



What Pay Equity Changed and What Remains

Findings from a Follow-Up of Minnesota's Pay Equity Pilot and Considerations for Strengthening the Compensation System

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Contents

- Introduction..... 1
 - Minnesota’s ECE Compensation Landscape 1
 - Minnesota’s Investments in ECE Workforce Compensation 2
 - Purpose, Design, and Scope of the One-Year Follow-Up..... 4
 - About the Wage Floor Analysis 5
 - About the Follow-Up Survey 7
- Findings from the Supplemental Wage Floor Analysis 9
 - Which Roles Are Earning Below the Wage Floor?..... 10
 - Are Providers Earning Less Than the Wage Floor Less Educated?..... 11
 - Are Providers Earning Less Than the Wage Floor Newer to the Workforce?..... 11
 - Are Providers Earning Less Than the Wage Floor More Likely to Need Public Benefits? 11
 - What Is the Potential Impact of Great Start Compensation Support on Whether Professionals Earn Above the Wage Floor?..... 12
- Findings from the Follow-Up Survey 12
 - What Is the Employment Status of Pay Equity Pilot Participants One Year After the Pilot? 12
 - How Financially Stable Are Participants One Year After the End of the Pilot?..... 13
 - What Financial Hardships Have Participants Recently Experienced?..... 14
 - What Was the Impact of Pay Equity Participation on Receipt of Public Benefits?..... 15
 - What Is the Current Desire of Participants to Remain in the ECE Profession? 16
 - What Long-Term Financial Impacts Have Participants Experienced Because of the Pilot?..... 16
 - What Communication Methods Do Participants Prefer? 18
- Considerations for DCYF 19
 - Strengthen System-Wide Learning and Use of Data 19
 - Address Immediate Workforce Needs While Advancing Long-Term Reform 21
 - Strengthen Implementation and Workforce Engagement 22
- Conclusion..... 22
- References 23

Introduction

Minnesota continues to advance efforts to strengthen and stabilize compensation for the early care and education (ECE) workforce. As part of this broader work, the Minnesota Department of Children, Youth, and Families (DCYF) submitted to the legislature in January 2025 its proposed Child Care and Early Education Professional Wage Scale and Comparable Competencies framework (MN DCYF, 2025b). The proposal outlines salary schedules aligned to education and years of experience, regional adjustments to account for geographic cost differences, defined wage floors, pathways for recognizing comparable competencies, and a tiered benefits framework to support more comprehensive compensation packages.

“For too long, the early care and education system has been subsidized by paying the early care and education workforce below living wages. Poor compensation and lack of support and acknowledgement leads to persistent workforce shortages and the inability to recruit new employees. Overcoming this foundational challenge requires investing in wage growth to attract, retain, and support Minnesota’s early care and education workforce.”

**The Great Start for All Minnesota
Children Task Force**

The proposed framework builds on findings from the ECE Workforce Pay Equity Pilot, which tested a wage scale model informed by K–12 salary schedules and was designed to provide comparable wages based on education and experience.¹ While the proposal is under legislative consideration, DCYF has continued to examine outcomes beyond the pilot’s initial implementation period.

This one-year follow-up report examines workforce stability and financial conditions among pilot participants to better understand how compensation increases may influence retention and economic well-being over time. It also includes a supplemental analysis comparing verified wages from center-based pilot participants with the proposed regional wage floors, offering early insight into the proportion and characteristics of participants whose wages fall below those thresholds and the extent to which existing compensation supports, including the Great Start Compensation Support Payment Program, may help advance proposed wage floor goals. Although the pilot sample is not representative of the statewide workforce, these findings provide additional context for policymakers as compensation strategies continue to evolve.

Minnesota’s ECE Compensation Landscape

ECE compensation has historically lagged behind that of other educators with similar levels of education and experience. In Minnesota, the 2023 statewide workforce study documented ongoing financial strain among providers, including wages that place many professionals near

¹ View the report: [Minnesota Early Care and Education Workforce Pay Equity Pilot: Key Lessons and Recommendations](#).

or below economic self-sufficiency thresholds, and uneven access to employer-sponsored benefits across settings (Valorose et al., 2023). In recent years, Minnesota has invested significant local, state, and federal resources to respond to the most critical ECE workforce needs. DCYF and its partners currently administer several initiatives designed to stabilize and strengthen the Minnesota ECE workforce, including compensation supports and broader systems reforms. These efforts reflect growing recognition that sustained improvements in compensation are central to workforce retention and program stability.

