



Informing Implementation of Minnesota's Early Childhood Workforce Wage and Benefit Strategy Lessons from Other States

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Purpose and Minnesota Context

Minnesota seeks to ensure that the state’s early childhood educators are qualified, diverse, supported, and equitably compensated regardless of setting (Minnesota Management and Budget, 2023). To that end, the Minnesota Department of Children, Youth, and Families (MN DCYF) engaged SRI to review wage and benefits programs across the nation and gather lessons learned from selected states. MN DCYF can use this report to inform planning and implementation of Minnesota’s early care and education (ECE) workforce compensation initiatives.

The ECE workforce faces persistent challenges, earning among the lowest wages nationally—within the bottom 3% of earners regardless of education or experience (McLean et al., 2024). Access to comprehensive benefits is likewise limited: fewer than a quarter of center-based, non-public school ECE providers receive employer-supported health insurance, and other benefits vary widely (Amadon, 2025; Amadon et al., 2023). Moreover, fringe benefits may not align with what ECE providers value most, such as retirement savings (Amadon et al., 2025). Decades of low wages, limited benefits, and inadequate opportunities for career advancement have contributed to a national decline in the ECE workforce (Amadon et al., 2023; Milli, 2022). Without stable, equitable compensation and benefits, many ECE professionals continue to rely on public assistance to meet their basic needs (McLean et al., 2024; Whitebook et al., 2018).

Minnesota currently administers several programs that support and stabilize the Minnesota ECE workforce. The voluntary Great Start Compensation program pays programs \$375 per full-time equivalent per month (~\$2/hour) to increase compensation or benefits, reaching up to 84% of licensed child care centers and 75% of family child care (FCC) providers since the program began in 2023 (MN DCYF, 2025b). The TEACH scholarship provides up to 85% funding for early childhood education coursework (Child Care Aware of Minnesota, n.d.-b), and REETAIN

Definitions of Key Terms Related to Wages and Benefits

Wage scale: guidance for acceptable wages for an ECE professional based on their role, education, and experience.

Wage support: money provided with the intention of increasing an ECE professional’s take-home pay, regardless of how the payment is provided (e.g., included in a paycheck from a program, provided directly to a provider).

Wage floor: money provided with the intention of setting a minimum livable wage for ECE professionals regardless of education and experience.

Pay parity: efforts to align ECE compensation with compensation provided to elementary educators of equivalent experience and education. Pay parity can have multiple components, such as wage parity, benefit parity, and parity in payment for professional responsibilities (e.g., paid time for instructional planning).

Benefit support: provision of fringe benefits beyond compensation, such as health insurance, retirement, paid time off, paid holidays, life insurance, telehealth access, paid planning time, or funding for education, training, or professional development.

bonuses act as small annual wage supplements for qualified providers that are designed to encourage providers to stay in the ECE field for at least one year following funding award (Child Care Aware of Minnesota, n.d.-a). Providers may take part in either TEACH or REETAIN but may not participate in both programs. While these programs share the common goal of stabilizing and strengthening the ECE workforce through enhanced compensation, benefits, and educational opportunities, further work is needed to ensure they collectively advance sustainable professional wages and equitable access to essential benefits.

In 2024, MN DCYF and SRI implemented a small, three-month pay parity pilot with about 220 providers in four communities. ECE providers received monthly payments based on the difference between their pay for the prior month and pay outlined in a K–12 aligned wage scale adjusted for cost of living, education, and experience. Payments ranged from less than \$100 a month to \$7,000/month depending on education, years of experience, number of hours worked, geography, and difference in current pay and pilot wage scale. The median for participant payments was around \$1,500 per month. These amounts highlight the current discrepancy in pay for ECE professionals and their K12 counterparts. Increased pay helped providers better manage their monthly expenses, with most using funds for essential needs such as housing, utilities, and other recurring costs. FCC providers and center owners also reported business-related purchases. Overall, 87% of participating providers reported less stress over their short-term finances, and 75% felt more satisfied in their ECE job with more desire to stay in the ECE field (Hudson & Mauzy, 2024).

In January 2025, MN DCYF submitted to the legislature a report required by 2023 legislation directing the agency to develop recommendations for an ECE wage scale to establish parity with K–12 counterparts. The report outlined two potential wage scale models: standard parity, which provides a comparable income to K–12 regardless of contracted hours; and enhanced parity, which is based on hourly wages reflecting longer ECE work hours. The proposed wage scale accounts for geographic variation, cost of living adjustments, and qualifications based on education and experience (MN DCYF, 2025a).

Acknowledging the expertise of ECE professionals who have invested in the field but may not have completed formal education, the report recommended alternate pathways for documenting competencies to qualify for higher pay levels as the state works to improve access to higher education for the workforce. It also proposed a tiered benefits structure—full, partial-plus, and partial levels—representing the value of health insurance, retirement, paid time off, and a cafeteria plan as percentages of total earnings. While the Legislature reviews these recommendations and considers required public investments, MN DCYF is learning from other states about implementation strategies (e.g., prioritizing wage floor vs. parity payments) and identifying solutions and key lessons learned.

Examining the Prevalence of ECE Wage and Benefits Programs

Across the nation, there are numerous and varied examples of state wage programs and, to a lesser extent, benefits programs. In spring 2025, MN DCYF tasked SRI with conducting a landscape scan aligned with Minnesota’s specific needs and priorities. MN DCYF sought examples of large-scale, fully operational programs that:

- were operated by a **governmental** or quasi-governmental **entity**,
- had consistent, **sustainable funding** sources;
- provided **regular** (not one-time) wage **payments**; and
- offered **comprehensive benefits** supports.

SRI excluded programs that were inactive, in pilot phases, or operated by nongovernmental entities and programs that provided only one-time or sporadic payments or offered only ancillary benefits (such as education supports) from the landscape. See Appendix A for detailed information about the landscape.

Table 1. Summary of Programs Identified in Landscape

Program Type	Count
Wage program	11
with wage floor	9 of 11
with wage scale	8 of 11
Benefits program	7
Total	18

SRI found 18 wage and benefits support programs in 10 states or jurisdictions. Of these, 11 were wage programs, located in six states or large cities. Nearly all (nine) included a wage floor requirement, and most (eight) incorporated a wage scale or similar tool to guide higher levels of compensation beyond the wage floor. One program provided ongoing stipends based on career lattice level, although at amounts insufficient to ensure a wage floor. Seven programs in six states and the District of Columbia focused on benefits. These programs varied widely and included offerings such as free or subsidized health care, reimbursement for health expenses, retirement savings contributions, subsidized child care, telehealth access, and other fringe benefits.

Selection of Case Study Programs

SRI and MN DCYF reviewed the landscape findings and evaluated SRI’s recommended case study nominations. Discussions focused on programs that could best inform Minnesota’s efforts, including those with political relevance to the state (e.g., a midwestern state), a strong FCC

community, and opportunities for a faster or more cost-effective implementation. To make efficient use of limited resources, MN DCYF focused on states it could not easily access through existing networks or collaborations. MN DCYF independently met with colleagues from the Compensation Capacity-Building Grants community through the Early Educator Investment Collaborative—including Colorado, the District of Columbia, Louisiana, and Tarrant County, Texas—to learn more about their wage and benefits strategies.

Based on these considerations, MN DCYF directed SRI to conduct interviews with Illinois and New Mexico for wage programs, and California and Nevada for benefits programs. To capture each state’s unique context, SRI developed tailored interview protocols focused on program origins, implementation, lessons learned, and future directions. See Appendices B through E for summaries of each case study.

Wage Support Program Findings from Case Studies

This section summarizes high-level information about wage programs discussed during case study interviews and presents common themes.

Illinois

Since 2023, Illinois has pursued a coordinated strategy to rebuild and strengthen an ECE workforce deeply affected by COVID-19. The state’s efforts aim to create a thriving, well-compensated profession while expanding access to prekindergarten (pre-K) and enhancing early intervention and home visiting services. These initiatives mark a deliberate transition from short-term recovery to long-term, sustainable investment in a stable and equitable ECE system. The programs highlighted below reflect Illinois’s unified vision for progress, grounded in community engagement and sustained investment in the workforce.

