

“Whatever’s Left:” Insights from Family Child Care Providers on Compensation

Despite being a skilled and experienced workforce, family child care providers often lack benefits and receive low compensation—and in some cases, no compensation—in return for their long-hours of work. This brief analyzes child care compensation and benefits of family child care providers, including key findings from interviews conducted with these providers about how they calculate their wages and the benefits that they receive, as well as policy and systems-level solutions viewed as important in supporting their compensation. This brief concludes with recommendations for leaders and policymakers to consider improving compensation and access to benefits for child care providers, including family child care. Details on responses from the family child care interviews can be found in the Appendix.

Key Takeaways

- Among those interviewed, family child care providers’ hourly wages were below the federal minimum wage of \$7.25.
- Approximately 75% of family child care providers interviewed report that there has been a time when they could not pay themselves a salary.
- Family child care providers often lack benefits, including health insurance, paid time off, and contributions to retirement savings accounts.
- Family child care providers are a skilled workforce, as the majority of those interviewed have an associate’s degree or higher and nearly 70% reported completing additional training in business and/or child care related topics.
- Family child care providers work long hours, with the median number of hours worked each week was 63 hours.
- A combination of policy levers and public investment is needed to address under-compensation of the child care workforce and the long-term viability of the system.

BACKGROUND

Child care plays an important role in supporting children’s growth, development, and educational advancement, while also supporting families in their ability to work, train, or pursue an education. Despite these many benefits, the [supply of child care](#) remains at a standstill, while the cost to families continues to increase. This loss in program availability can be tied, in part, to [workforce shortages](#) in the child care sector.

[Research](#) shows that child care workers are among the lowest paid workers in the United States, which results in high turnover as child care workers leave the field for other occupations where they can access benefits and higher wages. The national average wage for a child care educator is \$15.42 an hour, which translates to roughly \$32,074 annually. Compared to the national living wage, the minimum income someone can make to meet their basic needs in the United States, at \$22.13 an hour, the average wages for a child care educator falls far below this benchmark. Child Care Aware of America (CCAoA) calculated the average national living wage based on each state’s living wage for 1 adult and 0 children in 2024 using the [MIT Living Wage Calculator](#).

As part of a larger analysis on [compensation for the child care workforce](#), CCAoA found it particularly challenging to determine how family child care income is calculated. To better understand how they view and calculate their wages and benefits, CCAoA conducted interviews with family child care providers in Alaska, Kansas, New York, West Virginia, and Wisconsin. Responses from these interviews finds that despite having years of experience in the field increased educational attainment, family child care providers work long hours, but often lack benefits and receive

low wages—and in some cases no compensation—for their work, and that their wages are often made up of “whatever is left,” if anything, after paying program expenses.

The impact of these low wages is far-reaching, with many child care providers sacrificing their financial well-being to keep their facilities running. Child care compensation isn’t just a problem for educators or parents; it’s a challenge that ripples throughout our entire community. The findings on compensation for family child care providers are especially alarming, since states have experienced a continuous decline of family child care homes over the last decade. While the rate of decline [slowed to 0.8%](#) fewer programs between 2022 and 2023, there remains a downward trend overall in the number of open family child care homes. There has been a 12% decline in family child care homes since 2019.

Family Child Care Wages Fall Below Federal Minimum Wage

Family child care providers volunteered to participate in interviews through a survey shared widely by CCAoA and the National Association for Family Child Care (NAFCC). The goal of the interview process was to include family child care providers from different backgrounds (geographic location, race, ethnicity, etc.) and to ensure that the sample reflected the national demographics of family child care providers, providers of color were oversampled during the survey analysis. Interview participants were selected based on survey responses to also represent a variety of characteristics. In total, 17 interviews were conducted. Fifteen of the interviews were conducted in English and two were conducted in Spanish. Ten of the family child care providers were from New York (including five in New York City) and the remaining providers were based in Alaska, Kansas, West Virginia, and Wisconsin.

Interviewees were asked how they calculate their income, what their income is, and how often they receive that amount (i.e., weekly, monthly, annually). Overall, an analysis of the responses finds there is not a simple, consistent way that family child care providers interviewed calculate their income, and the amount they receive often fluctuates, depending on how many children are enrolled and, in some cases, how often the children attend.

Based on the responses about earned income, CCAoA calculated an hourly wage for family child care providers and found that not only does it fall below the national living wage of \$22.13 an hour, but it also falls below the federal minimum wage of \$7.25 an hour (see Graph A in Appendix). For family providers based in Alaska, Kansas, West Virginia and Wisconsin, the hourly wage based on interview responses was \$7.02 an hour. The hourly wage of family child care providers located in New York, which set its minimum wage at [\\$15 as of 2024](#), is \$8.55 an hour. Approximately 75% of family child care providers interviewed reported that there was a time when they could not pay themselves a salary.