Minnesota's Investments in ECE Workforce Compensation

Minnesota's current compensation strategy builds on more than two decades of workforce investments. The timeline below highlights key milestones that have shaped the state's evolving approach to ECE workforce compensation policy.

2002-2003:
Child Care Aware of Minnesota introduces TEACH Scholarships and REETAIN Bonuses.

Spring 2021:
The Transforming Minnesota's Early Childhood Workforce Committee releases a report that includes recommendations for ECE workforce compensation.

February 2023:
The Great Start for All Minnesota Children Task Force releases final report, including recommendations for supporting the ECE workforce.

December 2023:
Wilder Research publishes the Minnesota early childhood workforce report, which provides information about the characteristics and needs of ECE providers.

July 2024:
DCYF is established as a new state agency and consolidates child and family programs from across multiple agencies.

Winter 2025:
DCYF begins participation in the Compensation Capacity-Building Grants Community of Practice with five other state and regional teams focused on supporting compensation efforts.

Summer to Fall 2025:
SRI conducts national landscape analysis and four state-focused case studies of wage and benefit support programs.

2021:
Minnesota receives COVID-era stabilization grants and requires programs use 70% of funds to increase compensation.

Spring 2021:
Using guidance proposed by the committee, the Minnesota Department of Employment and Economic Development publishes a wage scale to inform and guide discussions around compensation.

May 2023:
The Great Start Compensation Support Payment Program is signed into law as a permanent, non-competitive program increasing provider compensation and benefits.

Summer 2024:
MDE, DHS, SRI, and Think Small conduct the Pay Equity Pilot with 226 providers in four communities.

January 2025:
DCYF submits the Child Care and Early Education Professional Wage Scale and Comparable Competencies report to the Minnesota legislature.

August 2025:
SRI conducts Pay Equity Pilot follow-up survey for DCYF.

These initiatives reflect a shift in both scale and approach. Early efforts focused on targeted supports for individual educators through scholarships and retention bonuses. More recently, the Great Start Compensation Support Payment Program has provided stabilizing funding for wages and, where applicable, expanded benefits, with participation from up to 85% of licensed programs statewide.

Building on these investments, the state is now exploring and advancing recommendations for a more structured compensation framework, including wage scales aligned to education and experience and approaches to strengthening access to comprehensive benefits. This progression illustrates movement from supplemental supports toward a more coordinated strategy aimed at achieving pay parity and long-term workforce stability.

Purpose, Design, and Scope of the One-Year Follow-Up

Building on the 2024 Pay Equity Pilot, Minnesota engaged SRI to examine two primary questions: how verified wages among center-based pilot participants compare with the proposed regional wage floors included in DCYF’s legislative framework, and whether the temporary wage increases had lasting effects after payments ended.² The analysis focused on workforce stability and financial conditions one year after the pilot. This study is not representative of the statewide workforce and does not evaluate the full impact of the proposed wage scale. Rather, it provides focused information about workforce engagement, financial conditions, and wage alignment within a defined group of pilot participants.

Summary of Key Findings from the 2024 Pay Equity Pilot

Survey data collected during the pilot showed that participants were experiencing financial strain prior to receiving payments. Fewer than a third reported that their regular household income was sufficient to make ends meet, and financial hardships related to debt, medical expenses, and unexpected costs were common.

Participants received monthly payments based on a pilot-specific wage scale aligned to K–12 salary schedules and adjusted for cost of living, education, and experience. Payment amounts varied depending on role, hours worked, geography, and wage gaps. Participants reported reduced short-term financial stress during the pilot period. Many reported that the payments helped them manage recurring expenses, address debt, or make needed purchases for their households or businesses. The majority reported increased satisfaction in their ECE roles and a greater desire to remain in the field.

The pilot findings suggest that structured, education- and experience-based wage increases may improve financial stability and workforce satisfaction. A full description of the pilot’s design and immediate outcomes is available in [Minnesota Early Care and Education Workforce Pay Equity Pilot: Key Lessons and Recommendations](#).

² DCYF also sought to interview applicants who were deemed ineligible because their wages met or exceeded the pilot wage scale. Despite outreach to 47 individuals, only one interview was completed. Given the limited participation, no conclusions could be drawn and findings are not reported.

