95% of the required skills, Library Technicians in Indiana earn a median wage \$1.27 higher than Aides/Floaters.

Library Technicians aside, none of the top occupations most comparable to Aides/Floaters require a postsecondary credential, and all offer higher earning potential. For example, Bank Tellers typically receive about one month of on-the-job training and have a low entry threshold, which includes a high school diploma and potentially a background check. Although it may seem that this role is very different from an Aide, it requires similar levels of communication, attention to detail, service orientation, and social perception. Despite this, Bank Tellers earn \$3.72 more per hour, making this job a logical alternative for an Aide/Floaters. Over a year, this wage difference could amount to an additional \$7,700 in gross earnings.

After adjusting for inflation, it becomes clear that Aides/Floaters have experienced the most competitive wage growth of an EASAL classroom role, seeing a gain of \$1.55 per hour since 2005. This fares well compared to the adjusted growth rates of roles requiring similar skills. However, Aides/Floaters today still earn \$1.40 less per hour in real dollars than Bank Tellers earned 18 years ago. For Library Technicians, the gap is equal to \$0.80.

Inflation-Adjusted Wage Growth, Indiana 2005-2023



Source: Bureau of Labor Statistics, Occupational Employment and Wage Statistics (OEWS), 2023

AIDE/FLOATER WAGES FALL SHORT OF SELF-SUFFICIENCY

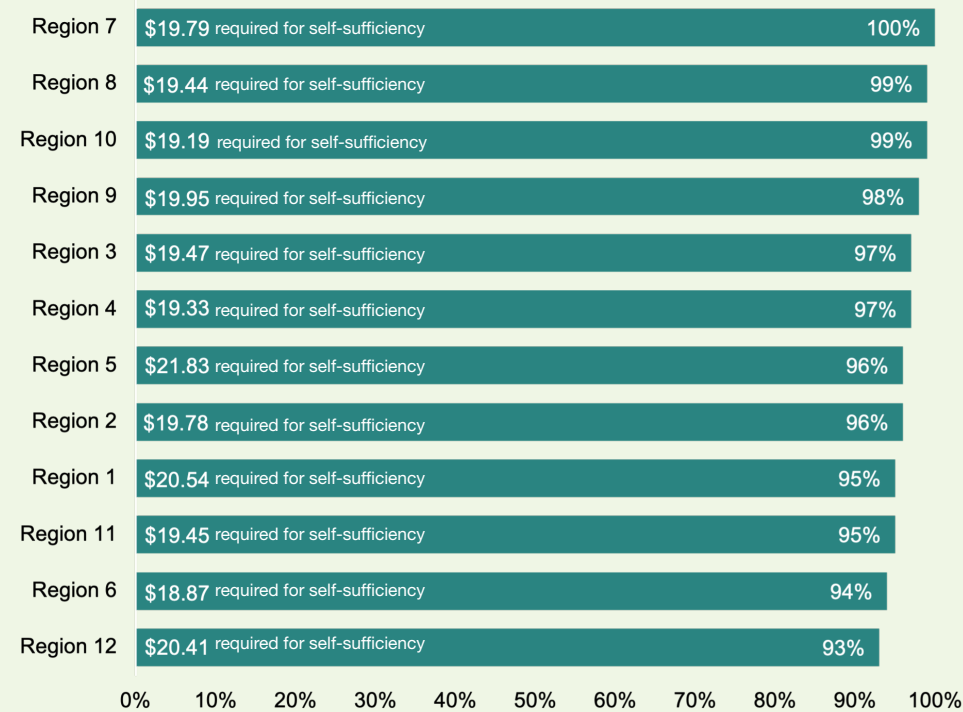


Aide/Floaters encounter the widest self-sufficiency gaps in the EASAL workforce. With a median hourly wage of \$13.90 (\$28,912 annually), nearly 90% of Aides in Indiana do not earn enough to support themselves.

90%

of Aides in the state do not earn enough to support themselves, let alone their families.

Share of Aides/Floaters Earning Below Self-Sufficiency by DWD Region, Indiana, 2023



The Self-Sufficiency Percentage reflects a percentage of workers who earn less than the hourly wage required to support one adult, with no children, in Indiana.

Source: Bureau of Labor Statistics, Occupational Employment and Wage Statistics (OEWS), 2023



REGION 12

Best-performing region, with 93% of Center Aides earning below the self-sufficiency threshold of \$20.41



REGION 7

Lowest-performing region, with 100% of Center Aides earning below the self-sufficiency threshold of \$19.79

The data shows that Region 12 is the top-performing region for Center Aides, where 93% of workers earn below the self-sufficiency threshold of \$20.41. In contrast, Region 7 is the worst-performing region, with 100% of Center Aides earning below the self-sufficiency standard of \$19.79. Similarly, Region 10, despite being the best region for Lead Teachers and Assistant Teachers, sees 99% of Center Aides earning below the standard of \$19.19, highlighting the difficulty these workers face in maintaining a basic living wage.

Regions such as Region 5 (96%), Region 3 (97%), and Region 4 (97%) also show a high percentage of Center Aides earning below self-sufficiency, despite some variances in the self-sufficiency standards, which range from \$19.33 to \$21.83. Even in Region 6, where the self-sufficiency standard is the lowest at \$18.87, 94% of Center Aides earn below the required wage to meet their basic living needs.

Substitutes

Substitutes make up 1.2% of the statewide EASAL workforce and exhibit the largest volatility in employment compared to any other EASAL role. Substitutes rank in the ninth percentile of all occupations in the state, meaning 91% of occupations offer a higher median wage. Comparable occupations with median wages in the ninth percentile statewide include travel guides, vehicle cleaners, and coaches, jobs that typically require no formal education.

Despite their low ranking statewide, Substitutes' median wages fall more favorably within the overall distribution of the workforce in several regions, as shown on page 45.