In addition to asking about how they calculate their compensation, interviewees were asked follow-up questions about access to benefits, the amount of time they spend per week on caregiving related activities, their tenure in the field, the hours worked weekly, and their level of higher education attainment. To conclude the interviews, family child care providers were asked what policies or programs could help to improve their compensation. An analysis of interview responses finds common themes around family child care providers lacking access to benefits, achieving a higher level of education, having tenure in the field, working long hours, and the need for additional investment in the sector to address under-compensation.

Key themes included:

- **Family child care providers reported a lack access to health and dental insurance.** None of the family child care providers interviewed had health or dental insurance through their work as business owners and operators. Many received it through their spouse/partner or received publicly funded insurance such as Medicaid or Medicare. Dental insurance had similar origins for the family child care providers interviewed, although 24% of those interviewed had no dental insurance at all. (See Appendix, Graph B)
- **Family child care providers reported limited sick or vacation time.** Less than 50% of the family child care providers interviewed had sick time or vacation time written into their contracts with families. A small number (five family child care providers) shared that they do not have time written into contracts but will take a day or two off at a time, usually only in an emergency or on a major holiday. Many do not have any paid sick (47%) or vacation time (35%). (See Appendix, Graph C)

- **Family child care providers reported making limited to no retirement contributions.** Ten of the 17 (59%) family child care providers interviewed had no retirement account. Some had retirement accounts through their spouse/partner and others had accounts from a previous job. Only three had retirement accounts of their own. Two of the family child care providers indicated they contribute funds to them regularly. Of those two, one said she was able to contribute to her retirement because they use her husband's income to pay expenses. The other said there are some months where she could not add anything. (See Appendix, Graph D)
- **Family child care providers reported achieving some level of higher education.** Of the family child care providers interviewed, all have a high school diploma and have achieved some level of higher education. The majority of those interviewed have an associate's degree or higher. Approximately 70% of those interviewed also reported completing additional training in business and/or child care related topics. (See Appendix, Graph E)
- **Family child care providers reported considerable tenure in the field.** Interviews found that the sample of family child care providers had a median of 12 years in the field, with one family child care provider reporting being in the field for 30 years.
- **Family child care providers reported working long hours.** The median number of hours worked each week by those who were interviewed was 63 hours. In addition to long operating hours, family child care providers spend time outside of caregiving to complete lesson planning, bookkeeping, cleaning and shopping, among other tasks.
- **Family child care providers highlighted multiple policy solutions that would help improve compensation for the field.** Many of these suggestions closely aligned with findings from CCAoA's previous report, [Insights from the Field: Strategies for Growing Family Child Care](#). Their responses included:
 - Continuing flexible stabilization grant funding or other wage stipends,
 - Increasing reimbursement rates,
 - Improving payment practices (like paying based on enrollment), and
 - Ensuring family child care providers have access to health insurance benefits and retirement savings accounts.

Conclusions and Recommendations

These findings highlight the urgent need for a combination of investments and policy implementation at both the state and federal levels to address the longstanding issue of under-compensation of the child care workforce.