About the Wage Floor Analysis

Guiding research questions:

1. Which roles are earning below the wage floors defined in the *Child Care and Early Education Professional Wage Scale and Comparable Competencies* report?
2. Are providers earning less than the wage floor less educated?
3. Are providers earning less than the wage floor newer to the ECE workforce?
4. Are providers earning less than the wage floor more likely to need public benefits?
5. How does the Great Start Compensation Support Payment Program impact the percentage of center-based pilot participants earning at or above the wage floor?

During the Pay Equity Pilot, center-based providers submitted information verifying their hourly pay rate, presenting a rich source of wage data with accompanying information about providers' roles, experience, education, and demographics.³ DCYF's *Child Care and Early Education Professional Wage Scale and Comparable Competencies* report, published in January 2025 (MN DCYF, 2025a), proposed a series of wage scales by rural-urban commuting area (RUCA). The report includes a wage floor for each RUCA designation that is tied to individual cost of living, intended to provide a livable wage for a single person. Table 1 shows the wage floors for the communities that participated in the Pay Equity Pilot.

Table 1. Wage Floors for Pilot Communities

Pilot Community	County	RUCA Designation	Wage Floor
Itasca Area Schools Collaborative	Itasca	Small Town	\$14.38 per hour
Rochester	Olmsted	Urban	\$17.35 per hour
Willmar	Kandiyohi	Large Town	\$14.39 per hour

Note: The Pay Equity Pilot included participants from four communities. However, this analysis is restricted to center-based providers. One community, Cook County, did not have any center-based pilot participants.

SRI conducted an analysis of 113 providers' verified wages to understand the extent to which center-based pilot participants were earning wages above or below the wage floor, and the characteristics associated with below-floor wages. Table 2 displays the characteristics of these participants.

³ Verified wages were only available for center-based providers. SRI estimated wages for family child care providers and has excluded those providers from this analysis.

Table 2. Characteristics of Center-Based Participants in the Wage Floor Analysis

Characteristic	Center-Based Participants (<i>n</i> = 113)
Job role	Assistant teacher or aide: 15% Teacher or lead teacher: 62% Director, assistant director, or curriculum/education coordinator: 21% Owner: 1% Other role: 1%
Average years worked in the ECE field	14.5 years
Highest education level	Master's degree or higher: 8% Bachelor's degree: 42% Associate degree: 20% ECE-specific credential or some college: 14% High school graduate/GED: 13% Some high school: 3%
Use of public benefits	Receive any public benefits: 26% No public benefits received: 69% Prefer not to respond: 5%

Additionally, SRI used program-level information about the Great Start Compensation Support Payment Program to understand the extent to which program payments can contribute to the wage floor. The Great Start Compensation program provides programs with \$375 per month for each full-time equivalent (FTE), with many programs receiving an added 10% enhancement for providing care through subsidy programs or being in an Access Equity Area with higher rates of vulnerable populations (MN DCYF, n.d.).

Center-based programs have flexibility in how they apply their funds to support compensation and can increase wages for existing staff, provide bonuses for existing or new staff, or put funds toward new or increased benefits. While SRI did not have detailed information about how each program uses its Great Start Compensation funds, most programs reported using the funds for wages and salaries (71%) and compensation bonuses for existing employees (69%; MN DCYF, 2025b). To model the potential impact of the funds on the wage floor, SRI's analysis assumed that programs use the full monthly fund of \$375 per staff member to increase wages.

About the Follow-Up Survey

Guiding research questions:

1. What is the employment status of Pay Equity Pilot participants one year after the pilot?
2. How financially stable are participants one year after the end of the pilot?
3. What financial hardships have participants recently experienced?
4. What was the impact of pay equity participation on receipt of public benefits?
5. What is the current desire of participants to remain in the ECE profession?
6. What long-term financial impacts have participants experienced because of the pilot?
7. What communication methods do participants prefer when receiving information about compensation-related efforts?

SRI administered a voluntary follow-up survey to individuals who participated in the 2024 Pay Equity Pilot. Of the 225 individuals invited, 153 completed the survey, resulting in a 68% response rate.⁴ The survey collected information on current employment status, job changes, hours worked, financial hardship experienced in the prior 12 months, perceptions of income adequacy, public benefit participation, reflections on longer-term impacts of the pilot, desire to remain in the field, and preferences for receiving information about compensation-related efforts. Where possible, SRI aligned survey items with those used during the pilot to allow for comparison over time.

One limitation of the follow-up survey compared with previous surveys is that, during the pilot program, survey completion was required for continued participation, resulting in a 100% response rate. While the response rate for the follow-up survey was high, completion of this survey was optional. Furthermore, each question in the follow-up survey was optional, so response rates varied by item.