Illinois launched **Smart Start Workforce Grants** in 2024 as part of the broader state strategy to stabilize the ECE workforce and establish a minimum wage floor across program types. This program provided \$200 million to approximately 4,000 programs in fiscal year 2025. Programs apply for funding at the classroom level and must agree to pay at least the base wage (wage floor) based on geographic location. Programs are eligible if they are licensed; provide full-day and full-year care; and have at least 15% of enrolled children receiving the Child Care Assistance Program (CCAP) for centers, or one CCAP-receiving child for family child care.

Wage floors for teachers are between \$18.25 and \$19.25 per hour based on location; assistant teachers and FCC providers receive \$17.00 to \$18.00 per hour. Programs must use the workforce grants for wages and document that they pay classroom staff or FCC assistants at least the base wage. Once administrators can verify that the wage floor is met in the designated classrooms, they have flexibility to use grant funds to increase wages for staff in other classrooms or for program administrators (e.g., director, assistant director, education

coordinator). The quarterly grant for center-based classrooms is \$6,750¹ (~\$4.69 per hour for three teachers) and \$2,250 for FCC providers (~\$4.69 per hour for one FCC provider). Illinois increases amounts for FCC providers employing additional staff. The state pays these grants to programs in advance of the quarter, and employers add the grant amount to the individual's paycheck at whatever interval they process payroll.

Illinois shared additional information about a **Smart Start Quality Support Pilot** during the case study interview, describing it as an effort to build on other state programs supporting compensation and program quality. The pilot is underway with 34 programs in rural communities that are serving 40% CCAP children and is focused on funding for staffing costs and quality improvement. The program includes a wage scale based on job category and the Illinois Gateways Credential, which represents progress toward a more structured compensation approach. However, the available documentation does not indicate whether or how this wage scale advances pay parity with K–12 educators, whose average salary is approximately \$74,000 per year—and none of the pay levels under the pilot are on par with their K–12 counterparts. Salaries range from \$45,500 to \$51,800 (~21.88 to ~24.90 per hour) for directors; \$37,900 to \$44,200 (~18.22 to ~21.25 per hour) for teachers; and \$35,300 to \$36,900 (~16.97 to ~17.74 per hour) for teaching assistants. Illinois pays grants to programs; employers allocate funds at whatever interval they process payroll.

Together, these initiatives demonstrate Illinois' focus on using wage floors and quality supports as foundational steps toward a more stable and professionally compensated ECE workforce.

New Mexico

In recent years, New Mexico has significantly expanded funding for early childhood programs to support universal access to ECE. State leaders point to the ECE workforce as the “backbone” of this expanding system and have implemented a multipronged approach to improve wages and increase workforce qualifications. New Mexico is capitalizing on historic funding from the Land Grant Permanent Fund for early childhood to implement several workforce programs alongside a rapid expansion in statewide pre-K and universal child care (New Mexico Early Childhood Education and Care Department, 2024). Collectively, New Mexico's multiple initiatives form a cohesive compensation strategy combining wage floors, parity payments, and universal access. Please note that while we describe the programs below, New Mexico does not publicly report funding amounts or participation numbers for the wage supplement or pay parity programs.

¹ To increase comparability across programs, SRI calculated wage supports as *approximate* hourly rates throughout the text. In cases where programs report salaries, SRI used the rates for full-time employees and assumed a 40-hour work week. SRI used 4 weeks per month (160 working hours) for monthly calculations, and 52 weeks per year (2,080 working hours) for annual calculations. Actual hourly wages may vary because of variations in working schedules and other program calculations.

The **Early Childhood Wage Supplement Program** provides payments to teachers and assistant teachers earning less than \$18 per hour in any licensed or registered child care setting, community- or school-based pre-K, or Head Start/Early Head Start program. The program sets a target wage floor and requires participants to pursue education or credentials to remain eligible. Payment amounts start at \$260 (~\$0.27 per hour) for full-time providers with a Child Development Associate (CDA) credential or at least three ECE credit hours, increasing to \$2,548 (~\$2.65 per hour) for full-time providers with bachelor's degree or higher in ECE. Participants receive payments every six months.

The **Infant/Toddler Pay Parity, Pre-K Pay Parity, and Head Start Pay Parity** programs provide pay parity across settings. New Mexico's legislatively determined public school teacher salaries form the basis for these parity scales. The infant/toddler program is open to teachers, directors, and FCC providers; the pre-K and Head Start programs apply to assistant teachers, lead teachers, and administrators.

Participants provide documentation of their annual salary, and the programs pay the difference between current earnings and the established parity rate. Parity rates range from \$40,000 to \$50,000 per year (~\$19.23 to ~\$24.04 per hour) for assistant teachers and from \$55,000 to \$77,000 per year (~\$26.44 to ~\$37.02 per hour) for lead teachers in pre-K and Head Start settings. There is a combined parity table for all eligible infant/toddler professionals, ranging from \$40,000 to \$77,000 per year (~\$19.23 to ~\$37.02 per hour). New Mexico provides monthly payments directly to individuals.

Governor Michelle Lujan Grisham announced **Universal Child Care** in September 2025, with implementation beginning in November 2025. SRI's interview occurred just days after the announcement, and little additional detail was available at that time. New Mexico's program represents an expansion of the existing subsidy reimbursement program to cover all children in full-time care regardless of family income. The Universal Child Care program establishes a wage floor to help further stabilize the workforce; ECE programs can receive an enhanced reimbursement rate if they pay staff \$18 per hour at minimum.

Together, the Illinois and New Mexico case studies illustrate how states can use different implementation models—program-based versus direct-to-educator payments—to advance workforce stabilization. The next section describes the key themes that emerged from these interviews.

Themes from Illinois and New Mexico Wage Support Programs

During interviews with Illinois and New Mexico, SRI found two central themes: **programs designed for progress** and **responsiveness to stakeholders and policymakers**.

Programs Designed for Progress. Both states developed their wage support programs as part of a broader vision to strengthen the ECE profession and ensure families have access to high-

quality early learning programs. Leaders in both states acknowledged that available resources are not sufficient to fully achieve this vision at this time. As a result, each state made intentional design choices to move the field forward within current funding limitations, whether by setting a minimum wage floor, implementing incremental increases beyond the wage floor, or paying parity for certain roles. These decisions reflect a shared focus on making steady, meaningful progress toward long-term goals, even as broader funding solutions continue to evolve.

Programs in both states focused on providing livable wages via wage floors, as these programs are generally less costly and states can implement them more quickly. However, wage floor programs do not account for differences in teachers' education or experience. Pay parity programs can better support the retention of experienced and highly qualified teachers but are more expensive and complex to sustain at scale.

Illinois and New Mexico illustrate two distinct approaches to balancing these trade-offs:

- **Illinois** has articulated a clear, written vision for strengthening the ECE profession that includes both compensation and quality goals. Progress toward this vision has been underway for several years with support from the governor to create a thriving ECE ecosystem. As funding has expanded, Illinois has worked to align and update its offerings. The state is prioritizing the establishment of a stable and predictable compensation baseline through a statewide wage floor program, ensuring all providers earn at least a minimum threshold. Illinois is also piloting a quality supports initiative that links added funding to a wage scale, providing a potential pathway toward greater pay parity in the future.
- **New Mexico** also has a well-defined vision for advancing high-quality ECE, strongly supported by the governor's office. The state operates multiple, ongoing programs that promote both wage floor supports and pay parity for specific roles (e.g., administrators and teachers in infant/toddler, pre-K, and Head Start programs) and recently announced a Universal Child Care initiative that includes reimbursement bonuses for programs meeting a wage floor. New Mexico's priority has been to expand compensation supports across as many providers and settings as possible. This "mosaic" approach has broadened eligibility and increased access to wage supports. State leaders acknowledge that program approaches for existing compensation programs will evolve as they implement Universal Child Care.

Responsiveness to Stakeholders and Policymakers. Both Illinois and New Mexico emphasized the importance of designing wage support programs that reflect the priorities of policymakers, advocates, and ECE stakeholders. Leaders in both states noted that decisions about how to structure payments must be responsive to stakeholder input and implementation challenges.