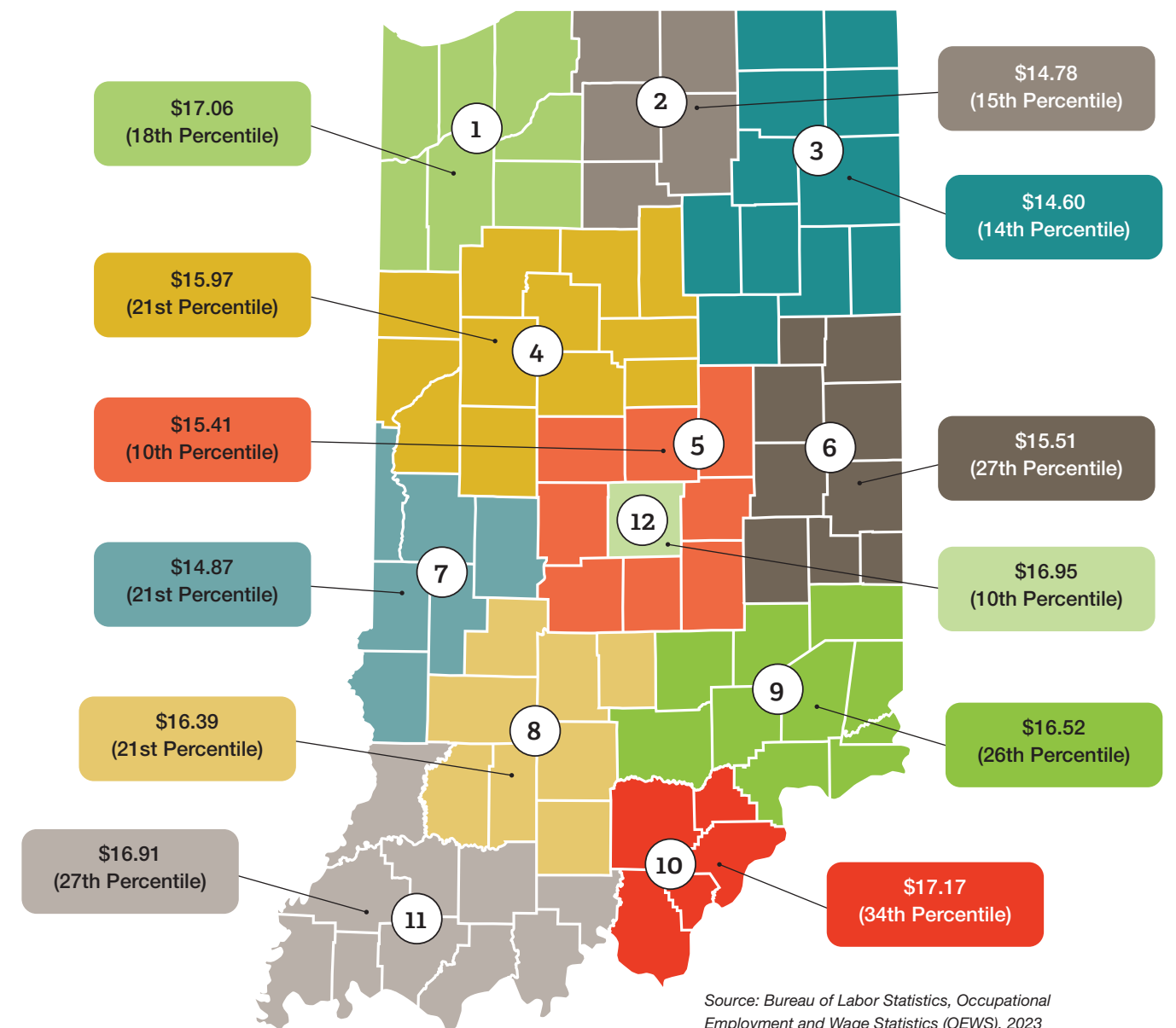
Overview of Employment and Wages for Substitutes

Employment (2023)	Employment Trend		Current Median Earnings
	Past Growth (2001-2023)	Projected Growth (2023-2028)	
582	▼ (-12.4%)	▲ (1.0%)	\$15.93 Hourly, 2023

\$15.93

Despite requiring 96% of the same competencies, Substitutes earn **\$8.55 less per hour** than Kindergarten Teachers.

Median Wage and Percentile Ranking of Substitutes Compared to All 797 Occupations in DWD Region, Indiana, 2023



In addition to offering the highest median wage for Lead Teachers, Region 10 also provides the highest median wage for Substitutes at \$17.17, which ranks in the 34th percentile. In contrast, Region 3 offers the lowest wage for Substitutes at \$14.60, ranking in the 14th percentile. Compared to the 797 other occupations employed in each region, Substitutes in Region 10 receive the most competitive wages, exceeding those of 66% of the regional workforce. On the other hand, Regions 12 and 5 offer the least competitive wages for Substitutes, both ranking in the 10th percentile compared to other jobs in those regions.

SUBSTITUTE WAGES FALL SIGNIFICANTLY BELOW COMPARABLE ROLES

In terms of competencies and work activities, Substitutes fall squarely between Lead Teachers and Assistant Teachers. Substitutes do not create lesson plans or evaluate student performance unless they are on long-term assignments, but they are responsible for taking leadership over the classroom in a Lead Teacher’s absence. As such, Kindergarten Teachers are the most similar alternative occupation to Substitutes, with jobs requiring 96% of the same skills and similar educational qualifications. Yet, the current median hourly wage of Substitutes falls \$8.55 below that of Kindergarten Teachers.

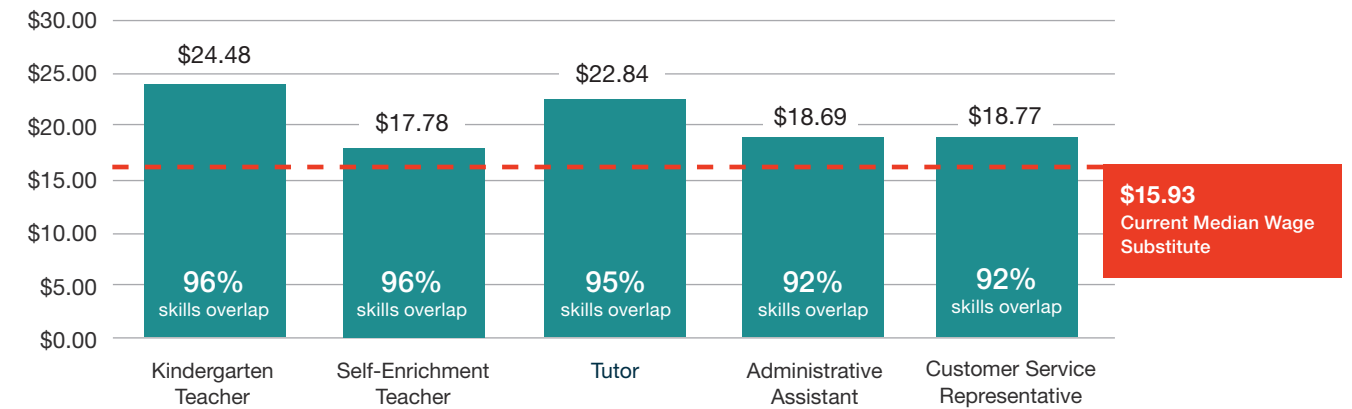
Another comparable occupation, Customer Service Representative, involves interacting with clients to address inquiries, resolve issues, and provide information about products or services. These workers manage communication through various channels such as phone, email, and in-person interactions. These roles require 92% of the same skills as Substitutes and earn \$2.84 more per hour at the median. One notable difference, aside from the age range of the individuals they serve, is that Customer Service Representatives do not need education beyond high school, making any Substitute qualified to transition into this role.

The current wage gap between Substitutes and alternative roles ranges from as little as \$1.85 for Self-Enrichment Teachers to as high as \$8.55 for Kindergarten Teachers. Over a year, this disparity could result in a difference of \$3,500 to \$17,500 in gross earnings.

\$901 thousand to \$4.5 million

additional income tax revenue generated each year if Substitute wages were equal to comparable roles

Median Wage of Most Similar Roles and Share of Overlapping Skills, Substitute, Indiana, 2023

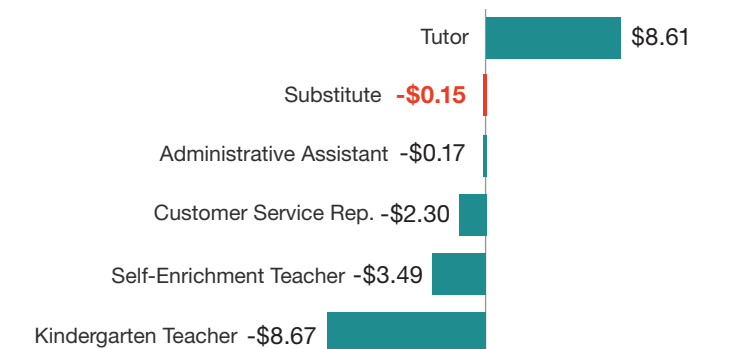


Source: Bureau of Labor Statistics, Occupational Employment and Wage Statistics (OEWS), 2023

Aside from Kindergarten Teachers, none of the top occupations most comparable to Substitutes requires any education beyond high school, and all are associated with higher earning potential. The current wage gap between Substitutes and alternative roles ranges from as little as \$1.85 for Self-Enrichment Teachers to as high as \$8.55 for Kindergarten Teachers. Over a year, this disparity could result in a difference of \$3,500 to \$17,500 in gross earnings.