As shown in Table 3, the participants who completed the follow-up survey looked very similar to the pilot participants more broadly. Follow-up survey completers had more experience in the ECE field (18 years of experience vs. 16 years as of summer 2024) and were slightly more likely to have obtained a bachelor's degree (39% vs. 35%). The next two main sections report findings from the wage floor analysis and follow-up survey. Subgroup analysis is included wherever group differences are present.

⁴ There were 226 pilot participants; however, one email address had become inactive, and SRI was not able to send this participant a survey.

Table 3. Characteristics of All Pilot Participants Compared with Those Who Completed the Follow-Up Survey

Characteristic	All Pilot Participants (<i>n</i> = 224)	Follow-Up Participants (<i>n</i> = 153)
Setting at the time of pilot participation	Family child care: 51% Center-based: 49%	Family child care: 50% Center-based: 50%
Average years worked in the ECE field	16 years	18 years
Highest education level	Master's degree or higher: 7% Bachelor's degree: 35% Associate degree: 22% 60 college credits: 6% 30 college credits: 9% High school graduate/GED: 18% Some high school: 3%	Master's degree or higher: 8% Bachelor's degree: 39% Associate degree: 20% 60 college credits: 5% 30 college credits: 11% High school graduate/GED: 15% Some high school: 1%
Average age	45 years old	46 years old
Gender	Female: 95% Male: 5% Prefer not to respond: < 1%	Female: 98% Male: 1% Prefer not to respond: 1%
Race	White: 84% Black or African American: 8% Hispanic, Latino, Latina, Latine: 3% Asian: 2% Multiracial: 2% Prefer not to respond: 1%	White: 86% Black or African American: 3% Hispanic, Latino, Latina, Latine: 4% Asian: 3% Multiracial: 3% Prefer not to respond: 1%
Primary language	English: 95% Spanish: 3% Somali: 2% Arabic: < 1%	English: 96% Spanish: 3% Somali: 1% Arabic: 0%

Note: All demographic and employment data are from the time of the first pilot survey in summer 2024, which was one month into the pilot program. At that time, 224 of 226 participants remained eligible and provided data.

Findings from the Supplemental Wage Floor Analysis

One hundred and thirteen center-based participants provided verified wages for participation in the Pay Equity Pilot. Of these, 23 participants (20%) reported earning less than the wage floor for their community.⁵ On average, these earners' hourly wages were \$1.67 below the wage floor (Table 4), although there was a great deal of variability (Figure 1).⁶ Although SRI's analysis found that providers earning less than the wage floor were somewhat more likely to be in job roles with fewer duties or responsibilities (e.g., teaching assistant vs. lead teacher) and had less education and years of experience, some individuals earning less than the wage floor had many years of experience, were highly educated, and served in lead teacher or director-level positions. These data points challenge commonly held notions that individuals who are not yet earning a living wage need more education or experience.

Table 4. Hourly Wages—Amount Above or Below the Wage Floor

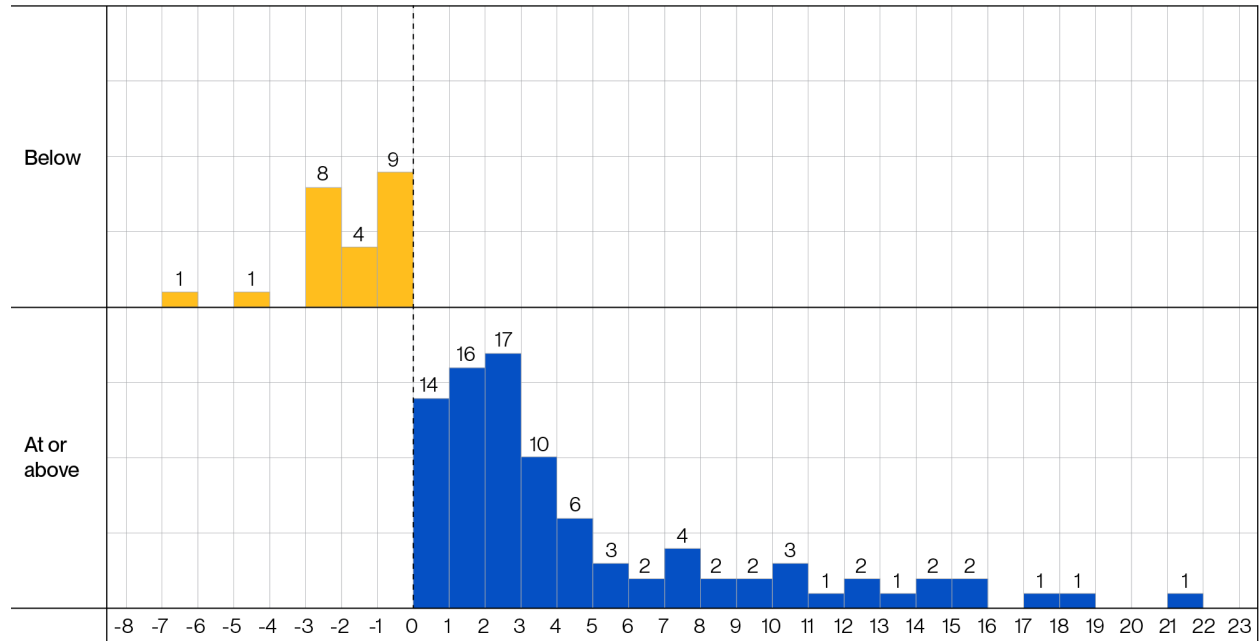
Wage Designation	Average	Range
Below wage floor (n = 23)	-\$1.67 per hour	-\$0.30 to -\$6.67 per hour
Above wage floor (n = 90)	+\$4.79 per hour	+\$0.00 to +\$21.90 per hour

