ChildCare Aware® OF AMERICA

ISSUE BRIEF

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Compensation Efforts and Workforce Supports for Early Childhood Educators

This brief provides an overview of compensation and workforce support strategies states are implementing to recruit and retain early childhood educators to maintain a high-quality, reliable child care system that meets the needs of both children and working families.

BACKGROUND

Despite their essential role in supporting children and families, child care professionals remain among the lowest-paid workers in the U.S. Nationally, across all settings and age groups, child care teachers were paid a median wage of $11.81 per hour, or $24,565 per year in 2022. In some cases, family child care providers receive little or no compensation despite working long hours.

Low wages, limited benefits, and difficult working conditions contribute to high turnover within the sector, as early childhood educators seek employment elsewhere. This workforce instability increases operational costs, restricts program enrollment, impacts the quality of care and exacerbates the shortage of accessible child care options for families.

To effectively address child care supply and affordability, states must implement strategies that tackle these systemic challenges. This brief highlights key policy approaches and examples enacted in recent state legislative sessions or as outlined in a state's 2025-2027 Child Care and Development Plan (CCDF) Plan that aim to strengthen the child care workforce. Most CCDF state plans were submitted and approved in late 2024. When aligned as part of a cohesive and comprehensive effort that supports other parts of the child care system, like improved subsidy reimbursement rates and increased access for families, these initiatives can improve recruitment, retention, and overall workforce stability, which all support the vitality of child care systems overall.

Flexible Program-level Grants

The American Rescue Plan Act (ARPA) appropriated $24 billion to make grants available to child care to stabilize the sector during the pandemic. Grant program guidance strongly encouraged states to provide financial incentives and compensation increases to child care staff to help build a child care system that supports, recruits, and retains qualified educators and provides high-quality, consistent, and reliable child care. Many states used this funding to seed flexible operational grants, where funding was provided directly to programs, who could use it to increase compensation and access to benefits for staff, among other purposes. When the availability of this funding stream expired in 2023, some states opted to continue similar stabilization grant programs with state funding.

In 2025-2027 CCDF Plans, states responded to new questions around supporting the child care workforce. Eighteen states and Washington, D.C. indicated that, at the time of plan submission, they provide program-level grants for investments in staff compensation. Some states noted that these grants that were initially supported with ARPA funds were subject to future state investments, of which some were not continued beyond the expiration of relief funding. Over the last few years, other states have continued to offer program-level compensation grants that can be used flexibility to support base salaries and benefits for program staff, including:

- **Alaska:** In 2023, Alaska included a one-time $7.5 million allocation to provide additional funding to increase wages for child care educators, representing the state's largest investment of general funds in decades. In 2024, the legislature again included $7.5 million to support a round of direct operating grants for child care providers. This was followed by an allocation of $7.7 million in 2025 in ongoing state funding for grants that provide operating support, including for compensation and benefits, to child care professionals and programs across the state.
- **Massachusetts:** Since it began in July 2021, Massachusetts's C3 Stabilization Grant Program has supported thousands of early education and care programs in preventing program closures, building supply, and enabling investments in quality and early educator pay. In 2024, the state codified these grants into statute permanently. Program data has shown that 68% of programs continue to allocate C3 funding to support workforce-related expenses, including existing payroll and benefits and salary increases, and as a result of this grant program, educator wages continue to grow, and turnover and the number of vacant positions continues to decrease.