In both states, policymakers expressed a strong preference for ensuring that wage supports reach individual educators directly. Illinois addressed this by channeling funds through programs

but requiring that payments be tied to specific classrooms and used for staff compensation. New Mexico, by contrast, chose to issue payments directly to individual educators. However, New Mexico state leaders shared that, over time, they hope to shift to a program-based model, which would allow programs to receive tax benefits associated with these payments.

Illinois leaders also described the importance of addressing concerns raised by both providers and program owners. Individual educators wanted reassurance about the ongoing nature of funding, while program owners worried about the potential need to reduce pay if funds ended. To address these concerns, some program administrators require their staff to complete a form acknowledging that the payments were temporary and in addition to, rather than part of, their regular wages.

Benefit Support Program Findings from Case Studies

This section presents summary information about benefit support programs discussed during case study interviews.

California

In 2019, legislation authorized FCC providers receiving public funding to unionize, and Child Care Providers United (CCPU) formed in 2020. Early efforts focused on stabilizing the workforce during the COVID-19 pandemic and raising reimbursement rates. Over time, California's FCC community identified benefits as essential to sustaining the workforce's long-term health and stability. The state awarded permanent funding for health care costs in 2022 and retirement in 2023, creating a unique set of programs that address foundational FCC needs. Both funds operate through third-party vendors with experience administering benefits—Zenith American Solutions for retirement and Pinnacle for health care cost reimbursement.

The **Child Care Providers United Retirement Fund** allocates \$80 million annually to fund retirement accounts for eligible FCC providers. It served 17,000 individuals in 2025, or approximately 69% of all FCC providers in the state.² This program automatically enrolls licensed FCC providers who have cared for subsidy-receiving children for six of the last 12 months. Providers must complete initial setup actions for their retirement accounts, after which the fund continues contributing annually.

In 2024, FCC providers received an average of \$4,900 in retirement contribution paid directly to their CCPU retirement account. CCPU representatives explained that the program currently “frontloads” contributions for providers nearing retirement and considers years of eligible service

² This calculation and the calculations below are based on [estimates](#) of all FCC providers in the state. However, not all FCC providers may be eligible for this program; actual rates of program participation by eligible FCC providers may be higher.

prior to the fund's launch. Providers may receive retirement contributions of up to \$23,000, the IRS annual limit.

The **Child Care Providers United Health Care Fund** provides \$100 million annually to reimburse health care costs for eligible FCC providers. Approximately 8,000 providers (32% of all FCC providers in the state) enrolled in 2025, with 4,500 (18% of providers) actively submitting reimbursement claims. CCPU describes the Health Care Fund as a “wrap-around plan” because it reimburses expenses rather than delivering direct insurance coverage. Participants may submit qualified health care expenses—including premiums and out-of-pocket medical costs—up to \$9,450 annually. To qualify, providers must hold Medi-Cal or silver-level marketplace insurance. The fund now offers no-cost dental and vision insurance and provides low-cost access to life insurance.

CCPU representatives acknowledge that the Health Care Fund is complex, especially for providers that must set up an online account and upload documentation for reimbursement. Despite these challenges, they emphasize that the program fills a critical gap for a workforce that historically lacked affordable health coverage.

Nevada

The benefits program in Nevada emerged from pandemic-era funding. As emergency relief funding became available, state leaders recognized an opportunity to “professionalize” the ECE workforce, which lacked benefits typically available to other professions. Initially, state leaders explored options to provide retirement benefits, but they determined that the logistical hurdles to establishing retirement programs conflicted with the rapid implementation timeline required by federal relief funds. Instead, the Nevada Division of Welfare and Supportive Services (now the Division of Social Services) and the Nevada Registry partnered with a third-party vendor, Optima, which had experience offering group benefits outside an employer-sponsored model.

The **Low-Cost Self-Pay Insurance Benefits Program** (formerly No-Cost Benefits Program) launched as a free program, funded by the Coronavirus Response and Relief Supplemental Act, to provide a slate of benefits at no cost to ECE professionals who were members of the Nevada Registry, which includes the majority of ECE professionals in the state. At its peak, the state program served approximately 1,900 providers, around 20% of the registry, with the state contributing \$25–\$30 per provider per month—a monthly cost of \$47,500 to \$57,000. State leaders reported that providers often used services, and Optima estimated that providers saved \$1.3 million accessing more than 2,100 telehealth visits that diverted individuals from emergency rooms, minor emergency clinics, and doctor’s visits with copays. ECE providers were able to add other benefit options and/or add family members to their benefits through a self-pay add-on option.

The state-funded program ended in February 2025 and transitioned to a low-cost, self-pay model. The self-pay program now operates with about 500 providers, around 6% of registry members. ECE providers with verified employment in the Nevada Registry can enroll in benefits through Optima, and the Nevada Registry continues promoting the self-pay program to its members.

Benefits available through the self-pay program include telehealth, teletherapy, dental, vision, whole and term life insurance, short- and long-term disability insurance, accident plans, identity theft protection, hospital indemnity, critical illness insurance, and pet insurance. Cost for each service varies. The most popular services are telemedicine (\$9 per month), telemedicine plus teletherapy (\$15 per month), dental (\$25–\$44 per month for individual, \$89–\$150 for family), and vision (\$6 per month for individual, \$17 for family).

Representatives from the Nevada Division of Welfare and Supportive Services and the Nevada Registry noted that this program, along with another pandemic-era stipend program, strengthened registry participation while providing access to benefits that the workforce strongly valued.

The programs in California and Nevada demonstrate that comprehensive benefits—such as retirement, health care, and other supports such as dental, vision, and life insurance—are sought after by ECE workforce and can be delivered outside of traditional employer-sponsored systems.

Themes from California and Nevada Benefit Support Programs

During interviews with California and Nevada, SRI found three central themes: **program structure and accessibility**, **scope of support**, and **technology use challenges**. Both states approached benefits reform with the goal of removing long-standing structural barriers that limit ECE providers—especially FCC providers—from accessing affordable, high-quality benefits.

Program Structure and Accessibility. Programs in California and Nevada direct state funding to third-party vendors that provide benefits directly to individuals rather than through employers. In most industries, employers provide benefits directly to their staff; however, in ECE, this model is not working for a portion of the workforce. National estimates show that around 16% of ECE providers are uninsured compared to 4.2% of all teachers. 27.3% of center-based workers and 5.6% of FCC providers receive health insurance through their employer, with many providers obtaining coverage outside their employer, such as through their spouses (4.8% of center-based workers, 30.8% of FCC), privately purchased health insurance (17.1% of center-based workers, 12.0% of FCC), or public health insurance (13.9% of center-based workers, 20.0% of FCC; Rudich et al., 2021). Only around 10% of providers receive retirement benefits or pensions (Alban et al., 2024). There are few national estimates of other fringe benefits such as

dental, vision, or disability insurance that are typically available through employer-sponsored plans.

Many center-based programs do not offer comprehensive benefits (Amadon et al., 2025), and FCC providers are self-employed and lack access to affordable group plans (McLean et al., 2024). Even when employers offer benefits, the options may not align with workforce needs, and the associated premiums, deductibles, or copays are often too expensive (Amadon, 2025). To address these barriers, both California and Nevada created benefit systems that reach providers directly and promote access to the benefits most needed by providers.

Nevada focused on providing access to a robust menu of state-supported benefits to all active members of the ECE workforce registry through an opt-in model. Providers could buy additional benefits for themselves, or their families as needed. When state resources were no longer available, the vendor continued offering low-cost options to the ECE workforce in Nevada, and the state registry continued promoting the availability of these options.

California prioritizes both affordability and long-term financial stability for FCC providers. Through the CCPU union, the state automatically enrolls eligible providers in a retirement program that makes contributions on their behalf. California also funds a health care reimbursement program, administered through CCPU's vendor, which reduces out-of-pocket costs and expands access to more affordable coverage options.

Scope of Support. Both California and Nevada recognized that ECE providers need a broader range of benefits than health insurance alone. Emerging research shows that access to more comprehensive benefits (e.g., health insurance, paid time off, and retirement) is associated with lower turnover (Kelton, 2025). Programs in both states address different aspects of financial and personal well-being, reflecting the diverse needs of the ECE workforce.

