

# Informing Implementation of Minnesota's Early Childhood Workforce Wage and Benefit Strategy

## Executive Summary





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Decades of low wages, limited benefits, and inadequate opportunities for career advancement have contributed to a national decline in the early care and education (ECE) workforce.<sup>1</sup> The ECE workforce earns among the lowest wages nationally, ranking in the bottom 3% of earners regardless of education or experience.<sup>2</sup> 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.<sup>3</sup>

At the direction of the Minnesota Legislature, the Department of Children, Youth, and Families (DCYF) developed recommendations for an ECE wage scale that set a wage floor aligned to cost of living and established parity with K–12 educators for similar levels of education. While the Legislature reviews these recommendations and considers required public investments, DCYF is learning from other states to inform implementation planning. To prepare for the transition from recommendations to implementation, DCYF examined case studies of four states that offer insight into how wage and benefit support programs function in practice and that highlight design and implementation considerations that can inform how Minnesota operationalizes its wage scale and benefits strategies.

# Lessons from Wage Support Programs

DCYF's recommendations address three key components of wage supports: setting a wage floor, providing a wage scale, and structuring pay parity with similar K–12 educators. To inform implementation, DCYF requested case studies of Illinois and New Mexico, which have established large-scale wage programs covering one or more of these wage support components.



**Illinois** prioritized a wage floor as a foundational strategy to stabilize the ECE workforce. This approach emphasizes rapid implementation and broad reach by funding a wage floor adjusted for geographic variation. The wage floor program improved financial stability of ECE professionals, and state leaders viewed it as a politically and fiscally feasible first step. However, this approach provides limited differentiation based on education or experience and requires additional mechanisms to support long-term retention and advancement.



**New Mexico** implemented a layered compensation strategy that combines wage floor payments with targeted pay parity initiatives aligned to the state's public school teacher wage scale. This approach addresses a livable wage and recruitment and retention for those with higher levels of education and experience. Recognizing that pay parity strategies are more costly, administratively complex, and dependent on sustained public investment, New Mexico phased in parity across roles or age groups to manage fiscal impact.

## Common themes relevant to Minnesota's next phase of work are:

- **Current programs represent progress towards pay parity** within existing funding constraints, even if they do not present complete solutions. Wage floor strategies were effective for near-term stabilization but insufficient on their own to address equity, advancement, or retention of highly qualified ECE professionals. Wage scales and pay parity initiatives better aligned compensation with professional qualifications but required clear eligibility rules, reliable funding sources, and careful implementation planning.
- **Responsiveness to stakeholders and policymakers was a key consideration in states' design of programs** and guided the methods they used to provide wage support, garner and maintain participation, and communicate purpose and funding.

# Lessons from Benefit Support Programs

DCYF's wage scale report recommends options to expand benefits to the ECE workforce through traditional employer-sponsored funding approaches (i.e., basing benefits on a percentage of earnings). To inform implementation and identify potential shorter-term strategies to address needs of the workforce, DCYF requested case studies of California and Nevada, which offer benefit support programs to targeted groups.



**California** provides funding to a family child care union which contracts with a third-party administrator to administer retirement and health care reimbursement programs for family child care (FCC). These programs stabilize the FCC community and promote professional longevity. The retirement program initially prioritized longer-serving FCC providers, funding previous years of service to support this group's more immediate retirement needs. The health care fund is a wrap-around program that reimburses insurance premiums, co-pays, and other medical expenses. While administering the health care fund is complex, FCC providers have better access to medical care that may have previously been out of reach.



**Nevada** used COVID-era relief funds to design a no-cost benefits program for members of the Nevada Registry that included benefits commonly available to employees in other sectors. The program ultimately resulted in \$1.3 million in health care savings to providers using free telehealth and teletherapy services. As initial funding ended, the program transitioned to a low-cost, self-pay program that allows providers to opt in to a variety of benefits. This approach gives ECE professionals flexible and affordable access to benefits that are often only available through employer-sponsored plans. The most popular benefits include telemedicine, teletherapy, dental, and vision.