The real median wage of Substitutes has fallen by \$0.15 since 2005, after accounting for inflation. Comparatively, this fares much better than a majority of the top comparable roles but pales in comparison to the \$8.61 growth associated with Tutors over the past 18 years. Compared to the median wage of Kindergarten Teachers, which dropped significantly after adjusting for inflation, Substitutes appear to have fared much better. It’s important to note, however, that the wage difference between Substitutes and Kindergarten Teachers was already substantial in 2005. Despite largely keeping pace with inflation – especially compared to Kindergarten Teachers – Substitutes today earn just \$0.06 more per hour than Kindergarten Teachers did in 2005.

Inflation-Adjusted Wage Growth, Indiana 2005-2023



Source: Bureau of Labor Statistics, Occupational Employment and Wage Statistics (OEWS), 2023

Similarly, when examining wage scaling based on education level, the disparities remain pronounced.

Substitute Teachers, even with advanced degrees, do not approach the same wages as even beginning K-12 Teachers. The wage gap widens as educational attainment increases, with K-12 Teachers earning significantly more with a bachelor's or master's degree compared to their counterparts in Substitute roles.



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW), 2023



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW), 2023

SUBSTITUTE WAGES FALL SHORT OF SELF-SUFFICIENCY

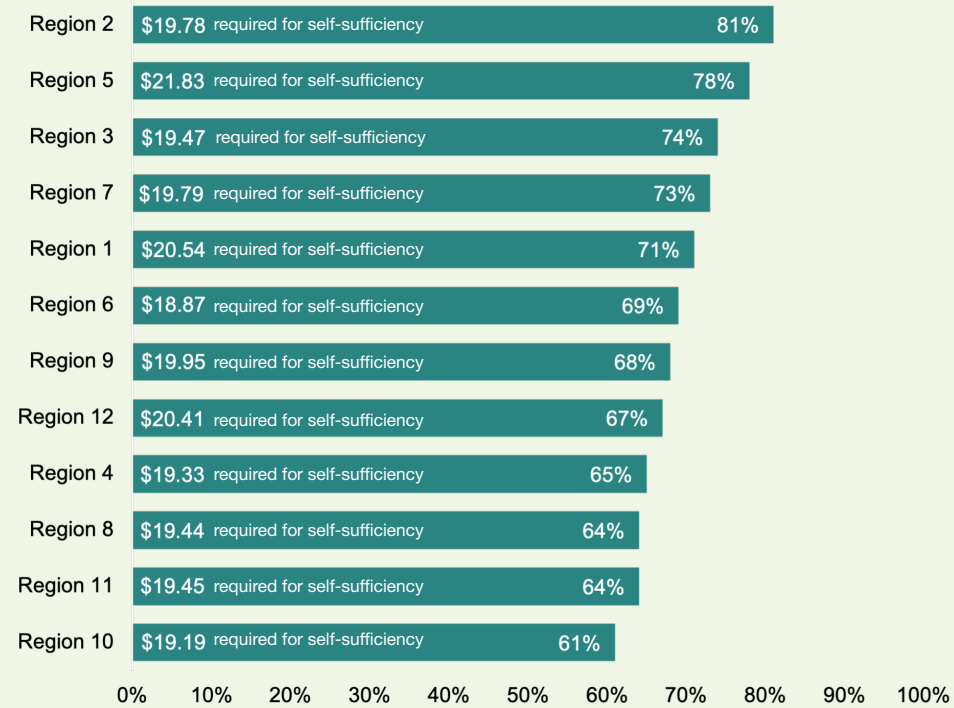


Substitutes, with a slightly better median hourly wage of \$15.93 (\$33,134 annually), still fall short of the statewide living wage threshold by \$4.51 to \$28.23 per hour depending on family composition. Nearly 7 in 10 cannot support themselves without public assistance, while 96% earn below the wage threshold required to support two children.

7 in 10

Substitutes do not earn enough to support themselves without public assistance.

Share of Substitutes Earning Below Self-Sufficiency by DWD Region, Indiana, 2023



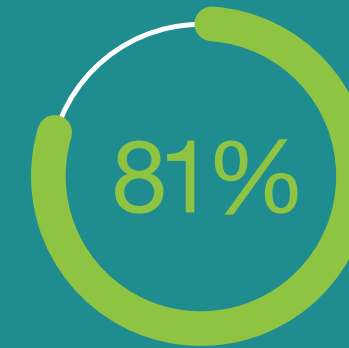
The Self-Sufficiency Percentage reflects a percentage of workers who earn less than the hourly wage required to support one adult, with no children, in Indiana.

Source: Bureau of Labor Statistics, Occupational Employment and Wage Statistics (OEWS), 2023



REGION 10

Best-performing region, with 61% of Substitutes earning below the self-sufficiency threshold of \$19.19



REGION 2

Lowest-performing region, with 81% of Substitutes earning below the self-sufficiency threshold of \$19.78

Region 10 is the best-performing region for substitute teachers, with 61% of substitutes earning below the self-sufficiency threshold of \$19.19. On the other hand, Region 2 is the worst-performing region, with 81% of substitute teachers earning below the self-sufficiency standard of \$19.78. Region 5 also shows a high percentage, with 78% of substitutes earning below the standard of \$21.83, which is the highest self-sufficiency threshold in the state.

Region 3 (74%) and Region 7 (73%) also demonstrate significant challenges for substitute teachers, where a majority earn less than the required wage to support themselves. Other regions such as Region 6 (69%), Region 9 (68%), and Region 12 (67%) also show a high proportion of substitutes struggling to meet basic living costs.

THE HIGH COST OF LOW PAY

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5

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Stabilizing the EASAL workforce and increasing childcare access for Hoosier families comes at a cost, but the costs of inaction are even greater in the long run.



A skilled and dedicated workforce is the most critical enabler to a high-quality early and school-aged learning (EASAL) system for any state.

Many of the EASAL workers supporting today's Hoosiers are skilled and dedicated, but their pay is not competitive enough to allow the majority to build family-sustaining careers. Although childcare costs in Indiana already consume up to 16% of the state's median household income, the system remains affordable to parents largely because teacher compensation remains low.

16%

childcare costs in Indiana consume 16% of the state's median household income, surpassing the cost of in-state public college tuition.



The problem is structural and results from a broken business model. Parents or caregivers – the “customer” in this system – cannot afford to pay the increased costs for childcare that would accompany a more robust early childhood workforce by themselves. Childcare providers in Indiana are already allocating nearly two-thirds of their revenue to staff compensation and benefits, providing little room to increase compensation and support without a direct cost to parents. Whether the costs of a more robust early education system are direct (wage increases, employee benefits for EASAL workers) or indirect (training/mentoring, professional development or per-slot funding increases), the current business model necessitates that they must be borne by childcare entities or parents³.

Stabilizing the EASAL workforce and increasing childcare access for Hoosier families comes at a cost, but the costs of inaction are even greater in the long run.