Note: The 2024 minimum wage in Minnesota was \$8.85 per hour for small employers and \$10.85 per hour for large employers (Minnesota Department of Labor and Industry, 2023). All participants earned more than the minimum wage.

⁵ This analysis does not consider how providers are nested within programs. In many cases, multiple individuals from the same program participated in the pilot, which may have affected the extent to which that program's wages impact overall percentages. This analysis is not intended to be representative or generalizable.

⁶ This analysis does not take into account other provider characteristics that are incorporated into the wage scale (e.g., education, years of experience).

Figure 1. Distribution of Differences Between Verified Wages and Wage Floor

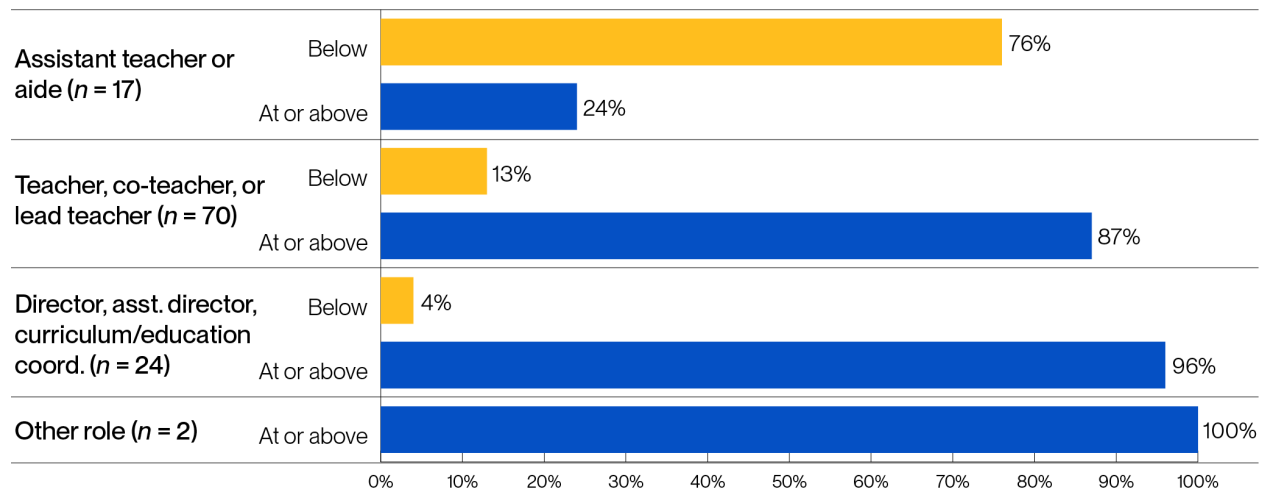


Note: Each column represents the number of individuals falling within a wage range. For example, 14 individuals earned between \$0 and \$1 more than the wage floor, and eight individuals earned between \$2 and \$3 less than the wage floor.

Which Roles Are Earning Below the Wage Floor?

Participants earning less than the wage floor were concentrated in teaching assistant or aide roles, which are typically lower paying (76% earned less than the wage floor, compared with 13% of lead teachers and 4% of director-level positions; Figure 2).