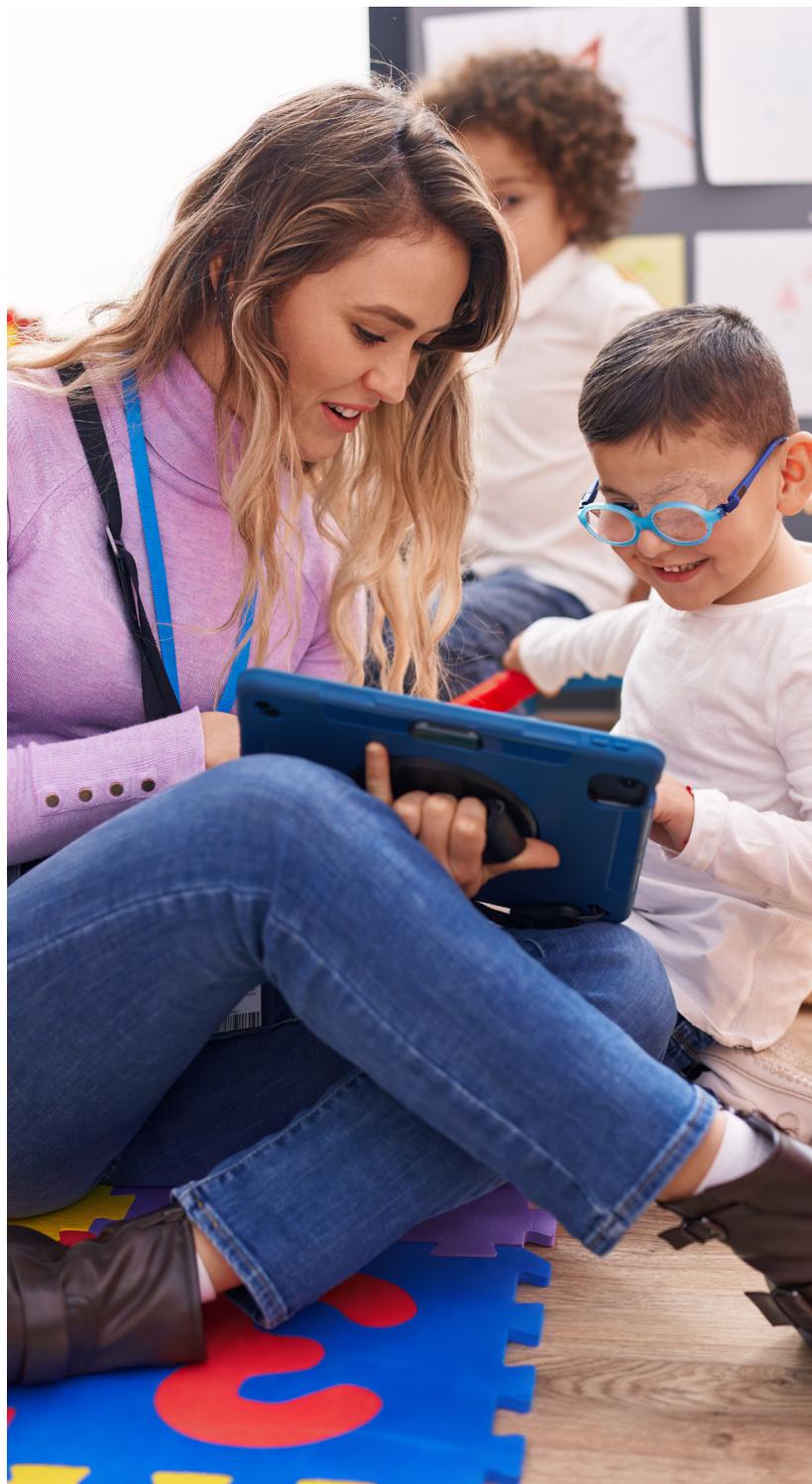
## Common themes relevant to Minnesota's next phase of work are:

- **Programs in both states provided structure and accessibility** by operating outside a traditional employer-sponsored benefits model. This approach allowed states to prioritize flexibility in benefits selection, improved affordability, and long-term financial stability for providers.
- **States offered a broader range of benefits** than just health insurance, recognizing that comprehensive benefits better support providers' physical, emotional, and financial well-being.
- **Technology and administrative requirements presented challenges** to program participation. Hands-on technical assistance was necessary to ensure that digital tools expand, rather than limit, access for providers.

# Key Drivers of Wage and Benefit Support Program Implementation

States with wage or benefit support programs identified key implementation drivers.