³ Montilla, Maria; Twombly, Eric; and De Vita, Carol. “Models for Increasing Child Care Worker Compensation” *Charting Civil Society*, No. 8, June 2001.

| Foregone Tax Revenue Due to Parental Income

Numerous studies show that parents respond to increased costs of childcare by dropping out of the workforce to care for their children themselves. Thus, foregone parental income is a significant cost to Hoosier families associated with the absence of a high-quality, affordable EASAL system — which has severe implications for state government in foregone income and sales tax revenues.

The most prevalent example of the direct benefit early childhood education can have on economic participation comes from the Canadian province of Quebec. A 1996 province-wide reform, called the Family Policy, dramatically expanded the availability of early childhood education access for families. In just the first eight years of the program, the participation of women in the workforce increased by 12% — skyrocketing to 21% in the first 20 years of the program. Subsequently, the employment rate of married mothers increased by 7.7 percentage points after the program and the rate for single mothers increased by 4.0 percentage points.⁴ Those who entered the workforce after the policy was implemented averaged 30 to 40 hours per week.

Applying these results to Indiana using data from the U.S. Census Bureau suggests that Hoosier women forego hundreds of millions of dollars in income each year because the cost of quality childcare leads over 43,300 mothers of young children (under 6 years of age) to opt out of the labor force to care for their children.

Stabilizing the EASAL workforce could bring between 6,000 and 11,600 mothers of young children back into the state's workforce if the employment-to-population ratio of these women increased at the same rates as seen in Quebec. If these new entrants earned the statewide median hourly wage of \$24.19 and averaged 35 hours per week, as seen in the Quebec example, the labor market income associated with these women alone would increase by \$264.1 million to \$510.7 million.

With a flat state income tax rate of 3.15%, this influx of workers would generate an additional state tax revenue of between \$8.3 million to \$16.1 million annually. In addition, greater financial stability will result in greater spending, further increasing state revenues generated from sales taxes.

It should be noted that the labor market activity of Hoosier fathers would also improve as a result of increased access to high-quality and affordable childcare. However, little research exists to estimate the potential impact childcare would have on male labor force participation and employment in the state — though national estimates suggest it would pale in comparison to the impact on Hoosier mothers.

⁴ Baker, Michael; Gruber, Jonathan; and Milligan, Kevin. “Universal Childcare, Maternal Labor Supply, and Family Well-Being.” *Journal of Political Economy* 116, no. 4: 709–745, <https://doi.org/10.1086/591908>. *The University of Chicago Press Journals*, August 2008.

| Foregone Tax Revenue Due to Current Compensation of EASAL Professionals

The relatively low compensation of early educators also poses significant losses to state and local governments in the form of foregone tax revenues from EASAL workers themselves. Elevating wages of over 48,000 current EASAL workers to achieve financial self-sufficiency for a single adult (\$20.44) would see their combined annual earnings rise by \$590.7 million. Increased early educator pay would translate to a gain of \$18.6 million in state income tax revenues annually.

To sustain the capacity required to support all 6,000 to 11,600 potentially newly employed Hoosier mothers would require bolstering the EASAL workforce by an average of 2,610 workers, with the actual number falling somewhere between 500 to 2,900, depending on the ages of the children requiring care.

If 2,610 professionals were added to the EASAL workforce at salaries mirroring the current wage distribution, bringing all of them to the self-sufficiency wage would increase earnings by a combined \$29 million, resulting in a gain of nearly \$1 million from income tax revenues annually.

\$18.6M

potentially added to state income tax revenues each year if current EASAL workforce earned self-sufficient wages

| Reduced Spending on Public Assistance

Currently, over 39,000 EASAL workers in Indiana earn wages that are insufficient to meet their basic needs without supplemental support. This low-wage environment not only places a financial strain on the educators themselves but also on state-funded assistance programs designed to bridge the gap between earnings and living expenses. Depending on family size, an EASAL worker earning the median wage for the field (\$14.67) can draw down anywhere from \$4,632 (one adult) to \$44,244 (one adult, 1 infant, 1 school-aged child) in public assistance each year.

By increasing early educator wages to align with the self-sufficiency standard (\$20.44), the state and federal government would likely see an annual savings of \$662.2 million in public assistance expenditures – given that over 80% of the workforce has at least one child under 18.⁵ This reduction in reliance on public assistance would occur as early educators, who are often eligible for programs such as Medicaid, Supplemental Nutrition Assistance Program (SNAP), and housing subsidies due to their low incomes, would no longer need to depend on these programs to the same extent. Public assistance spending for an EASAL worker earning the self-sufficiency wage of \$20.44 would decrease to between \$156 (1 adult) and \$20,340 (1 adult, 1 infant, 1 school-aged child) each year.

This shift would not only alleviate the fiscal burden on the state government but also promote greater economic stability and dignity for early educators. As these workers achieve financial independence, they would be able to contribute more fully to the economy through increased spending and decreased reliance on state services. Furthermore, this could lead to enhanced job satisfaction and retention within the early education workforce, which is essential for maintaining the quality and continuity of early childhood education.

⁵ Indiana Association for the Education of Young Children, “2019 Indiana Child Care Workforce Study”.

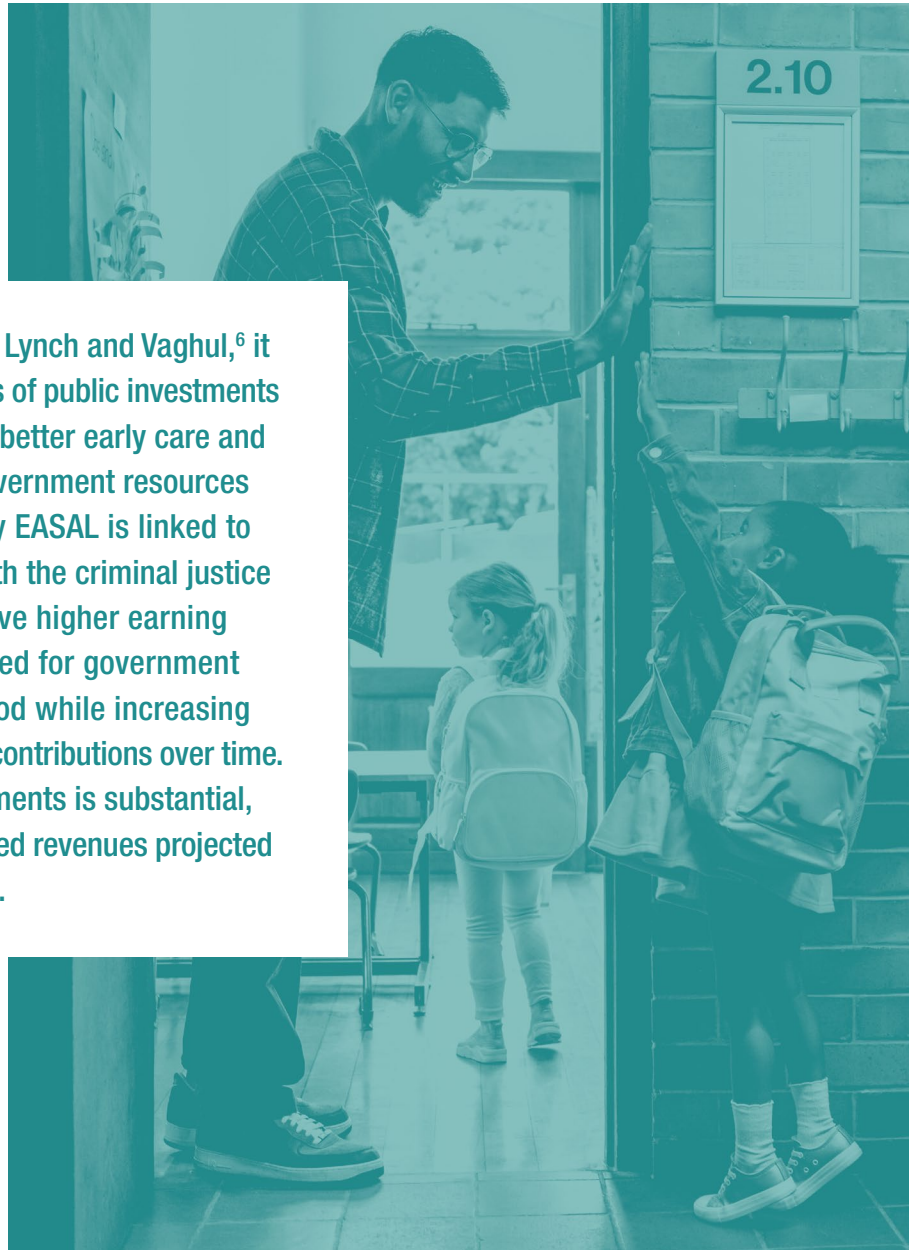
Bringing early educator wages up to the self-sufficiency standard would significantly reduce their reliance on public assistance programs, alleviating the fiscal burden on the state and federal government by up to \$815.6 million annually while promoting greater economic stability and dignity for this critical workforce.