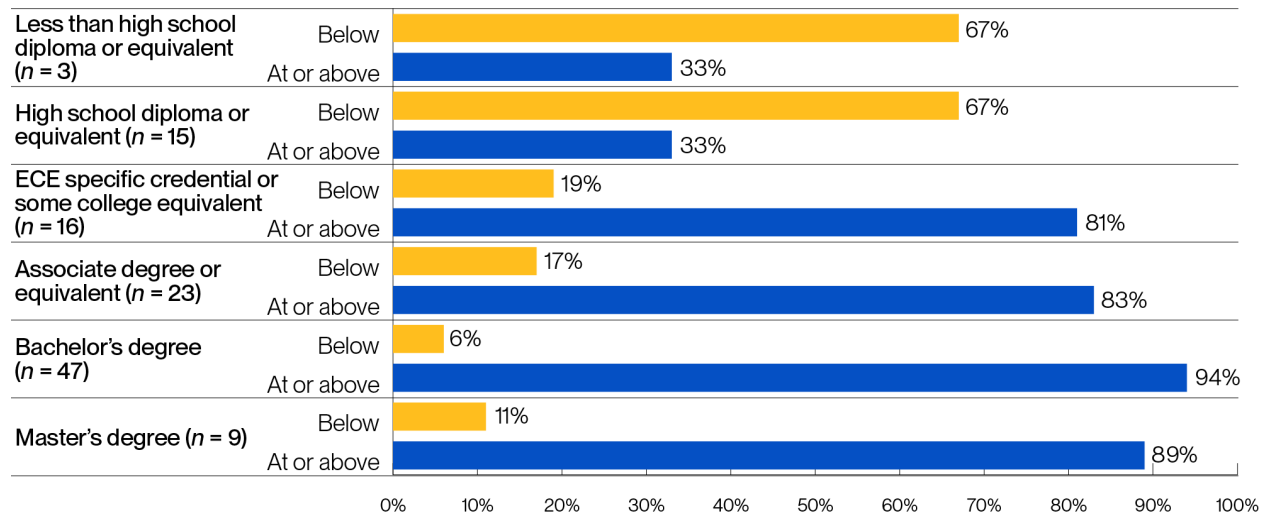
Figure 2. Participant Wages Relative to the Wage Floor, by Role



Are Providers Earning Less Than the Wage Floor Less Educated?

Participants earning less than the wage floor reported overall lower levels of education as verified in Develop.⁷ However, individuals at every level of education (including up to a master’s degree) reported earning less than the wage floor (Figure 3).

Figure 3. Participant Wages Relative to the Wage Floor, by Education



Are Providers Earning Less Than the Wage Floor Newer to the Workforce?

Participants earning less than the wage floor were highly experienced (9.0 median years of experience) but still reported fewer years in the ECE workforce compared with those earning above the wage floor (14.5 median years of experience). There was a great deal of variability within the group below the wage floor, with years of experience ranging from four to 30. This aligns with feedback provided during the Pay Equity Pilot that job experience is not sufficient to help providers increase earnings and “get ahead” with a livable wage (Hudson & Mauzy, 2024).

Are Providers Earning Less Than the Wage Floor More Likely to Need Public Benefits?

Participants earning less than the wage floor were more likely to report receiving public benefits, with 39% reporting that they receive public assistance, including medical, housing, food, energy, cash, and child care assistance. Notably, 22% of participants earning more than the wage floor

⁷ SRI and Think Small used verified education levels from Develop to determine wage scale placement. However, degrees were not required to be ECE-specific, except when an individual’s verified education was an ECE credential.

reporting using public assistance (medical, food, energy, and child care assistance), suggesting that compensation levels above the proposed wage floor do not necessarily eliminate reliance on public supports and that individual household circumstances may influence economic stability. Across both groups, medical assistance was the most reported public benefit.

What Is the Potential Impact of Great Start Compensation Support on Whether Professionals Earn Above the Wage Floor?