Bonuses and Wage Supplements

States may choose to administer bonuses or supplemental wage stipends directly to child care workers to assist programs in paying competitive salaries to retain educators in the field, or as sign-on bonuses to promote the hiring and recruitment of staff. States may consider using and updating workforce registries and using trusted entities, like Child Care Resource and Referral (CCR&R) organizations, to support the administration of these grant programs. In their CCDF Plans, 24 states and Washington, D.C., responded that, at the time of plan submission, they provided bonuses or stipends paid directly to staff, but some of these programs are no longer supported after federal relief funding expired. While one-time bonuses and monthly stipends were more common during the pandemic, some states have continued to provide these annual or monthly supplemental wage payments:

- **Georgia:** The state allocated $17 million in federal CCDF funds in 2025 to support $500 annual bonuses paid directly to early education staff in programs that exceed minimum standards and earn 1, 2 or 3 stars under the state's quality rating and improvement system.
- **Maine:** Since 2021, the Maine's salary supplement initiative has provided monthly stipends of $240-$540, depending on education and experience, to early educators working in licensed centers or family child care programs. The program was initially supported with ARPA funding, but has been supported with state funding since 2022, making it one of the nation's leaders in improving compensation for the ECE workforce.

Health and Retirement Benefits

Health and retirement benefits provide financial stability, support health and well-being, and can reduce personal and professional-related stress for the ECE workforce, which can lead to better program quality and outcomes for children. Without access to benefits such as health insurance, paid sick, retirement benefits, and personal and parental leave, many providers face increased economic insecurity for themselves and their families, which undermines workforce stability and quality.

In examining the 2025-2027 CCDF Plans, our analysis found that states expanded access to benefits most commonly by directly offering benefits to providers, telehealth options, through union partnerships and collective bargaining, or by extending access to shared services. Seven states (Delaware, Iowa, Nevada, New York, Oregon, South Carolina, and Washington) and Washington, D.C. indicated they connect both family child care and center-based staff to health insurance and, or, supporting premiums in the Health Insurance Marketplace. In recent years, some states have taken steps to offer and expand access to health and retirement benefits for providers, including:

- **Arkansas:** In 2025, the state enacted legislation that allows early childhood workers to participate in the Arkansas Teacher Retirement System. Participation is voluntary, and the early childhood worker is not entitled to state matching funds or contributions.
- **California:** In 2022, the Child Care Providers United (CCPU) negotiated as part of their contract $100 million annually from the state of California to help both union and non-union child care providers reduce or eliminate their health care costs throughout California. And in 2023, California made history by becoming the first state to allocate funding ($80 million annually) for a provider retirement fund for family child care providers through a union agreement with the state.
- **Washington:** As a result of a collective bargaining agreement, licensed family child care providers may be eligible for health care and dental care benefits if they provide care for at least one child whose participates in the subsidy program. If eligible, the state deducts a $30 monthly premium from regular child care payments.

Mental-health and Well-being Supports

Supporting early educators' mental health and well-being is essential to strengthening the child care workforce. There are several mental health supports and strategies that can be integrated into child care programs that build skills and knowledge in the workforce, promote healthy child development in safe classroom spaces, increase workforce wellness, and expand access to mental health services and supports. Federal guidance strongly encourages states to use CCDF quality funds to promote the mental health and well-being of children, families, and the child care workforce, and to partner with CCR&R organizations to provide implementation support to local child care programs.

State responses in the 2025-2027 CCDF Plans highlight strategies such as expanding access to Infant and Early Childhood Mental Health Consultation (IECMHC), telehealth services, and wellness-focused training and resources to reduce workforce stress and burnout. Some of these programs are also being supported through the availability of Preschool Development Grants (PDG) funds in addition to CCDF funds. Federal guidance further encourages states to partner with child care networks, including family child care networks, to provide mental health consultation, coaching, training, and technical assistance. States can also support the creation of staff wellness teams within child care programs to assess mental health needs, develop responsive plans, and offer ongoing training, peer support, and professional learning to promote staff well-being.

- **Delaware:** Early Childhood Mental Health Consultation (ECMHC) is a free service available to licensed child care programs, staffed by clinically licensed professionals who provide child-specific interventions, classroom-wide support, and program-level training. Early Childhood Mental Health Consultants are available to provide specialized on-site training and coaching at early leaning programs which can ultimately reduce incidents of disruptive behavior and enhance social and emotional skills in children.
- **Maine:** ECE Consultation for ME provides strategies, support, and training to improve the capacity of early childhood education and child care providers as they work with children who have challenging behaviors or social-emotional concerns. ECE Consultation for ME also incorporates brief consultation to families of children referred for support through the child's early childhood education setting.