| EASAL Investments Become Self-Sustaining

Different states have offered public and private ways of creating revenue streams to build EASAL infrastructure. Looking abroad to successful Organization for Economic Co-operation and Development (OECD) countries that compete with the United States economically, almost all treat early childhood education similar to infrastructure and K-12 investments, seeing it as an essential service for the benefit of the economy as a whole.

Although the costs associated with moving toward a high-quality EASAL system reliant on a skilled and stable workforce will undeniably exceed revenues in the short-term, the multigenerational impact of high-quality child care will generate long-term net positive returns for Hoosiers and the state government alike.



According to a 2015 study from researchers Lynch and Vaghul,⁶ it takes just eight years for the societal benefits of public investments in EASAL to exceed the costs. Children with better early care and educational opportunities draw on fewer government resources throughout their lives, because high-quality EASAL is linked to improved health and reduced interaction with the criminal justice system later in life.⁷ These children also have higher earning potential as adult workers, reducing the need for government support services as they grow into adulthood while increasing their earning potential, leading to higher tax contributions over time. The financial return from these early investments is substantial, with annual government savings and increased revenues projected to surpass annual costs within just 16 years.

⁶ Lynch, Robert, and Vaghul, Kavya. "The Benefits and Costs of Investing in Early Childhood Education: The Fiscal, Economic, and Societal Gains of a Universal Prekindergarten Program in the United States, 2016–2050." *Washington Center for Equitable Growth*, December 2, 2015.

⁷ Heckman, James J. Letter to the U.S. Senate Joint Select Committee on Deficit Reduction on Investment in Early Childhood Development, September 21, 2011.

| Building on Momentum to Overcome Persistent Challenges

One of the benefits of the 2024 legislative session was the bipartisan passage of Senate Enrolled Act 2.⁸ This act produced multiple advances toward improving early childhood education (EASAL) in Indiana, including:

- Establishment of a Micro Facility Pilot Program, which aims to increase the availability of childcare by reducing operational costs for small providers.
- Efforts to reduce administrative overhead, helping providers focus more on delivering quality care rather than being bogged down by bureaucratic tasks.
- Introducing the possibility for younger employees, aged 16 to 17, to be counted in child-to-staff ratios, provided they meet specific qualifications and are supervised by a lead caregiver – a change that could help address staffing shortages.

Despite these positive developments, however, Senate Act 2's focus on regulatory adjustments and pilot programs leaves additional fundamental problems to solve – the greatest being the broken business model of the low wages for EASAL workers and the high cost of maintaining quality standards.

For example, another key advancement provided by Senate Act 2 was to alter the income threshold for the Childcare and Development Fund (CCDF) subsidies from 150% of the federal poverty level to 85% of the state median income for EASAL professionals. According to the CCDF income eligibility determination effective from March 31, 2024, a family of two must have a gross monthly income of no more than \$2,555 to qualify for assistance, with incremental increases with family size.

However, this threshold still excludes most Lead Teachers and Substitutes in Indiana, with median monthly gross earnings of approximately \$2,819 and \$2,755, respectively – even though this is below the standard self-sufficiency wage. Wage increases in the EASAL sector, while much needed, could threaten to push more educators over that threshold. In addition to the eligibility challenges faced by families, providers also encounter significant administrative and financial burdens in participating in the CCDF program. (See the recommendations section.)

⁸ Indiana Family and Social Services Administration. "Early Child Care and Education Legislative Changes: What does this change include?"

INVESTING IN THE FUTURE

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By tackling interconnected challenges, Indiana can strengthen both its economy and sustain increased compensation for critical EASAL careers.



Compensation for EASAL workers has a direct impact on Indiana's economic competitiveness and population growth.

Unless EASAL compensation is addressed, providers will continue struggling to attract and retain qualified staff. An inability to stabilize and grow the EASAL workforce limits the availability of care, which could be devastating to a state that currently serves only 61% of the need. As a result, too many parents opt out of the workforce – creating structural restraints that hold back Indiana's economy and its ability to attract new businesses and talent.

Indiana needs those parents who want to work to contribute to the economy and provide tax revenue. Increased access to care enables the overall workforce to grow, which provides the revenue that is needed to sustainably fund more competitive compensation for EASAL professionals.

This also provides an opportunity to reduce the burden on public assistance. First by allowing EASAL workers to earn self-sustaining wages, but

also through the long-term benefits associated with quality child care. Multiple studies confirm the positive, lifelong impact high-quality child care has on education, employment, and health.⁹ Children served by high-quality care are less likely to be a burden on public systems as they grow up and are more likely become productive citizens.

There are far too many structural problems to simply spend more money as a solution. States and countries that have made significant strides at solving the problem do so in a targeted fashion, engaging families, employers and policymakers along the way. They also deliberately focus on specific policy solutions designed to work with one another to increase the supply of slots, professionalization of workers, engagement with employers, and the supply of talent as demand for EASAL programs continues to rise.

RECOMMENDATIONS

The successful and promising approaches detailed below fall into 4 strategies:

1. Create the conditions necessary to enable increased workforce participation.
2. Improve, grow, and sustain the EASAL workforce.
3. Create early revenue streams and improve long-term efficiency.
4. Enhance data transparency.

These recommendations should be thought of as targeted investments designed to work together to build direct economic return, not just government spending.

⁹ Heckman, James and Karapakula, Ganesh, "Intergenerational and Intragenerational Externalities of the Perry Preschool Project," National Bureau of Economic Research, May 2019.

Create the Conditions Necessary to Enable Increased Workforce Participation

To enable increased workforce participation in Indiana, it is essential to address the accessibility and affordability of EASAL programs. These programs are critical in supporting working parents, and expanding the EASAL workforce is crucial to sustaining them. Solutions such as expanding financial support for EASAL professionals, implementing earned income tax credits for families, and fostering public-private partnerships can create the conditions necessary for more parents to join and remain in the workforce. By tackling these interconnected challenges, Indiana can strengthen both its economy and sustain increased compensation for critical EASAL careers.