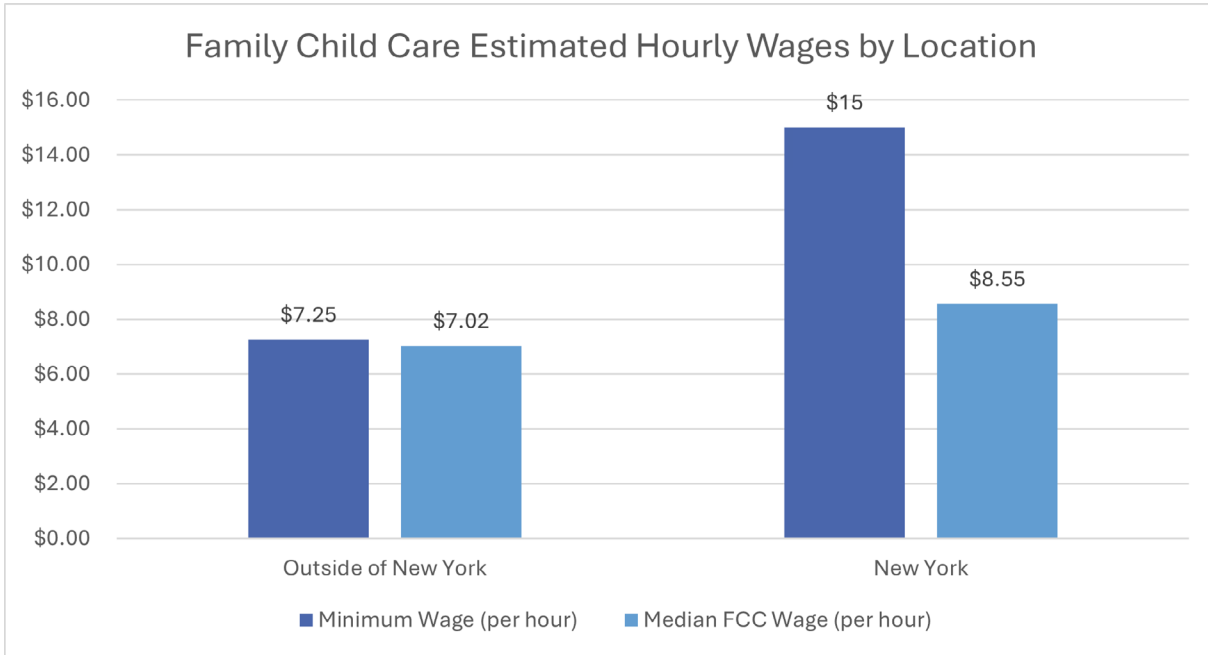
Insufficient child care is costing the United States [\\$122 billion](#) in lost earnings, productivity, and revenue each year. Without policy intervention to help resolve the issue of under-compensation of the child care workforce, the market is unable to meet the urgent child care supply, affordability and accessibility needs of families and employers. This hinders our children's healthy development and ability for our communities to thrive.

Solving our child care crisis 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. Increased funding for child can help implement strategies that support the sector's workforce, including, but are not limited to, setting reimbursement rates that reflect the true cost of care, ongoing compensation grants, establishing wage scales, providing benefits like health insurance and retirement contributions, and using contracts that include minimum compensation requirements.

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, the market will continue to be unable to meet the urgent child care supply, affordability and accessibility needs of families and employers.

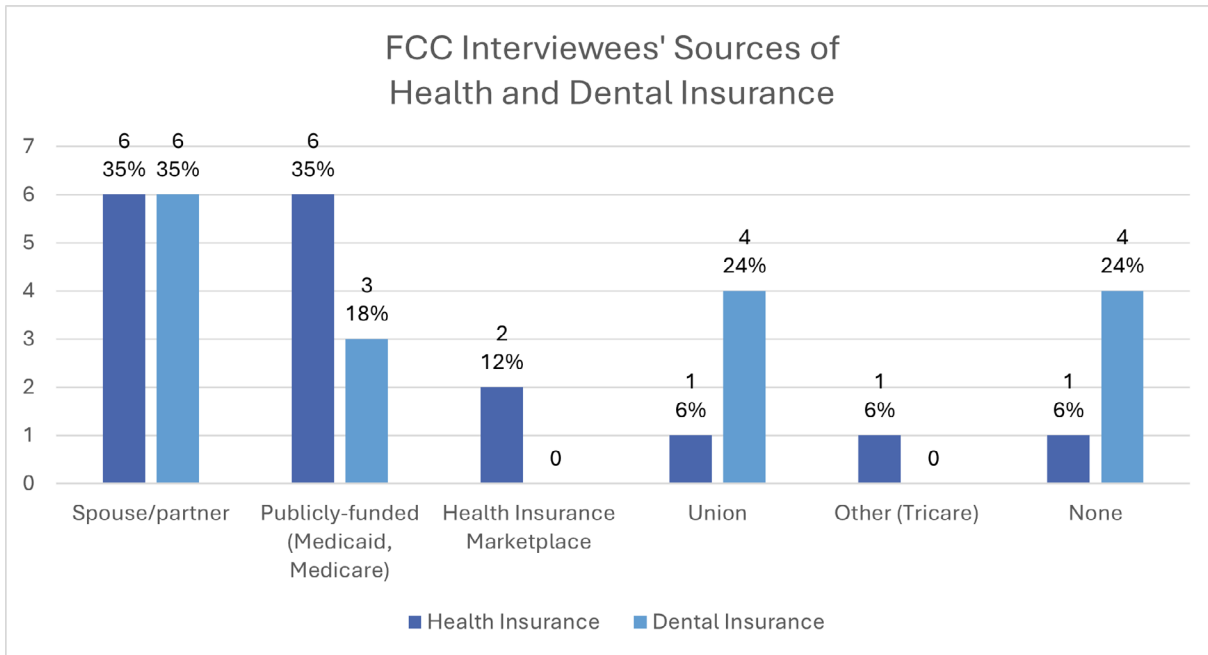
Appendix: Details From Family Child Care Interviews