Nevada's program, while initially described as a telehealth initiative, also offers non-health insurance benefits. All enrollees receive telehealth coverage (with an optional teletherapy add-on), and many also select supplemental benefits such as dental, vision, and life insurance. These options give providers flexibility to choose coverage that best fits their needs and budgets.

California's CCPU programs focus on improving both health and long-term financial stability. The CCPU health care reimbursement fund helps FCC providers access and afford essential medical services and now includes free dental and vision insurance as well as low-cost life insurance. The CCPU retirement program—the only initiative in the nation providing retirement contributions for FCC providers—addresses one of the most significant long-term needs identified by ECE professionals in the state, where only 21% of FCC providers reported access to retirement savings in 2020 (Powell, 2022).

Together, these examples show that successful benefit programs must extend beyond traditional health coverage to support providers' financial, physical, and emotional well-being.

Technology Use Challenges. Both California and Nevada named technology and administrative requirements as potential barriers to participation. Registering for benefits programs and managing the documentation needed for eligibility can be challenging, particularly for providers with limited time, internet access, or experience using digital platforms.

To address these challenges, both states emphasized the importance of hands-on technical assistance to ensure providers can successfully access and use their benefits. Nevada's benefits vendor developed a series of webinars and guides to walk providers through the enrollment process and offered on-demand, individualized support. In California, the CCPU union provides in-person and virtual training sessions to help FCC providers navigate enrollment and reimbursement systems.

These examples underscore that technology supports are essential components of benefit delivery systems, ensuring that digital tools expand, rather than limit, access for early educators.

Key Drivers of Wage and Benefit Support Program Implementation

Several themes emerged across both wage and benefit support case studies. These themes highlight enabling conditions, common implementation strategies, and opportunities to strengthen program design, implementation, and evaluation.

Political Will. Political will was consistently a key enabling factor across states. However, the individuals and communities driving the progress varied. In Illinois and New Mexico, gubernatorial leadership prioritized ECE and created a supportive environment for sustained funding. By contrast, California achieved sweeping change through grassroots organizing. A strong and vocal FCC community led collective bargaining with the state, securing funding that is administered independently of state leadership. These examples show that effective political and advocacy strategies can catalyze significant system change.

Systems Alignment Levers. All four states intentionally connected wage and benefit supports to other early childhood policies or programs to reinforce broader policy goals. These "alignment levers" supported individual workforce advancement and strengthened overall system infrastructure and quality.

- *Child Care Subsidy Programs:* California, Illinois, and New Mexico linked **child care subsidy participation** to fund allocation, using it to target limited resources and incentivize providers to serve families receiving subsidies.

- *Workforce Registries:* Nevada connected **benefits to registry participation**, which facilitated program implementation and expanded registry membership, strengthening the state's workforce data.
- *Professional Development:* New Mexico's wage supplement program **requires providers to pursue higher education** to maintain eligibility and earn higher rates of supplemental pay. This approach advances educators' careers, increases compensation, and raises the overall education level of the workforce, improving program quality statewide.

These strategies illustrate how compensation initiatives can serve as system alignment levers by reinforcing workforce development, data infrastructure, and access to affordable care.

Infrastructure Supports. The states used existing infrastructure and trusted partners to design, implement, and manage wage and benefit programs efficiently. Using established systems and relationships reduced administrative burden, increased data reliability, and built trust with the workforce.

- *Registry Partnerships:* Both **Illinois** and **Nevada** partnered with their state registries, which provided preexisting data systems to support enrollment and reporting. The Illinois Network of Child Care Resource and Referral Agencies (INCCRRA) manages the application and reporting portal in that state, while the Nevada Registry initially supplied employment data for program eligibility and now helps market the current benefits program.
- *Intermediary and Local Organizations:* **Illinois** uses its child care resource and referral agencies to deliver technical assistance to Smart Start Workforce Grant participants and engages a standing advisory committee to gather feedback and guide continuous improvement.
- *Trusted Vendors:* Several of the states contracted with experienced, mission-aligned vendors to manage benefits or verification processes, reducing administrative burden and strengthening provider trust. **California, Nevada, and New Mexico** rely on established partners with proven technical capacity and a deep understanding of the ECE workforce's needs. New Mexico uses CNM Ingenuity for education verification. Nevada relies on Optima Health, a vendor that has experience providing benefits to child care providers and has demonstrated a deep understanding of the needs of this population. California uses Zenith American Solutions, a firm with specific expertise in union-based retirement plans to administer the retirement fund. The state uses Pinnacle to manage health care reimbursements. These vendor relationships increased program credibility, strengthened provider confidence, and encouraged participation.

As these infrastructure and partnership strategies demonstrate, leveraging existing systems and credible partners can strengthen implementation and ensure sustainability.

Messaging and Trust. All four states emphasized that proactive, transparent communication is essential for successful implementation. Outreach efforts must both reassure providers that programs are legitimate and valuable while protecting them from scams and identity theft targeting applicants.

Nevada's experience illustrates the risks of limited engagement. Enrollment in the no-cost benefit program was initially slow because outreach focused on broad announcements rather than clear, practical information about how and why to enroll. Many providers initially believed the program was "too good to be true." By contrast, California met the opposite challenge, with scammers posing as representatives from health and retirement programs, which reinforced the need to educate providers about how to verify official communications.

California and Illinois also highlighted the importance of language access to ensure all providers can participate. Illinois releases all materials simultaneously in English and Spanish. Both states use live translation during webinars to allow non-English speaker participation.

As these examples show, strong and culturally and linguistically responsive communication builds trust, promotes participation, and protects the workforce from misinformation.

Data and Evaluation. All four states emphasized the importance of collecting data and conducting evaluations to understand program impacts and guide improvement. However, limited resources and the rapid timelines required for program rollout often conflicted with the time and capacity needed for rigorous evaluation, particularly as program goals evolved. As a result, states most often relied on participant testimonials and qualitative feedback to capture early impacts and implementation experiences. States reported they are conducting or plan to conduct formal evaluations once programs reach greater stability, and they recognize that robust data will be essential to sustain funding, demonstrate effectiveness, and refine future implementation. These examples point to the importance of integrating evaluation and data collection into implementation planning, treating evaluation as a core component of continuous learning rather than an endpoint activity.

Implication Considerations for Minnesota

SRI offers the following considerations for MN DCYF, recognizing that large-scale, long-term wage and benefit initiatives to achieve parity with K–12 ultimately depend on legislative action. Even so, the landscape scan and case studies reveal near-term opportunities to advance compensation and benefits for Minnesota's ECE workforce, leverage existing programs and infrastructure, and prepare for statewide wage scale and pay parity implementation. These considerations can also help MN DCYF refine and expand the recommendations previously presented to the Legislature, offering alternative or complementary strategies that strengthen workforce stability while broader funding decisions are under consideration.

Adapt Current Investments to Focus on Progress Toward a Livable Wage

Minnesota is heavily invested in ensuring a livable wage for ECE professionals. A wage floor that ensures a livable wage is a foundational support from which the state can continue to build wage scale, pay parity, and comprehensive benefits programs. Currently, the Great Start Compensation program provides crucial funding to qualified programs to increase “early educator compensation in the form of wages and/or benefits” for center-based programs or for compensation and business expenses for FCC (MN DCYF, 2025b). However, no existing program in Minnesota explicitly establishes a wage floor with a base livable wage.

The most recent legislative report on the Great Start Compensation program indicates that most participants are highly satisfied with the program and feel it helps address major challenges such as retaining staff. Most programs reported using funds for wages and salaries (71%) and compensation bonuses for existing employees (69%), confirming that this is a primary need. However, there was variability across settings—some center-based programs reported using funds for benefits (30%) and hiring bonuses (15%), and FCC providers commonly used funds for other allowable needs: obtaining program supplies (98%), purchasing food for program (66%), and financing physical space improvements (59%) in addition to supplementing personal compensation (65%; MN DCYF, 2025b). While the Great Start Compensation program provides programs with flexibility to use funds, this variability may impact progress toward livable wages.