FURTHER EXPAND EASAL SERVICE AFFORDABILITY FOR EASAL PROFESSIONALS

Just as the cost of EASAL care is a barrier to many families across Indiana, this problem is compounded for current and aspiring EASAL professionals as a result of current wages. While Indiana works toward a sustainable EASAL system by addressing educator compensation, the state can immediately begin by easing the financial cost of EASAL service for these professionals. Offering affordable care to more EASAL workers will improve retention and grow the EASAL workforce, ensuring the state's EASAL system has the capacity to support more parents who want to rejoin the workforce.

Indiana has already begun this process, and we recommend expanding upon it. One of the most effective improvements of Senate Act 2 was to alter the income threshold for subsidies from 150% of the Federal Poverty Level to 85% of the state median income for EASAL professionals. This 2024 reform by itself should directly improve the attractiveness of EASAL careers. To the extent practicable, Indiana should continue this income expansion over time alongside other EASAL professional pipeline development efforts.

The state may want to consider pairing expansion of the income eligibility threshold with additional refundable tax credits to make EASAL careers even more attractive. The use of tax credits, as opposed to directly increasing compensation, allows EASAL professionals to move toward financial stability without losing access to subsidies. Louisiana has enacted a promising model of tax credits for their EASAL professionals,¹⁰ with a particular focus on providing tax relief for continuing education support. Since this was enacted, the state has seen a 280% increase in basic credential attainment, and a 16% increase in EASAL professionals obtaining bachelor's or master's degrees. Louisiana uses these credits to draw over \$80 million in federal funding for early childhood education.

¹⁰ Louisiana Department of Revenue. "Understanding Louisiana's Early Care and Education Tax Credits"

CREATE AN EARNED INCOME EASAL TAX CREDIT FOR WORKING PARENTS

Increased workforce participation is ultimately the sustainable revenue stream to fully fund increased compensation for EASAL professionals, but getting to this sustainable tipping point won't happen overnight. In the meantime, Indiana should create the conditions to empower parents who want to work to rejoin the workforce. This requires changing the cost equation to reward working parents.

Indiana can do so with solutions that are immediately available. Similar to offering incentives to employers for providing financial assistance for childcare, Indiana should consider doing the same for working families by allowing them to claim a portion of their children's EASAL expenses as deductions against state liabilities.

Introduced in the 1960s as a conservative welfare reform, the Earned Income Tax Credit (EITC) has received wide bipartisan praise for its effectiveness at encouraging families to work while helping to pull themselves out of poverty. Indiana currently has an EITC structure in place and could consider offering a similarly structured refundable credit to help families who expend funding on EASAL programs.

Louisiana has enacted two EITC-style EASAL credits for working families to leverage, both of which help draw down significant federal funding. The first is a family credit to reward families for choosing higher-quality ranked EASAL providers, and the second is an income-based child credit for families who are working and thus require early childhood services.¹¹

In considering an EITC-style EASAL credit for working families, Indiana should strongly review how to best leverage federal funding drawdown in order to minimize the impact to the state budget. As an example, Louisiana is drawing over \$80 million in federal funding as part of their tax credit programs.

¹¹ Louisiana Department of Revenue. "Understanding Louisiana's Early Care and Education Tax Credits"

Indiana currently has an EITC structure in place and could consider offering a similarly structured refundable credit to help families who expend funding on EASAL programs.

EXPAND PUBLIC-PRIVATE PARTNERSHIPS

Public-private partnerships are a key method to reduce the costs of EASAL programs for both families and the state.

Indiana's Trishare Plus program, similar to a bipartisan initiative in North Carolina,¹² is an example of a cost-effective way to pool funding from three key stakeholders who benefit economically: parents and caregivers who need the services, employers who benefit from parents being able to work due to affordable child care, and the state of Indiana, which benefits from increased workforce participation and long-term educational gains.

Although the Trishare Plus pilot,¹³ administered by the Northeast Indiana Early Childhood Coalition,¹⁴ is still new, lessons can be drawn from North Carolina's efforts and other public-private partnerships. While it is not the only model, this approach is gaining interest in Indiana and elsewhere.

Indiana should consider scaling various public-private partnership models, including Trishare, based on regional employer needs to attract additional private funding to support these collaborations. This would allow current public EASAL investments to enhance the economic competitiveness of the profession and address existing EASAL deserts.

Another benefit of incorporating private funding is the ability to stretch public dollars further, enabling services to reach currently underserved children and families at the federal poverty level, and potentially expanding subsidy eligibility over time.

Based on current models, Indiana should expect a public-private partnership approach to gain popularity as families become aware of employer participation. However, effective communication may take time. For instance, Michigan has invested nearly the same amount statewide as the Northeast Indiana Early Childhood Coalition is investing in its single pilot, but projects that amount will grow eightfold over the next five years. Should Indiana adopt this cost-sharing model, it should plan for an initial regional investment of \$2 million to \$5 million annually, with increasing costs as the program gains traction.

¹² North Carolina Smart Start, What Is NC Tri-Share?

¹³ Cunningham, Timoria. "New program to lower child care costs for northeast Indiana workers." WFYI, June 5, 2024.

¹⁴ Northeast Indiana Early Childhood Coalition, <https://www.neiecc.org>

| Improve, Grow, and Sustain Indiana's EASAL Workforce

To improve, grow, and sustain Indiana's EASAL workforce, it is essential to address key factors such as compensation, career development, and talent retention. This section explores strategies to enhance career opportunities for EASAL professionals, including linking compensation to program quality and career pathways, expanding apprenticeship programs, and attracting the next generation of workers. By implementing these strategies, Indiana can create a robust and sustainable EASAL workforce that will increase workforce participation, boost economic competitiveness, and create the conditions for sustained population growth.

LINK COMPENSATION AND CAREER OPPORTUNITY TO PROGRAM QUALITY FOR EASAL PROFESSIONALS

As Indiana expands its EASAL workforce, it will need to strategically focus on enhancing career opportunities and professional development to improve the quality of EASAL providers. A key step is for the state to reconfigure its Paths to QUALITY™ (PTQ) rating system to incentivize providers to hire qualified staff, increase their compensation, and support their development, ultimately improving EASAL experiences for young Hoosiers.

To strengthen this workforce pipeline, Indiana should leverage existing investments in Next Level Jobs and the T.E.A.C.H. scholarship to career progression. These initiatives can support competency-based pathways and microcredentials that stack and build into credentials of value, ensuring EASAL professionals have access to continuous skill development and career progression. By integrating these programs with a structured career lattice to minimize costs for pre- and in-service professional learning, Indiana can create a more dynamic system for attracting, upskilling, and retaining talent.

Other states, like Arkansas¹⁵ and Michigan, have implemented similar workforce development strategies, using scholarships¹⁶ and partnerships with community colleges to create pathways for degree attainment.¹⁷ By adopting these best practices, Indiana can encourage providers to improve quality while offering employees greater compensation and opportunities for career growth through aligned education and training pathways.

¹⁵ Arkansas Department of Human Services. American Rescue Plan Proposal, Division of Child Care and Early Childhood Education.

¹⁶ Michigan Association for the Education of Young Children, T.E.A.C.H. Early Childhood Michigan Scholarship Program.

¹⁷ Michigan Association for the Education of Young Children. Knowledge Center.

SCALE 'GROW YOUR OWN' APPRENTICESHIP PROGRAMS FOR EASAL WORKERS

Indiana must immediately look to both traditional and nontraditional sources to attract and grow its EASAL workforce in order to support greater overall workforce participation. Fortunately, Hoosiers can learn from the success of locally driven educator workforce development programs across the country and apply similar strategies. One example is Michigan's Talent Together¹⁸ effort, which is designed to upskill community members, including current education sector workers, and transition them into educators.

