CENTER FOR SOCIAL POLICY

Income of New Mexico's Early Childhood Workforce and Economic Challenges They Are Facing During Covid-19

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Introduction

The state of New Mexico has significantly increased funding for early childhood programs in recent years. According to a report recently released by the Legislative Finance Committee (LFC), general funding for early childhood services is set to reach nearly $380 million this year. This represents an increase of nearly 200% over an 11-year period. Governor Lujan Grisham has also included $5 million in the state's budget for the state' Early Childhood Education and Care Department (ECECD).[1] In addition, the New Mexico Legislature has approved a bill to develop an Early Childhood Trust Fund that would generate millions of dollars for prekindergarten and other early childhood programs (Gould 2020).

Despite this rise in funding, the LFC has found that the flow of revenue has not led to salary increases for the early childhood and childcare workforce. When adjusted for inflation, childcare worker wages fell from $10.10 an hour in 2017 to $10 even in 2019. Over the same period, the directors of childcare centers saw a 19% growth in their wages, suggesting an inequality in income growth within the workforce.

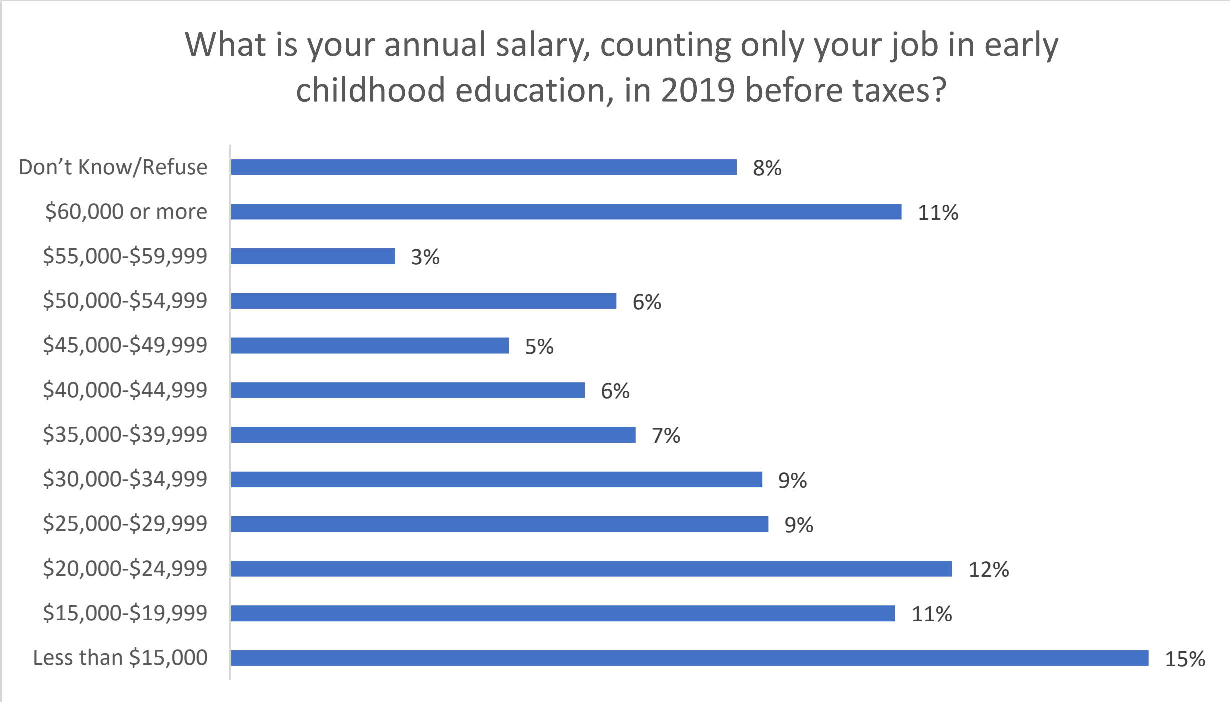
Drawing from a survey of the early childhood workforce (n=970) conducted from September 20, 2020, to October 20, 2020, this brief focuses on the salary levels of workforce members, overall financial well-being, experiences with wage increases, and attitudes toward interventions—which could help improve the financial standing of this important, yet under-resourced sub-group of the state's workforce. Our goal is that this information complements the work of the LFC and helps identify mechanisms to help retain the existing workforce and increase interest in careers in early childhood and childcare as the state begins to ramp up access to programming for the state's families.

The Income and Economic Well-being of the Early Childhood Workforce of New Mexico

While based only on a sample of the larger workforce in the state, the survey data provides a valuable indicator of the overall salary levels of the early childhood workforce and how those salaries vary across important sub-groups. An assessment of the economic well-being of this segment of the workforce is critical, as research has consistently found that early childhood employees are among the lowest-paid workers in every state, with higher percentages below poverty levels than educators who work with older children.