- **Political Will.** Government and public support is needed to enact wage and benefit support programs. However, states varied in whether governor priorities or grassroots efforts most influenced program enactment.
- **Systems Alignment Levers.** All states intentionally connected programs to other ECE policies or programs (e.g., child care subsidies, workforce registries) to reinforce goals for both.
- **Infrastructure Supports.** States used existing infrastructure and trusted partners to support administration efforts. For example, they used registries for workforce data and reporting systems, intermediary and local organizations for gathering feedback and providing assistance, and trusted vendors for reducing administrative burden.
- **Messaging and Trust.** All states emphasized that proactive, transparent communication is essential for successful implementation. Outreach efforts must reassure providers that programs are legitimate and valuable while protecting applicants from scams and identity theft.
- **Data and Evaluation.** States recognized the need for data to sustain funding, demonstrate effectiveness, and refine implementation. They also acknowledged that limited resources and rapid rollout timelines often conflicted with rigorous evaluation.



# Implementation Considerations for Minnesota

Four implementation considerations emerged from this case study analysis.



## Adapt current investments to focus on progress toward a livable wage.

Minnesota has made significant investments to support a livable wage for ECE professionals, yet no current program in Minnesota explicitly establishes a wage floor tied to a livable wage benchmark. Findings from other states suggest that wage floor strategies can play a vital role in near-term workforce stabilization, particularly for ECE professionals earning the lowest wages. In this context, Minnesota would benefit from collecting and analyzing data to **better understand the extent to which the Great Start Compensation Support Payment Program contributes to progress toward a livable wage across settings and regions**. Such analysis could help the state assess where current investments are effectively supporting wage adequacy, identify gaps where ECE professionals continue to earn less than a livable wage, and inform future planning and potential program refinements.



## Identify opportunities to offer benefits through low-cost methods.

Access to comprehensive benefits remains a challenge in Minnesota's ECE system, and integrating benefits into statewide compensation programs would significantly increase program costs. Findings from Nevada indicate that expanding access to benefits through lower-cost, non-employer-based approaches may help address immediate workforce needs without diverting resources from wage supports, demonstrating how a state can offer benefits through existing infrastructure with relatively modest public investment. Minnesota may benefit from exploring whether a **low-cost benefits model** could **address immediate coverage gaps, inform future planning for comprehensive reform, test scalable administrative systems, and generate data** on the benefits most valued and used by providers.



## Develop an engagement plan built on transparency and focused on fostering participation from the field.

DCYF is committed to engaging and elevating diverse workforce voices, particularly those members of the workforce who have been historically underrepresented. Across case study states, findings highlighted the need for strong, open lines of communication based on trust, particularly during program start-up. These findings underscore the need to **further strengthen DCYF's engagement framework to include clear, intentional communication strategies as part of workforce program implementation**. Findings from Illinois illustrate how states have operationalized engagement approaches with guiding principles, well-defined goals, a standing advisory committee, frequent public meetings, multi-language supports, and in-depth stakeholder engagement activities.



## Weave data and evaluation into the wage and benefits work.

Minnesota's ongoing work on ECE compensation involves multiple programs, state agencies, policymakers, and stakeholder groups, as well as several studies and evaluations that generate valuable data. Findings from other states suggests that DCYF can better **integrate data and evaluation to understand how the entire compensation system functions and develop a systematic plan for using data to drive system improvement**. In the near term, this approach can inform and strengthen the broader compensation strategy, enhance transparency, and engage the ECE community and other stakeholders. As future compensation opportunities arise, this approach can help Minnesota adapt quickly to new programs or pilot initiatives; record critical lessons learned during rapid implementation; quickly build evidence for the impact of programs; and, if needed, modify programs to support compensation goals.



## Endnotes

- <sup>1</sup> Amadon, S., Gerson, C. S., & Mukhopadhyay, S. (2025). *Benefits offered to center-based early care and education educators* [Research-to-practice brief]. National Early Care and Education Workforce Center. <https://www.nationaleceworkforcecenter.org/publications/benefits-offered-to-center-based-early-care-and-education-educators/>
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This work is made possible by the Innovating Financial Systems to Build Capacity for ECE Compensation Grant funded by the Early Educator Investment Collaborative.

## Suggested Citation

Hudson, L., & Mauzy, D. (2026). *Informing Implementation of Minnesota's Early Childhood Workforce Wage and Benefit Strategy: Executive Summary*. SRI.



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