Given that over 94% of competencies overlap between the EASAL and K-12 workforce, Indiana has the potential to become an early leader in developing a joint EASAL/K-12 apprenticeship model that connects second-career aspiring educators to fill shortages in both sectors.

Indiana has already made progress through its use of the T.E.A.C.H. Scholarship for current early childhood professionals. We recommend expanding this successful initiative by dramatically increasing local apprenticeship efforts to include a broader range of participants beyond those currently employed as EASAL professionals.

Apprenticeship programs like Talent Together can often be built and funded by combining federal student aid with federal and state workforce funding streams, as well as through partnerships with K-12 schools, higher education institutions, and community colleges. Both Kentucky¹⁹ and Michigan²⁰ have begun awarding funds to various collaboratives that are developing U.S. Department of Labor-registered apprenticeship programs.

While apprenticeship programs will likely involve additional initial costs for the state, even with the use of existing workforce and federal funding streams, upskilling certified professionals in the education sector is simply not cost-neutral.

¹⁸ TalentTogether, "Become a certified teacher."

¹⁹ Kentucky Governor's Office of Early Childhood. "Growing the Early Childhood Workforce: Apprenticeships."

²⁰ Early Childhood Investment Corporation. "Child Care Innovation Fund Opportunities."

ATTRACT THE NEXT GENERATION OF EASAL PROFESSIONALS

Long-term, Indiana must enhance the economic appeal of the EASAL sector to young people. The demand for early learning and out-of-school-time care is not diminishing, and these young individuals will ultimately form the backbone of the sector's future workforce. While state leaders pursue long-term improvements in compensation and career opportunities for EASAL workers, there are immediate steps that can reduce financial barriers for aspiring professionals.

One innovative provision of Senate Act 2 is the expansion of the allowable working age in EASAL settings to 16, enabling young people to gain real-world experience at a critical juncture in their lives as they decide their future career paths. When combined with other proposed reforms in this report, this represents a promising first step toward integrating them into the workforce.

Indiana should complement this new opportunity by building on its existing T.E.A.C.H. Scholarship and CDA Assessment Scholarship programs. Similarly, Michigan has created opportunities aimed at recruiting high school students into the early childhood field through career and technical education programs,²¹ while Vermont²² offers tuition reimbursement to attract individuals pursuing an EASAL-related degree.

Indiana's two scholarship initiatives are well-positioned to capitalize on the expanded age eligibility under Senate Act 2. We recommend marketing these programs as a seamless, zero-cost pathway to attract high school students to the EASAL profession and support them through post-secondary credential attainment.

To support this effort, Indiana should anticipate some additional state costs related to marketing, as well as minimal expenses to guide aspiring applicants as they transition from high school to postsecondary education.

²¹ Michigan Association for the Education of Young Children, "T.E.A.C.H. Early Childhood Michigan" scholarship application form.

²² Vermont Association for the Education of Young Children, "Student Loan Repayment Assistance Program."

| Create Early Revenue Streams and Improve Long-Term Efficiency

To ensure the sustainability of Indiana's EASAL workforce, it is essential to create early revenue streams and improve operational efficiency. While increased workforce participation will eventually generate the tax revenue needed to pay for higher compensation, interim solutions are necessary. By linking early childhood education to business job growth incentives, Indiana can encourage companies to invest in EASAL access for their employees and communities through tax incentives. Additionally, implementing a statewide shared service model can help reduce duplication of non-instructional services among local providers, maximizing efficiency and cost-effectiveness. Together, these strategies will strengthen Indiana's EASAL system and support economic growth.

TIE EARLY CHILDHOOD EDUCATION TO BUSINESS JOB GROWTH INCENTIVES

As part of Indiana's economic development incentives, businesses should be encouraged, either through direct tax incentive or through retaining a portion of the tax revenue created through job growth, to invest additional resources into ensuring all employees who need EASAL programs have access to them.

There appear to be at least three current economic development tools that Indiana for the Bold has that align well with this strategy: the Economic Development for a Growing Economy payroll tax credit,²³ the Headquarter Relocation Tax Credit,²⁴ and the Hoosier Business Investment Tax Credit.²⁵ One of the benefits of utilizing these new-job incentives as a tie-in is that such an endeavor would have very little-to-zero cost to existing state spending.

Based upon the need of the specific region, Indiana should consider modifying these tools to incorporate an early childhood education incentive as part of them. This could be done through providing care on-site or, ideally, by investing in a Trishare pilot collaborative that has a greater impact on their local community.

Examples of business incentives like the aforementioned models can be seen in Louisiana, where the state has created a credit for businesses that contribute directly to EASAL providers or participate in a local EASAL collaborative.²⁶

²³ Indiana for the Bold: Investments. "Economic Development for a Growing Economy (EDGE)-Payroll Tax Credit."

²⁴ Indiana for the Bold: Investments. "Headquarters Relocation Tax Credit."

²⁵ Indiana for the Bold: Investments. "Hoosier Business Investment Tax Credit."

²⁶ Louisiana Department of Revenue. "Understanding Louisiana's Early Care and Education Tax Credits"



WORK TOWARD A STATEWIDE SHARED SERVICE MODEL

While building a path to financial sustainability for Indiana's EASAL system, the state should always seek to maximize efficiency of dollars being spent.

One advantage of Indiana's EASAL provider design model is that it is very locally driven. While this contributes to solving community-specific needs, it also means that many non-instructional services are likely duplicated.

Early Learning Indiana recognized this inefficiency in 2020 and created a regional shared services pilot.²⁷ An evaluation should be conducted, with particular focus on how to gain greater economies of scale across the state as new EASAL providers come online.

Attempts to scale shared services often don't yield the results that advocates hope for due to a variety of factors, and Indiana needs a plan to avoid this scenario. A statewide landscape scan of EASAL non-instructional services, followed by a review of consistent and inconsistent processes so that state and statewide leaders understand what is happening is an important first step that often gets missed. Following this, we suggest that ELAC convene a group of stakeholders from across the EASAL system to design this new shared services model, including deciding what services are to be offered, how services and processes are added, and who is responsible for each element. As many providers may be asked to do something different, creating a sense of ownership from across the system will be vital to its success. It also will be useful to offer potential one-time transition incentives.

This effort should begin with non-instructional services. But if results are successful, professional training and instructional services should be selectively considered, much like center-based special education services are coordinated. In 2023, Kansas began a shared services network for EASAL providers, something that could guide Indiana's design of its own.²⁸

Indiana should expect one-time costs associated with setting up systems necessary to scale and share services, likely in the neighborhood of \$1 million to \$2 million, but will likely see significant savings for providers on the backend.

²⁷ Early Learning Indiana, "Early Learning Indiana awards Stronger Together grants to support long-term stability of Indiana's early childhood education industry."

²⁸ Kansas Department for Children and Families, "Governor Kelly Announces Launch of Shared Services Network for Child Care Providers," Sept. 19, 2023.

INCREASE OPERATIONAL EFFICIENCY

To enhance operational efficiency and free up resources for increasing staff compensation, Indiana can support providers in implementing cost-saving strategies. Streamlining administrative functions through technology has proved effective in reducing costs, allowing providers to allocate more resources to staff compensation. One example is the ChildcareTennessee initiative,²⁹ a partnership between the Community Foundation of Middle Tennessee and the Tennessee Department of Human Services. This state-sponsored initiative assists providers in simplifying administrative processes and adopting technology. Accessible to all providers across various settings, the platform offers a wealth of editable procedures, handbooks, templates, and best practice guides to improve operational efficiency.