Continuing or Post-Secondary Education

Scholarships or tuition support can help the child care workforce increase their qualifications and earning power. According to the recent 2025-2027 CCDF Plans, 42 states and Washington, D.C. indicated at the time of submission that they provide scholarships or tuition support for center-based child care staff and family child care providers, but just three states (Colorado, Massachusetts, and Vermont) responded that they provide student loan debt relief or loan repayment for early educators. Some states fund apprenticeships and scholarship models, such as the T.E.A.C.H. Early Childhood Scholarship Program, to support early childhood educators in earning credits, credentials, and degrees, with compensation increases tied to attainment.

State policymakers can consider investments in scholarship opportunities and student loan debt relief in combination with additional supports for professional preparation programs to continue to expand access to coursework, like these states have implemented:

- **Colorado:** Beginning in 2022, Colorado began a collaboration with the Colorado Community College System and public institutions of higher education to provide funding opportunities to aspiring and in-service early childhood educators, including an scholarship for students to pursue coursework, certifications, and degrees up to a master's degree, and a loan forgiveness program, where applicants can receive up to $5,000 annually.
- **Vermont:** Established in 2021 with ARPA funding, Vermont's Student Loan Repayment Assistance Program for Early Childhood Educators provides up to $4,000 annually to reduce the student debt of full-time educators who earned an early childhood related degree.

Subsidy Eligibility for Providers

A newer strategy states have taken to recruit and retain child care staff is allowing child care providers to qualify for assistance for their own children. In some states, providers are eligible for subsidies regardless of income, while in other states, this policy is limited to child care staff under a specific income threshold.

- **Kentucky:** In 2022, Kentucky became the first state to allow staff working at least 20 hours in a child care program to qualify for subsidy, regardless of income. After one year of implementation, 3,200 early childhood employees and 5,600 children of early childhood employees in Kentucky benefited from child care assistance under this policy.
- **Arkansas, Arizona, Indiana, Iowa, Maine, Massachusetts, Montana, Oklahoma, North Dakota, Rhode Island** and **Texas** have followed Kentucky's lead and implemented programs to expand subsidy eligibility to include child care staff.

Statewide Substitute Pools

Child care substitute pools help child care programs fill temporary staff absences when staff calls out sick, are attending a training, or taking personal time. In many states, the existence of substitute pools is limited to implementation at the local level or supported by a shared service network. Policymakers can consider supporting a statewide substitute pool as a strategy to support and strengthen the child care workforce, as these states have implemented:

- **Washington:** The Early Care and Education Substitute Pool is designed to support licensed child care programs in accessing substitutes for program coverage. All licensed providers can access Washington's substitute pool, which helps recruit and train substitutes to become qualified and available across the state. The substitute pool was implemented by the Imagine Institute, which was founded by family child care providers in partnership with their union, SEIU 925.
- **New York:** In 2025, the state provided $3 million to establish a child care worker substitute pool that will be operated by CCR&Rs.

POLICY CONSIDERATIONS

Child Care Aware® of America (CCAoA) supports policies that ensure every family in the United States has access to a high quality, affordable child care system.

Solving our child care challenges around access and supply requires a combination of policy levers and public investment that leads to the viability of the system long-term. Policymakers have the power to support its child care workforce by expanding state funding to improve compensation and access to benefits, as identified in the state examples above. Investing in high-quality child care is good for children and their families, as well as our communities, businesses, and economy. Without public investment that addresses child care compensation and access to benefits, the market will continue to be unable to meet the urgent child care supply, affordability and accessibility needs of families and employers.