SRI modeled the impact of Great Start Compensation support on verified wages to provide insight into how these funds contribute to livable wages and found that these funds were sufficient to raise wages above the wage floor for nearly every provider earning below the floor. One hundred and seven center-based participants (95%) reported working at a program that receives Great Start Compensation funds, and 97 of these participants (86% of all participants) reported working at a program that receives Great Start Compensation funds with the 10% enhancement rate. SRI added \$2.16 per hour to the verified wages for providers working in programs receiving Great Start Compensation funds without the enhancement, and \$2.37 per hour for providers in programs receiving Great Start Compensation with the enhancement.⁸ After adjusting the verified wages, only two of the 23 participants earning less than the wage floor remained below the floor. While the Great Start Compensation Support Payment Program allows programs use funds flexibly, this analysis suggests it could better support state wage floor priorities by allocating funds directly to staff as additional pay tied to their FTE. This approach would align compensation with the basis for calculating state payments.

Findings from the Follow-Up Survey

What Is the Employment Status of Pay Equity Pilot Participants One Year After the Pilot?

Nearly all survey participants (89%) reported that they were working in the same job and same role as during the Pay Equity Pilot. Eleven percent reported a change in employment status, including 2% who changed roles in the same program, 6% who moved to a different program, and 3% who had left the ECE field altogether. Compared with statewide data, this finding appears lower than the broader statewide turnover rate of 30% among center-based staff (Valorose et al., 2023).

Most reported job changes involved teachers moving to a new program, changing roles within their program, or exiting the field, with smaller numbers of leaders and family child care providers reporting similar shifts. Because this analysis reflects only individuals who completed

⁸ Great Start Compensation provides \$375 per 1.0 FTE per month. The number of working hours in a month varies. SRI's calculation assumes 174 working hours per month based on a 40-hour work week during an average month with 4.35 weeks (i.e., $\$375/174 = \2.16 ; $\$412.50/174 = \2.37).

the follow-up survey, providers who changed jobs or left the field may be underrepresented. Findings related to workforce stability should therefore be interpreted with this limitation in mind.

At the time of survey administration, participants represented a range of roles across the field (Table 5), including family child care providers, teachers, assistant teachers, and program leaders.

Table 5. Job Role of Participants at the Time of Follow-Up Survey Administration

Job Role	Number	Percentage
Family child care provider	73	49%
Teacher, co-teacher, or lead teacher	40	27%
Director, assistant director, or other leadership	21	14%
Assistant teacher or aide	7	5%
Other role	2	1%
No longer in ECE field	5	3%
Total	148	100%

How Financially Stable Are Participants One Year After the End of the Pilot?

Participants reported working an average of 46 hours per week, which is the same number of hours providers reported working during the Pay Equity Pilot. Family child care providers reported working more hours per week on average—53 hours on average compared with 39 hours for center-based participants. Twenty-two percent of participants were the sole wage earners for their household at the time of the follow-up survey, compared with 24% during the pilot.

Despite full-time working hours, many participants continued to report a significant level of financial strain and perceived that their pay did not align with their experience, education, and skills. Only 40% of follow-up survey participants agreed or strongly agreed that their household income (excluding pay equity payments) was enough to make ends meet, similar to 38% during the pilot. By contrast, 80% agreed during the pilot that their income with pay equity payments

was fair compensation for their education, experience, and skills, compared with just 18% who felt their current income was fair compensation at follow-up.⁹

What Financial Hardships Have Participants Recently Experienced?

Financial hardship remained widespread one year after the pilot. As shown in Table 6, half or more of follow-up survey participants reported “some” or “significant” hardship related to unexpected expenses, personal debt, medical needs or medical debt, extracurricular activities, dental needs or dental debt, and utility payments.

Table 6. Providers Experiencing “Some” or “Significant” Financial Hardships

Hardship	At Time of Pay Equity Pilot (n = 153)	At Time of Follow-Up Survey (n = 141)
Unexpected expenses	86%	81%
Other personal debt (not medical or education)	75%	67%
Medical needs or medical debt	72%	65%
Extracurricular activities	60%	60%
Dental needs or dental debt	67%	59%
Utility payments	54%	50%
Clothing, shoes, or other needed accessories	48%	46%
School/education costs or student loan debt	50%	43%
Food	38%	40%
Mental health needs	44%	35%
Housing	44%	34%
Child or elder care costs	23%	15%

Note: At the time of the follow-up survey, respondents indicated the extent to which they had experienced financial hardships during the *past 12 months*. There was not a time parameter on this question in the original pilot survey. Consequently, slightly higher reported percentages are expected.

⁹ Here and throughout this section, data from the original pilot survey was restricted to include *only* participants who completed the follow-up survey. This approach was taken to increase comparability of data over time. Full data for all participants can be found in [Minnesota Early Care and Education Workforce Pay Equity Pilot: Key Lessons and Recommendations](#).