Graph A: Family Child Care Estimated Wages by Location

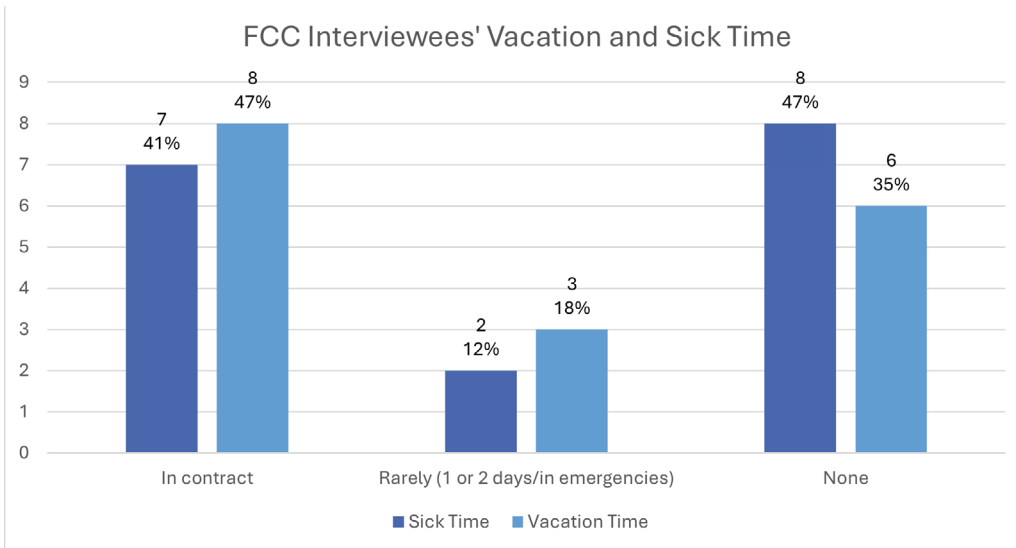


The federal minimum wage is \$7.25/hour. The family child care hourly wage was calculated by dividing the median annual salary outside of New York (\$23,000/year) by 52 weeks a year and 63 hours a week (the median number of hours worked by family child care providers interviewed). Due to the number of interview participants from the state of New York and the higher cost of living in New York City and its surrounding counties, that hourly wage was calculated separately. The median salary for family child care providers who were interviewed from New York was \$28,000. The minimum wage in New York varies based on the city/county, but the lowest minimum wage within the state is [\\$15/hour](#). The median family child care wage in New York was calculated by dividing the median annual salary by 52 weeks a year and 63 hours a week.

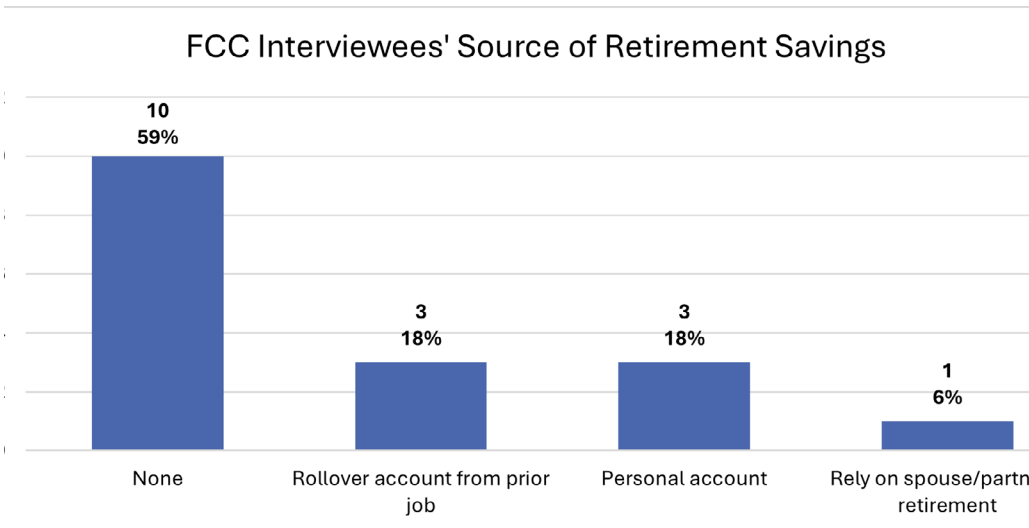
Graph B: Family Child Care Source of Dental and Health Insurance



Graph C: Family Child Care Source Access to Vacation and Sick Time



Graph D: Family Child Care Source of Retirement Savings



Graph E: Family Child Care Highest Level of Education Attained

FCC Interviewees' Highest Level of Education