SRI recommends that MN DCYF prioritize collection and/or analysis of data to understand the degree to which the Great Start Compensation program supports a livable wage (\$14.05 to \$17.35 per hour based on geographic location for standard parity as outlined in MN DCYF’s Wage Scale Report; MN DCYF 2025a); where gaps exist across settings and localities; what the sizes of those gaps are; and who is most affected by them. These data could then allow MN DCYF to:

- Acknowledge progress made toward ensuring a livable wage for ECE professionals.
- Consider how revisions to the Great Start Compensation program requirements (e.g., allowable expenses) in alignment with Minnesota Statute 142D.21 (2025) might extend those results to others and reduce the number of ECE professionals working without a livable wage.
- Provide clear data markers to inform future pay parity and benefits planning.

Identify Opportunities to Offer Benefits Through Low-Cost Methods

Access to comprehensive benefits remains a persistent challenge in Minnesota’s ECE system. The most recent statewide study of Minnesota’s ECE workforce underscores the magnitude of this challenge. It includes data on benefits offered by center-based directors and FCC providers but does not capture information about the benefits employees opt out of (e.g., if a provider

declines employer-sponsored health insurance due to prohibitive cost of premiums), or whether current offerings meet their needs, a research gap that is also present nationally. Notably, 38% of FCC providers reported having no access to benefits through their business; none reported having access to health insurance, retirement, or dental insurance through their business. While licensed centers are more likely to offer benefits, there are still substantial gaps in the availability of comprehensive benefits. For example, only 55% of centers offered retirement, 44% offered health insurance, and 43% did not offer dental insurance (Valorose et al., 2023).

As noted in MN DCYF's (2025a) wage scale report, integrating benefits into compensation programs at the state level would significantly increase total program costs. Although these benefits would ultimately strengthen both providers and the state, such as by reducing reliance on public assistance and improving workforce retention, the current model depends on small employers negotiating for or administering benefits, which is a demonstrated challenge for the ECE field. This tension is visible in the Great Start Compensation program. Most participating programs use funds to increase wages or provide bonuses for existing staff. Relatively few allocate their Great Start Compensation program resources for benefits supports (MN DCYF, 2025b), despite the demonstrated need. This pattern reflects two essential needs competing for the same limited funding, a detriment to the well-being and stability of the workforce.

SRI recommends exploring an alternative approach that expands benefits access without diverting resources from wage supports, such as those offered in the Great Start Compensation program. The Nevada Registry's no-cost and low-cost benefits programs offer a model to provide meaningful support to the ECE workforce without requiring substantial new funding. SRI suggests that MN DCYF consider adapting and piloting a benefits model to help providers address immediate health and other benefit needs while informing future planning for comprehensive reform.

Such a program could provide a core package of base benefits at no cost to providers, such as telehealth, behavioral health, or basic life insurance, while allowing optional self-pay add-on benefits such as dental, vision, or retirement savings to meet individual and family needs. In particular, telehealth benefits, defined as virtual, on demand access to medical professionals, could offer assessments, diagnosis, and patient education that are beneficial to both un- and underinsured individuals, as well as to individuals with insurance who may not have time, access, or funds to pursue care in traditional primary or urgent care settings.

Minnesota is well positioned to leverage Nevada's benefits vendor, Optima, which now partners with ECE communities in 10 states and has experience offering benefits through intermediaries such as registries and shared services alliances. In Minnesota, Milestones MN already partners with Optima to offer benefits as part of its shared services model.

Piloting a model like Nevada's could address immediate coverage gaps, test scalable administrative systems, and generate data on the benefits most valued and used by providers.

Further, this approach would ensure providers have a means to access essential benefits in the near term, promote professional autonomy, and provide much needed information to inform Minnesota’s long-term approach.

If Minnesota moves forward with a benefits program, SRI recommends designing an evaluation to examine who participates and why, how providers use and value the services, how benefits influence workforce stability and well-being, how cost-effective and scalable the administrative infrastructure is, and how the program aligns with and supports the broader ECE ecosystem.

Develop an Engagement Plan Built on Transparency and Focused on Fostering Participation from the Field

MN DCYF is committed to engaging and elevating diverse workforce voices and seeks to learn from prior pilot and program implementation engagement strategies, particularly with members of the workforce who have been historically underrepresented. A consistent theme across the pay equity and wage scale development work was the lack of direct communication channels to individual educators and a reliance on program administrators to communicate with their staff. Given that every state interviewed highlighted the need for strong, open lines of communication based on trust, particularly as an important facet of program start-up, these findings underscore the need for MN DCYF to further strengthen its engagement framework, including specific strategies as the state implements workforce support programs.

States like Illinois can serve as examples for how to operationalize a robust communication strategy that includes guiding principles (e.g., grounding decisions in equity, prioritizing programs with limited access to funding), with well-defined goals put forth by the state, a standing advisory committee, frequent public meetings, multi-language supports, and in-depth stakeholder engagement via focus groups and surveys (Illinois Network of Child Care Resource & Referral Agencies, 2024).

Weave Data and Evaluation Into the Wage and Benefits Work

Minnesota’s ongoing work on ECE compensation is complex and involves multiple programs, state agencies, policymakers, and stakeholder groups. Understanding the methods most likely to improve compensation and stabilize the workforce is likewise complex. SRI recommends that MN DCYF consider using data and evaluation to understand how the entire “compensation system” functions and develop a systematic plan for using data to drive system improvement. Minnesota already benefits from multiple robust studies and evaluations (e.g., Great Start Compensation program reporting, workforce study, Preschool Development Grant-funded evaluations) that generate valuable data, and a holistic approach to reviewing and using data can collectively inform and strengthen the broader compensation strategy, enhance transparency, and engage the ECE community and other stakeholders.

Further, the case study states expressed that when new funding opportunities arose, implementation timelines and start-up tasks pushed evaluation efforts to the periphery, with evaluation considered an “add-on” to programs rather than a core aspect needed to understand implementation and impacts. Developing a systemwide evaluation approach would position Minnesota to adapt quickly to new programs or pilot initiatives and would enable the state to record critical lessons learned during rapid implementation, quickly build evidence for the impact of programs, and, if needed, modify programs to support compensation goals.

Conclusion

Minnesota has made considerable progress toward strengthening the ECE workforce through its commitment to sustainable and equitable compensation. The findings from this report underscore that several key elements—sustained investment, thoughtful program design, and strong partnerships—are essential to a compensation system that offers enhanced wages and improved benefits and thus attracts and retains ECE providers across diverse settings. By continuing to align compensation initiatives, leverage existing data and infrastructure, engage with the ECE community about their needs and experiences, and integrate evaluation, Minnesota can build a foundation for lasting change. Together, these efforts position the state to support a compensation model that contributes to a thriving workforce serving the children and families of Minnesota.

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Appendix A. Wage and Benefits Support Landscape

This table presents information collected during SRI’s landscape scan of wage and benefit support programs. The programs in the table met the following criteria:

- Are large scale and fully operational
- Have consistent and sustainable funding
- Provide regular (not one-time) wage payments and/or benefits supports

Agency/Organization	Program Name	Program Type	Target Population	Funding Source	Program Approach
California					
Child Care Providers United	Retirement Fund	Benefit	Family child care providers	State general fund	Automatic enrollment in and contributions to retirement fund
Child Care Providers United	Health Care Fund	Benefit	Family child care providers	State general fund	Reimbursement for up to \$9,450/year of medical expenses
District of Columbia					
DC Health Link (DC Health Benefit Exchange Authority)	HealthCare4Child Care	Benefit	Center-based providers Family child care providers	Affordable Care Act	Free or low-cost health insurance premiums
Office of State Superintendent of Education	Early Childhood Educator Pay Equity Fund	Wage	Center-based providers Family child care providers	Special fund	Funding to programs to pay salaries based on wage scale giving pay parity with K–12
Illinois					
Department of Human Services Division of Early Childhood & Illinois Network of Child Care Resource and Referral Agencies	Smart Start Workforce Grants	Wage	Center-based providers Family child care providers	General Revenue funds	Funding to programs for wage floor (\$18/hour)