The survey asked respondents to provide their individual annual salary, before taxes, specific to their job in early childhood education. As the figure below indicates, 38% of the overall workforce makes less than $30,000 a year, including 15% who make less than $15,000. This is below New Mexico's current minimum wage salary, which is $18,600 (NM DWS 2020). Another 11% of the early childhood workforce makes between $15,000 and $25,000 per year, 27% earn between $30,000-$44,999, and one in five (20%) of the overall workforce makes $50,000 or more per year.

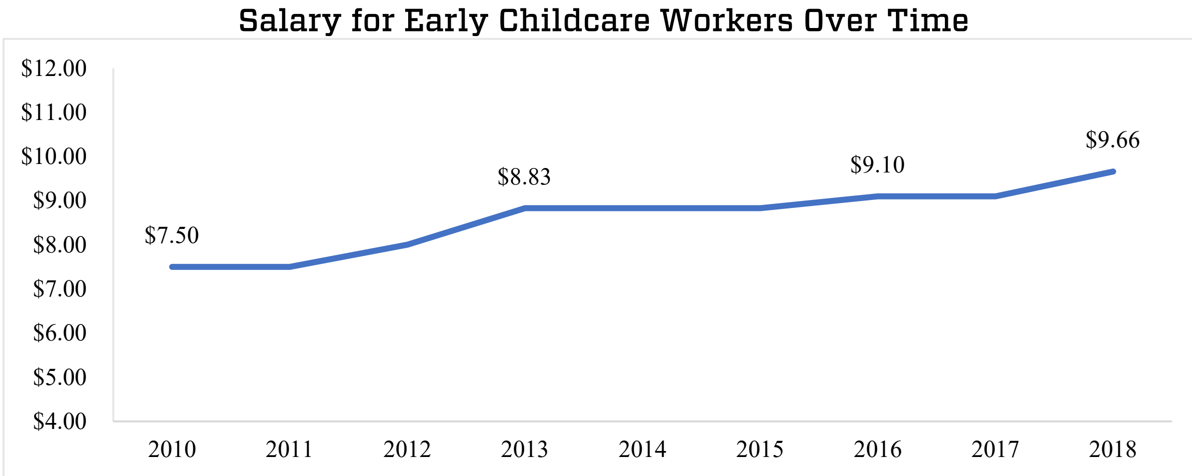
[1] https://nmpoliticalreport.com/2020/07/01/governor-signs-revised-budget-vetoes-items/



When we look for significant variation within the workforce, we find that part-time employees have much lower salaries than those with full-time positions; 43% of part-time employees make less than $20,000 per year, compared to 11% of full-time employees. Additionally, home-based employees face income inequalities, with 39% of these respondents reporting that they make less than $15,000 annually and 59% reporting that they make less than $25,000 annually. Immigrants also report significantly lower salaries than their US-born counterparts, with 29% of foreign-born respondents reporting that they make less than $15,000 annually compared to 13% of US-born respondents.

By using estimates of income from reputable surveys, we can assess whether income levels have remained stagnant over time. The figure below drawn from those surveys illustrates that the salary for early childcare workers was stagnant over the last decade, from 2010 to 2018, only increasing by two dollars per hour over the period. This is consistent with the Center for the Study of Childcare Employment's income data cited by the LFC, which suggests that when adjusted for inflation, New Mexico's early childcare employees have seen a decrease in take home pay from 2017-2019. [2]

[2]https://www.nmlegis.gov/handouts/ALFC%20082421%20Item%203%20Early%20Childhood%20Accountability%20Report.pdf

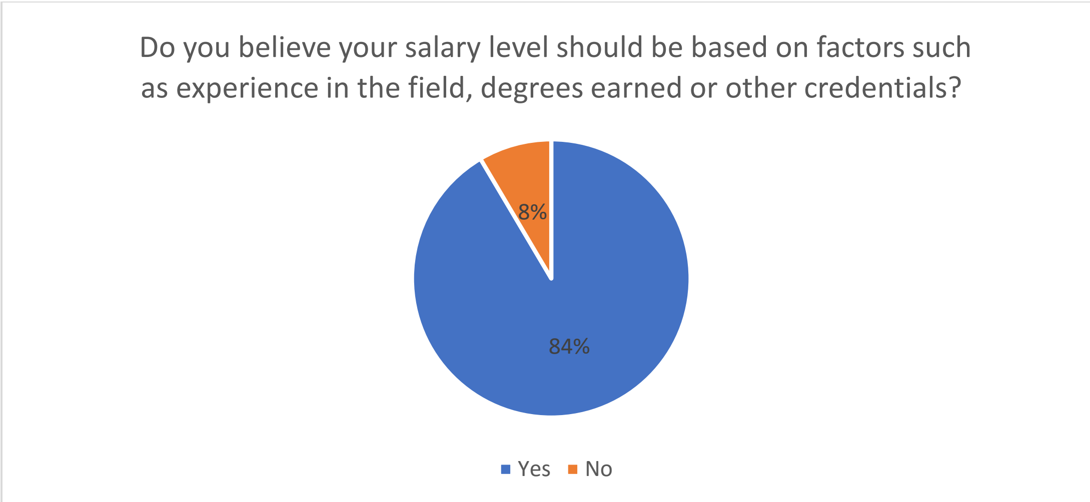


Source: 2010 CYFD Child Care Workforce in NM, 2014 NM Childcare and Early Education Task Force, Early Childhood Workforce Index 2016, Early Childhood Workforce Index 2018