In addition to streamlining operations, maximizing enrollment is critical to maintaining steady revenue. The state can encourage providers to employ targeted marketing strategies to ensure full enrollment, thereby reducing gaps caused by underutilized capacity. North Carolina's Smart Start³⁰ initiative offers resources to childcare providers to help market their services effectively, which increases revenue stability and allows providers to allocate more funds to employee wages. By employing these strategies, providers can reduce operational costs and increase the financial capacity to offer more competitive wages.

| Enhance Data Transparency

Indiana is making great strides, thanks to the work of the Early Childhood Advisory Committee and coalition partners. As the state continues to focus on improving provider quality ratings, scaling services, and enhancing the profession, transparency with the public and policymakers about the impact and cost of these efforts is crucial.

The state should develop a universal early childhood and out-of-school-time data-sharing system and public-facing dashboard to monitor and display progress toward goals by regulatory reform, investments, and the impact on EASAL compensation and workforce, broken down by region or county. Transparency supports sound decision-making and builds public trust – an approach that has been key to the success of Arizona's early childhood funding ballot measure.³¹

²⁹ Community Foundation of Middle Tennessee. ChildcareTennessee.com

³⁰ North Carolina Partnership for Children. Smart Start.

³¹ First Things First. Arizona Early Childhood Development and Health Board. "Organization and Authority."

CONCLUSION

SECTION

7

By ensuring that EASAL professionals receive the compensation aligned with the skills and competencies they possess, Indiana can attract and retain talented individuals, improve the quality of early childhood education, and create a more prosperous society for all.



The information and analysis presented in this report highlight the significant challenges that early and school-age learning educators in Indiana face.

Despite playing a crucial role in nurturing the cognitive and emotional development of young children and enabling parents to work, EASAL professionals are not compensated commensurate with their skills and credentials.

Lead Teachers, Assistant Teachers, Center Aides, and Substitutes all earn salaries that are below the self-sufficiency standard required to support themselves and their families. This financial instability forces many to depend on public assistance.

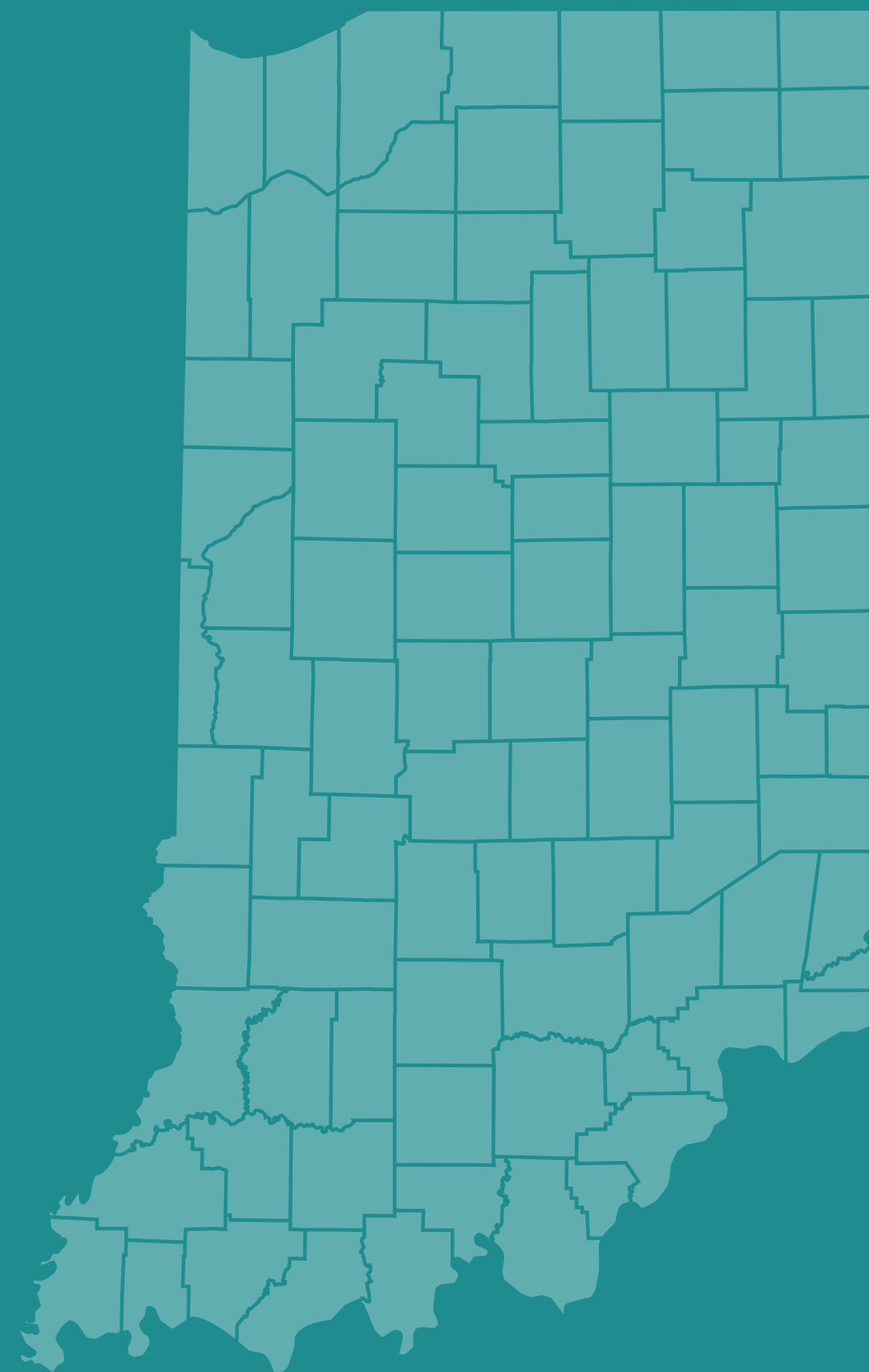
The wage gaps between EASAL roles and similar occupations, such as Kindergarten Teachers, Self-Enrichment Teachers, and Customer Service Representatives, emphasize the undervaluation of EASAL professionals. Despite requiring similar skills and qualifications, these comparable roles offer significantly higher pay and better job stability.

In addition, the income eligibility thresholds for the Childcare and Development Fund (CCDF) create significant barriers for many EASAL workers. Despite

their need for financial support, many educators earn slightly above the limits, making them ineligible for assistance. This gap in the CCDF program's design prevents essential EASAL workers from accessing the help they need to afford childcare for their own families. Adjusting the income eligibility thresholds to better reflect the economic realities of EASAL professionals could provide much-needed support and improve their financial stability.

Wage growth for EASAL roles has also lagged inflation and wage increases in other occupations, worsening the financial difficulties faced by these workers. Since 2005, the modest wage increases for EASAL roles have failed to keep up with rising living costs, meaning that most EASAL professionals today are worse off financially than their counterparts from two decades ago. Without significant policy intervention, these disparities are likely to widen, forcing an even greater share of EASAL workers to live below the self-sufficiency standard.

Addressing these disparities requires a comprehensive response, including reconsidering the income eligibility thresholds for programs like the CCDF, improving benefit access, increasing funding for early childhood education programs, and creating clear career pathways for EASAL professionals. Investing in the early childhood education workforce is not a matter of fairness, but a strategic imperative for the future of Indiana's children and economy. By ensuring that EASAL professionals receive the compensation aligned with the skills and competencies they possess, Indiana can attract and retain talented individuals, improve the quality of early childhood education, and create a more prosperous society for all.





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