Agency/Organization	Program Name	Program Type	Target Population	Funding Source	Program Approach
Kentucky					
Division of Child Care	Employee Child Care Assistance Partnership Program	Benefit	Child care professionals in licensed or certified programs	Child Care and Development Block Grant (CCDBG) and state funds	Waives child care costs for employees in licensed or certified programs regardless of their income level
Nevada					
State Division of Welfare and Supportive Services & The Nevada Registry	Low-Cost Self-Pay Insurance Benefits	Benefit	Child care providers participating in registry	N/A	Makes telemedicine, teletherapy, dental, vision, life insurance, disability insurance, and other fringe benefits available at low cost
New Mexico					
Early Childhood Education and Care Department	Early Childhood Wage Supplement Program	Wage	Center-based providers Family child care providers	Land Grant Fund	Funds to educators making less than wage floor (\$18/hour)
Early Childhood Education and Care Department	Infant/Toddler Pay Parity Program	Wage	Teachers and administrators	Land Grant Fund	Funds to professionals providing the difference between actual pay and pay determined by wage scale giving pay parity with K-12
Early Childhood Education and Care Department	Pre-K Pay Parity Program	Wage	Teachers and administrators	Land Grant Fund	Funds to professionals providing the difference between actual pay and pay determined by wage scale giving pay parity with K-12
Early Childhood Education and Care Department	Head Start Pay Parity Program	Wage	Teachers and administrators	Land Grant Fund	Funds to professionals providing the difference between actual pay and pay determined by wage scale giving pay parity with K-12
Early Childhood Education and Care Department	Scholarship program	Benefit	Center-based providers Family child care providers	Land Grant Fund	Funds to professionals for tuition, textbooks, and Praxis testing

Agency/Organization	Program Name	Program Type	Target Population	Funding Source	Program Approach
North Carolina					
Division of Child Development and Early Education, North Carolina Partnership for Children, & Early Years North Carolina	Child Care WAGE\$	Wage	Center-based teachers and administrators Family child care providers	Not specified	Funds to professionals earning less than wage floor (\$19–\$23/hour) with a wage scale based on education (not pay parity)
Division of Child Development and Early Education, North Carolina Partnership for Children, & Early Years North Carolina	Infant-Toddler Educator AWARD\$ Plus	Wage	Center-based teachers Family child care providers	Not specified	Funds to professionals earning less than wage floor (\$20/hour) with a wage scale based on education (not pay parity)
San Francisco, California					
Department of Early Childhood	CARES 3.0: Compensation and Retention Educator Stipends	Wage	Educators in city-funded settings (includes centers and homes)	City sales tax	Funds to individuals with wage scale based on role, education level, and program characteristics (not pay parity)
Department of Early Childhood	Early Educator Salary Support Grant	Wage	Center-based teachers	City sales tax	Funds to programs to provide wage floor (\$28/hour) and parity with transitional kindergarten for lead teachers
Washington					
Department of Children, Youth, and Families	Child Care Health Benefits	Benefit	Family child care providers	Not specified	Access to health and dental insurance for \$30/month
Wisconsin					
Wisconsin Department of Children and Families & Wisconsin Early Childhood Association	REWARD Wisconsin	Wage	Center-based teachers Family child care providers	Not specified	Funds to individuals to provide wage floor (\$25/hour) with wage scale based on career lattice (not pay parity)

Appendix B. Illinois Case Study Interview Summary

This appendix presents general information about Illinois's programs from the landscape review and information from case study interviews with state and program leaders.

Programming Summaries

Illinois launched **Smart Start Workforce Grants** in 2024 as part of the broader state strategy to stabilize the early care and education (ECE) workforce and establish a minimum wage floor across program types. This program provided \$200 million to approximately 4,000 programs in fiscal year 2025. Programs apply for funding at the classroom level and must agree to pay at least the base wage (wage floor) based on geographic location. Licensed programs are eligible if they provide full-day and full-year care, meet Child Care Assistance Program (CCAP) thresholds (centers: 15% of enrolled children; family child care [FCC] providers: one child). Participating centers must agree to maintain a minimum classroom enrollment: four children in infant/toddler classrooms, eight children in 2-year-old classrooms, and 12 children in 3- to 5-year-old classrooms. FCC providers must have a minimum of four children enrolled.

Wage floors for teachers are between \$18.25 and \$19.25 per hour based on location; assistant teachers and FCC providers receive \$17.00 to \$18.00 per hour. Programs must use the workforce grants for wages and document that they pay classroom staff or FCC assistants at least the base wage; FCC providers who own their business do not provide income verification but must use all grant funds for wages. Once center administrators verify that they have met the wage floor in the designated classrooms, they have flexibility to use grant funds to increase wages for staff in other classrooms or for program administrators (e.g., director, assistant director, education coordinator). The quarterly grant for center-based classrooms is \$6,750 (~\$4.69 per hour for three teachers) and \$2,250 for FCC providers (~\$4.69 per hour for one FCC provider). Illinois increases amounts for FCC providers employing additional staff. The state pays these grants to programs in advance of the quarter.

The **Smart Start Quality Support Pilot** is an effort to build on other state programs supporting compensation and program quality. The pilot is underway with 34 programs in rural communities that are serving 40% CCAP children, and it focuses on funding for staffing costs and quality improvement. The program includes a wage scale based on job category and the Illinois Gateways Credential, which represents progress toward a more structured compensation approach. Salaries range from \$45,500 to \$51,800 (~21.88 to ~24.90 per hour) for directors; \$37,900 to \$44,200 (~18.22 to ~21.25 per hour) for teachers; and \$35,300 to \$36,900 (~16.97 to ~17.74 per hour) for teaching assistants.

Findings from Case Study Interview

In July 2025, SRI interviewed the Bureau Chief of Quality Initiatives from the Illinois Department of Human Services, and the Senior Director of Data and Analytics and Senior Director of Strategic Communications and Smart Start Workforce Administrator at the Illinois Network of Child Care Resource and Referral Agencies (INCCRRA). Please note that this interview primarily focused on the Smart Start Workforce Grants, so information reported is relevant only to that program unless otherwise noted.

History

Illinois launched its wage support efforts with the Child Care Restoration Grants during the COVID-19 pandemic and later replaced them with a series of state-funded initiatives—including the Smart Start programs—that fund all eligible child care providers. State leaders said that these programs successfully recruited and retained teachers. They credited the governor’s strong support for early childhood and leveraged his support to move quickly and provide funding for the Smart Start programs as the pandemic-era funding ended, making the shift from federal relief to state funds “seamless.”

State leaders explained the importance of grounding Smart Start program design in equity, acknowledging that competitively funded programs can inadvertently favor programs with greater resources. To address this, Illinois used eligibility criteria, particularly the percentage of families supported through CCAP, to determine which programs could receive the grants noncompetitively based on available resources.

Illinois has built a strong structure for community participation in program governance. The legislatively mandated Child Care Advisory Committee oversees a Smart Start Subcommittee that includes representatives recommended by members of the ECE community. Meetings are also open to the public, offering a transparent and inclusive forum for feedback, information sharing, and relationship building. State leaders noted that this structure was key factor in informing program-design decisions, and the committee continues to provide important input.

A strong partnership with Illinois’s registry, INCCRRA, also supported program design. INCCRRA supplied information about staffing numbers and ratios that were essential to the development of a cost model. In addition, Illinois implemented several engagement strategies to reach Spanish-speaking communities, partnering with INCCRRA’s bilingual staff to translate resources, releasing resources in Spanish and English simultaneously, hosting webinars with live translation, and conducting focus groups in Spanish. State leaders emphasized the importance of using translators familiar with the ECE workforce to ensure clear and accurate communication.

Implementation

Illinois' Smart Start Workforce Grants use a quarterly "pay ahead" model that provides programs with funds in advance to support payroll. Although this structure creates logistical challenges for the state agency, receipt of three months of payments in advance reduces administrative burden for providers, prevents any potential program resource shortages, and ensures that providers receive timely compensation.