One of the most glaring inequalities across the childcare workforce is the income gap between the overall workforce and childcare directors. A third of respondents to the workforce survey who are directors or managers of childcare centers make $55,000 or more annually, much higher than the overall percentage (14%) of the total workforce in that income category. This is consistent with the LFC's recent report, which suggests that childcare center director's wages increased sharply from 2017-2019. This growth in New Mexico for directors is the second-highest over this period in the nation for this specific job category within the larger workforce. Moreover, the hourly wage for childcare center directors in New Mexico is ranked 14th in the nation, while childcare workers at other positions are ranked 39th.

The survey also asked members of the workforce about potential salary increases. Only 21% of respondents reported that they are provided with regular wage increases where they work, with 31% reported that wage increases are only offered when funding is available. Conversely, 37% of respondents (including 52% of home-based employees) do not have access to wage increases at their place of employment. Therefore, the income disparity between center directors and childcare workers could continue to increase, given the limited access to salary increases across the workforce.

There is near universal support for using a mix of experience and credentials such as degrees to determine salary levels. More specifically, as reflected in the figure below, the overwhelming majority (84%) of survey respondents believe their salary should be based on their credentials, including degrees earned and experience in the field. However, only 37% of respondents work in programs that offer wage increases based on their merit—including education, credentials, or performance evaluations—and 18% work in programs that offer increases based solely on performance evaluations.



Many Members of the Workforce Face Economic Stress

The survey identifies that even before the impact of COVID-19 on the state's economy, many members of the early childhood workforce faced economic hardships. For example, 27% of the entire sample reported that they worked a second job over the past year to earn extra money, including 35% of respondents who make less than $25,000 per year. Moreover, many of these early childhood professionals were economically vulnerable before the pandemic and face even more difficult circumstances now. For example, one in five (20%) respondents have had difficulty paying their bills in the three months preceding the survey interview, including 28% of Native American respondents and 38% of home-based providers.

The pandemic-driven economic recession has been felt hardest among the youngest segment of the early childhood workforce, as 13% of 18-29-year-old respondents reported being laid off. In addition, the 18-29-year-old age group was also the most likely to report that they have had difficulty paying their bills in the three months preceding the survey across all age categories of the workforce at 35%.

New Mexico's early childhood workforce has had to make several tough decisions to manage their household's financial situation during the pandemic. For instance, 44% of survey participants report that they have used up all or most of their savings, and 24% have borrowed money from friends and family.

One of the most troubling findings from the survey is that 9% of vulnerable members of the workforce turned to pay-day or easy loan companies that charge a high interest rate to address their financial challenges. This is more prevalent among immigrant (16%), Hispanic (13%), and Native American (14%) members of the workforce. This is further evidence that the state's regulations on these businesses, which are often predatory in their marketing and interest rate escalation, should be enhanced to ensure that families facing dire economic consequences during the public health crisis are not led to financial ruin by taking out high interest rate loans.

Policy Responses to These Challenges

The recent workforce survey identifies the need to improve wages for the early childhood workforce to decrease economic stress and vulnerability. Although the economic stress for this group of the state's workers rose during 2020 due to the pandemic, the work we cite in our report stresses that income levels for childcare workers needed reform well before the health crisis.

There is little debate that the early childhood workforce should see increased wages, with many advocates noting that the low-wages across the sector will make it very difficult to recruit enough new employees to expand programming to more New Mexican families. In fact, there has been concerns nationally of a decrease in the early childhood care workforce due to many professionals leaving the sector due to a combination of stagnant wages and increased challenges during the pandemic.

The scholarship program being offered by the ECECD to support the acquisition of credentials and degrees is a great innovation, including the incentive for bilingual educators. We encourage the state to consider building in wage increases based on a mix of credentials and experience which would be responsive to the high support for this approach identified in the workforce survey. This we believe will help the state retain a greater share of the existing workforce while also generating a valuable tool for the recruitment of a new generation of early childhood professionals.

Salaries are unfortunately a reoccurring expense which limits the ability to use the large influx of one-time federal money available to the state to address this challenge. However, with ambitious goals to increase the range of early childhood services to a greater number of families across the state, prioritizing wage increases within the overall budget for the state is a must. Wage increases should be addressed strategically with an eye toward addressing inequalities in pay identified in this brief.

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