Unlike most wage support programs, which fund individuals or entire programs, Illinois distributes Smart Start Workforce Grants at the classroom level. This approach allows for greater oversight of fund use, as reporting ties funding to a specific number of teaching positions within classrooms, and minimizes the administrative complexity of tracking payments to individuals who may switch roles or positions.

The Illinois Department of Human Services works with INCCRRA to provide the infrastructure that supports the Smart Start programs. This partnership enables programs to submit monthly data efficiently and access preexisting registry data in a "director's portal" while reducing the reporting requirements through integration with the state licensing data systems. The Department of Human Services also uses registry data for cost-modeling.

Data and Evaluation

Illinois compiles nonpublic dashboards using data that programs report quarterly, giving the state current information on program implementation and impact, particularly impact on wages. However, state leaders acknowledged the need for more data around the percentage of eligible classrooms they are serving and for more details about how funding supports staff beyond classroom teachers.

Impacts and Future Goals

State leaders reported that participating programs were able to pay their staff the required wage, and about half used the remaining funds to raise wages for other employees (e.g., directors, teachers in unfunded classrooms). The state noted that the Smart Start Workforce Grants program has encouraged more centers and FCC providers to accept CCAP funding to access wage supports, improving perceptions of CCAP in the ECE community.

Appendix C. New Mexico Case Study Interview Summary

This appendix presents general information about New Mexico's programs from the landscape review and information from case study interviews with state and program leaders.

Program Summaries

The **Early Childhood Wage Supplement Program** provides payments to teachers and assistant teachers earning less than \$18 per hour in any licensed or registered child care setting, community- or school-based prekindergarten (pre-K), or Head Start/Early Head Start program. The program sets a target wage floor and requires participants to pursue education or credentials to remain eligible. Payment amounts start at \$260 (~\$0.27 per hour) for full-time providers with a Child Development Associate (CDA) credential or at least three early care and education (ECE) credit hours, increasing to \$2,548 (~\$2.65 per hour) for full-time providers with bachelor's degree or higher in ECE. Participants receive payments every six months.

The **Infant/Toddler Pay Parity**, **Pre-K Pay Parity**, and **Head Start Pay Parity** programs provide pay parity across settings. New Mexico's legislatively determined public school teacher salaries form the basis for these parity scales. The infant/toddler program is open to teachers, directors, and family child care (FCC) providers; the pre-K and Head Start programs apply to assistant teachers, lead teachers, and administrators. Participants provide documentation of their annual salary, and the programs pay the difference between current earnings and the established parity rate. Parity rates range from \$40,000 to \$50,000 per year (~\$19.23 to ~\$24.04 per hour) for assistant teachers and from \$55,000 to \$77,000 per year (~\$26.44 to ~\$37.02 per hour) for lead teachers in pre-K and Head Start settings. There is a combined parity table for all eligible infant/toddler professionals, ranging from \$40,000 to \$77,000 per year (~\$19.23 to ~\$37.02 per hour). New Mexico provides monthly payments directly to individuals.

New Mexico's **Universal Child Care** (UCC) program began in November 2025. The program represents an expansion of the existing subsidy reimbursement program to cover all children in full-time care regardless of family income. UCC establishes a wage floor to help further stabilize the workforce; ECE programs can receive an enhanced reimbursement rate if they pay staff \$18 per hour at minimum.

Findings from Case Study Interview

In September 2025, SRI interviewed the Secretary of the Early Childhood Education and Care Department (ECECD) and the Director of Policy, Research, and Quality Initiatives. SRI conducted the interview two days after the governor announced the historic UCC program, which was implemented in November 2025. The discussion focused largely on how UCC might affect existing programs and shape the state's future workforce goals.

History

State leaders credited New Mexico’s strong advocacy community, comprised of ECE professionals and families, with championing the use of the Land Grant Fund as a stable, ongoing source of funding for the ECE workforce. With advocacy and the strong support from the governor, New Mexico has rapidly expanded early childhood funding in recent years. In response, ECECD developed a robust engagement and communication strategy to share information about workforce programs. These efforts include monthly community calls, biweekly emails to 25,000–30,000 recipients, and a network of community partners that serve as a “conduit to get out important messages.” State leaders emphasized the importance of using “trusted messengers” to promote participation and noted that they share all information in both English and Spanish. State leaders described their system of compensation supports as being comprehensive and addressing the needs of professionals across most settings, but they acknowledge that there may be professionals with specific credentials (e.g., Montessori) who may not be eligible for supports.

Implementation

State leaders explained that UCC is built on a subsidy model, with 85% of programs currently accepting subsidies. These programs are eligible to opt in to one of the two sets of rates established in rulemaking: a “cost of living” rate and an “incentive” rate for programs that pay employees a minimum of \$18 per hour and provide full-time hours to support working families. State leaders noted that no changes were planned to the state’s existing wage supplement or pay parity programs following the introduction of UCC because not all programs may participate in UCC. They could not yet predict how UCC might affect participation in those programs.

When discussing current program implementation, state leaders described challenges related to participation in the Infant/Toddler Pay Parity program. A sizable portion of the funds for this program went unspent in the previous year. They speculated that the unspent funds were likely due to the qualifications of providers, as eligibility criteria require that providers have at least a CDA, even though current data limitations do not allow for detailed analysis of education level in this setting. State leaders reported that ECECD is now focusing on helping infant/toddler providers increase their qualifications to support greater participation in future years.

State leaders also discussed the use of individual-level payments for the wage supplement and pay parity programs. During development, stakeholders were divided between individual- and program-level payments. Although program-level payments could provide additional tax benefits to employers, state leaders explained that current statutes make program-level payments more difficult. They noted that the state may consider shifting to program-level payments in the future.

Data and Evaluation

Throughout SRI's discussion with state leaders, they emphasized the need for stronger infrastructure to collect and maintain workforce data to better inform implementation and measure program impact. Their primary data needs include data on credentialing, wages, and career trajectory. State leaders also noted that they will need to develop a plan to monitor compliance with the \$18/hour wage floor requirement for UCC. To support this and other needs, ECECD is developing a registry to launch in early 2026. New Mexico plans to require registry participation for any professional working in a subsidy-receiving setting.

State leaders reported that New Mexico has also begun a large-scale evaluation of its pay parity programs. The first phase focuses on gathering baseline data on workforce participation and analyzing how pay parity participants differ from the broader ECE workforce.

Impacts and Future Goals

Finally, state leaders shared their vision for a statewide wage scale, although they acknowledged that a clear implementation path has not emerged. Based on feedback from legislators, the state may consider piloting a wage scale in communities with the greatest challenges recruiting ECE professionals.

Appendix D. California Case Study Interview Summary

This appendix presents general information about California’s programs from the landscape review and information from case study interviews with state and program leaders.

Program Summaries

The **Child Care Providers United Retirement Fund** automatically enrolls licensed family child care (FCC) providers caring for subsidy-receiving children for six of the last 12 months. Providers must complete initial setup actions for their retirement accounts, after which the fund continues contributing annually. In 2024, FCC providers received an average of \$4,900 in retirement contributions. They may receive up to the IRS annual limit of \$23,000. Additionally, FCC providers do not have to meet a minimum number of service years before vesting and becoming eligible to receive retirement funds. Individuals younger than 60 can access retirement funds nine months after they stop working, while those older than 60 can access the funds after three months. Individuals who are 73 or older can access retirement funds immediately upon ending employment.

The **Child Care Providers United Health Care Fund** is a “wrap-around plan” that reimburses health care expenses (for one individual per license) rather than providing direct insurance coverage. Participants submit qualified health care expenses—including premiums and out-of-pocket medical costs—of up to \$9,450 annually. To qualify, providers must hold Medi-Cal or silver-level HMO marketplace insurance. As of 2025, the fund offers no-cost dental and vision insurance and low-cost life insurance with enrollment.

Findings from Case Study Interview

In September 2025, SRI interviewed the Child Care Providers United (CCPU) Director of Benefits and the Service Employees International Union (SEIU) of San Francisco Senior Director of Child Care, who oversees the education and support functions.

History

In 2019, the California governor signed the Building a Better Early Care and Education System Act, which gave FCC providers collective bargaining rights. In 2020, the provider community voted to unionize as CCPU. Following unionization, the FCC community and CCPU named economic security as a primary goal. With support from parent advocacy groups and other stakeholders, union leaders pursued health care and retirement funding as the foundation for long-term workforce stability and a way to encourage new entrants into the profession.

The state awarded a health care contract in 2022 and a contract for retirement in 2023. Each contract required creation of a trust governed by trustees from the FCC community, ensuring direct provider representation and decision-making authority. This model emphasizes community ownership with minimal state oversight.

Implementation

Union leaders stressed the importance of frequent individualized and multilingual support during both rollout and ongoing implementation. Through a partnership with SEIU, CCPU designed training and outreach supports to reach providers across the state and collaborated with other organizations to engage communities with a history of institutional distrust. They also discussed the importance of educating providers about how to verify official communications, as scammers posed as representatives from the health and retirement programs.

Union leaders also underscored the complexity of the program infrastructure, which differs for health care and retirement. Zenith American Solutions administers the retirement fund, leveraging its expertise in administering plans established through collective bargaining. Zenith manages information verification, enrollment, communication, and distribution of retirement funds.

CCPU described implementation of the health care fund as the more challenging of the two programs. The union worked with an actuary to maximize the program's cost-effectiveness (e.g., to determine which health care plans should qualify for enrollment) and minimize tax burdens on providers by ensuring all reimbursements for expenses meet federal tax exemption criteria. CCPU also collaborated with Uplift Oregon, a labor management partnership supporting health care cost navigation.

To administer the health care fund, CCPU and trustees selected Pinnacle Claims Management, which has expertise in benefits and claims administration. CCPU described the reimbursement process as complex, requiring verification of insurance coverage, submission of itemized receipts, and confirmation that a provider's health plan covers the health services. Pinnacle provides debit cards to facilitate the reimbursement process, but each expense must include verification and documentation. Recently, the health care fund expanded to offer "core benefits" in addition to health care (i.e., dental, vision, life insurance, provider support services), reflecting a more comprehensive definition of workforce well-being.

Data and Evaluation

Once the health care and retirement fund programs reach "steady state" implementation, union leaders plan to collect and analyze data about participation to better understand program reach and impact. Leaders have collected testimonials as their primary source of information, and they gather feedback through surveys or organizing conversations to help program implementation.

Impacts and Future Goals

Although the health care and retirement funds operate under separate infrastructure and trustees, CCPU is moving toward a "unified system" that presents the programs as a comprehensive suite of benefits.

In the short term, union leaders anticipate new challenges related to the rising health care costs and potential federal policy changes. Their focus will shift to helping providers transition to qualified health insurance plans, reducing barriers to enrollment, and expanding individualized support for new participants.

Appendix E. Nevada Case Study Interview Summary

This appendix presents general information about Nevada’s program from the landscape review and information from case study interviews with state and benefits program leaders.

Program Summary

The **Low-Cost Self-Pay Insurance Benefits Program** (formerly the No-Cost Benefits Program) launched during the COVID-19 pandemic, with funding from the Coronavirus Response and Relief Supplemental Act, to provide a suite of benefits at no cost to members of the Nevada Registry. At its peak, the state program served approximately 1,900 providers (around 20% of registry members), with the state contributing \$25 to \$30 per provider per month—a total monthly cost of \$47,500 to \$57,000. Early care and education (ECE) providers could add optional benefits for family members through a self-pay add-on.

The state-funded program ended in February 2025 and transitioned to a low-cost, self-pay model that now serves about 500 providers (6% of registry members). ECE providers with verified employment in the Nevada Registry can enroll in benefits through Optima. Available benefits include telehealth, teletherapy, dental, vision, life insurance (whole and term), short- and long-term disability insurance, accident plans, identity theft protection, hospital indemnity, critical illness insurance, and pet insurance. The most popular options are telemedicine (\$9 per month), telemedicine plus teletherapy (\$15 per month), dental (\$25 to \$44 per month for individual, \$89 to \$150 for family), and vision (\$6 per month for individual, \$17 for family).

Findings from Case Study Interview

In July 2025, SRI interviewed the Nevada Division of Welfare and Supportive Services (DWSS, now the Division of Social Services) Child Care Development Coordinator and the Program Director of the Nevada Registry. SRI also spoke with the CEO of Optima Benefits and Payroll that same month to gather more information about the infrastructure used to support the program.

History

During the pandemic, DWSS received emergency relief funds and sought to use them to strengthen and professionalize the ECE workforce. Building on a concurrent wage stipend program, DWSS decided that providing access to benefits would offer critical support while advancing workforce stability. The state initially considered offering retirement benefits but found that the scope and timeline of emergency funding did not allow time for development.

Through their relationship with a pooled services vendor for states and counties, state leaders learned about Optima Benefits and Payroll, which provides affordable group benefits to individuals outside traditional employer-sponsored systems.

Implementation

State leaders at DWSS partnered with the Nevada Registry to implement the no-cost benefits program, citing the registry's access to workforce data and its strong relationships with ECE providers. They described Optima as the intermediary connecting the state, registry, and participating benefit providers such as AllyHealth (telehealth) and MetLife (life insurance). The Nevada Registry and Optima integrated registry data into Optima's platform to enable "seamless" program administration.

Enrollment was initially slow, as many providers were skeptical of the no-cost benefits and viewed the program as "too good to be true." To build trust, state leaders and registry staff conducted webinars and worked with trusted community partners to share information about the availability of benefits. Later, they received feedback that providers needed support to navigate the enrollment process and had concerns about how the benefits would interact with their existing health insurance. Optima expanded its outreach by offering webinars and individualized, on-demand support. Later communications from the registry emphasized that the benefits were supplemental and did not affect private or public health insurance coverage.

Data and Evaluation

Although Nevada did not collect formal evaluation data, the state received information from Optima about rates of usage and cost savings to providers based on the number of emergency room, urgent care, and primary care visits that were instead covered by telehealth (an estimated \$1.3 million). They also gathered anecdotal provider feedback, which was overwhelmingly positive, underscoring the program's value and accessibility. Example feedback includes:

- "The health coverage provided through Nevada Registry has been a godsend for myself and my family. In times of transition, where we did not have coverage, I knew that AllyHealth through Nevada Registry would be there for me. I had an extra safety blanket because of this coverage, and I am extremely grateful for this amazing service that has been granted to Childcare providers. While ECE typically receive very low pay, having this extra coverage is extremely beneficial. Whether I had a dental emergency or an urgent medical matter with my child, I knew I could get the care I needed. Brandon and his team have been nothing but amazing and I am so thankful to have this extra coverage. Thank you again to Nevada Registry and Co. for this wonderful benefit."
- "Grateful to this program offering teletherapy. As a busy teacher parent, it is difficult to find time during the school day to make an appointment. Being able to use the teletherapy option has allowed me to work on my self-care during these trying educational times. Thank you so much to the Nevada Registry and Others for putting together this great opportunity."

- “I recently used the vision coverage to do my annual eye exam, and everything went well. I only had a \$10 co-pay and the coverage for glasses was great, with nothing out of pocket to pay. Glad I signed up.”
- “It was so convenient to use the telehealth offered through the NV Registry when my son had a severe earache on a Friday afternoon and his pediatrician was not available. I was able to get an appointment and be seen online within 30 minutes of registering for an appointment. The doctor was able to diagnose my son and get a prescription at the local pharmacy. I only had to pay for the prescription. Everything else was free. I will continue to use this service. No more waiting for hours at Urgent Care and paying a ridiculous amount of money.”

Impacts and Future Goals

When pandemic-era funding ended, state leaders sought to continue the program using Child Care and Development Fund (CCDF) quality set-aside funds, but those resources were unavailable. Instead, the program transitioned to a self-sustaining, low-cost model administered through Optima. The Optima CEO described how the company’s work with the Nevada Registry led to an easily scalable interface providing flexible funding options (e.g., flat dollar contributions, percentage contributions, coverage for specific benefits, customized combination) and simple enrollment. Optima has agreements with governments or ECE organizations in 10 states; when grants fund benefits, Optima provides a running balance as monies are spent.



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