Patterns of hardship varied by provider settings (Table 7). Family child care providers reported greater challenges with unexpected expenses, dental needs or dental debt, and food costs. Center-based providers were more likely to report hardships related to utility payments, education costs or student loan debt, mental health needs, housing costs, and child or elder care costs.

Table 7. Providers Experiencing “Some” or “Significant” Financial Hardships During Previous 12 Months, by ECE Setting

Hardship	Center-Based Providers	Family Child Care Providers
Unexpected expenses	78%	84%
Other personal debt (not medical or education)	69%	66%
Medical needs or medical debt	66%	63%
Extracurricular activities	57%	63%
Dental needs or dental debt	53%	64%
Utility payments	53%	48%
Clothing, shoes, or other needed accessories	47%	45%
School/education costs or student loan debt	46%	41%
Mental health needs	41%	29%
Housing	37%	30%
Food	36%	44%
Child or elder care costs	22%	8%

What Was the Impact of Pay Equity Participation on Receipt of Public Benefits?

The impact of pay increases on individuals’ receipt of public benefits is an important consideration in the design of compensation support programs. Even small increases in pay can result in loss of public benefits that are vital for individuals and their families.

At the time of the follow-up survey, 81% of participants reported that they were not receiving public benefits at the time of the pilot, 16% reported that pay equity payments had no impact on their public benefits, and 3% (five participants) reported that the payments resulted in a loss of public benefits. When asked if the pay equity payments affected eligibility for new public benefits that individuals applied for after the pilot, most (85%) reported that they had not applied for new

benefits, and 15% reported that there was no impact on their application for new benefits. Overall, the reported impacts of pay equity payments on public benefit receipt were limited.

What Is the Current Desire of Participants to Remain in the ECE Profession?

At the conclusion of the Pay Equity Pilot, 70% of providers reported an increased desire to stay in the ECE field, 28% had about the same desire to stay in the field, and 2% had less desire to stay. At follow-up, participants responded to a survey question about their desire to stay in the field since the conclusion of the pilot: 10% reported a greater desire to stay in the field than during the pilot, 68% reported the same level of desire to remain in the field, and 22% reported less desire.

These findings suggest that the heightened motivation observed during the pilot was not fully sustained after payments ended, although most respondents continued to express commitment to remaining in the field. However, there were variations: 25% of family child care providers stated that they had less desire to stay in the field, compared with 19% of center-based providers. This difference is more pronounced when considering the pay equity amounts that family child care providers received during the pilot: For family child care providers who received higher payments (more than the median), 21% reported less desire to stay in field, compared with 37% of family child care providers who received lower payments.

What Long-Term Financial Impacts Have Participants Experienced Because of the Pilot?

SRI asked follow-up survey participants to describe the long-term financial impacts of pilot participation. Five qualitative themes emerged from the comments—four describing positive long-term impacts, and one describing a negative impact. Some respondents indicated that they did not experience long-term financial impacts. Participants most commonly reported using funds to invest in their business, pay bills, pay down debt, or contribute to savings or retirement accounts (Table 8). A small percentage reported a negative impact related to taxes.

Table 8. Providers’ Reported Long-Term Financial Impacts, by Theme

Theme	Center-Based Providers (n = 69)	Family Child Care Providers (n = 74)
Provider invested in business	1%	15%
Provider used funds to pay bills	17%	13%
Provider paid debt	7%	7%

Theme	Center-Based Providers (n = 69)	Family Child Care Providers (n = 74)
Provider funded savings, investment, or retirement accounts	7%	7%
Provider experienced negative impact on taxes	2%	2%
No long-term impact	11%	6%

Note: Percentages do not add to 100%. Participant comments may have included multiple themes.

Survey participants described using funds to strengthen their long-term financial position, including investing, contributing to retirement accounts, paying debt, or purchasing materials for use at work.

*“I was able to put the money from the Pay Equity Pilot into **investing**, which impacts my **long-term financial plans**.”*

Center-based provider

*“I was able to put a percentage into a **retirement fund**, [and] I was able to **purchase classroom items to benefit students for several years**.”*

Center-based provider

Differences emerged by provider setting. Family child care providers were more likely to report long-term benefits related to business investments and less likely to report that they did not experience long-lasting impacts.

*“It really helped me [when] I was struggling financially and helped me get ahead of some of the things that needed fixed or were completely broken in addition to keeping payments going, so **in the long term I have a [running] business** ... that was in jeopardy of not being able to keep going.”*

Family child care provider

*“It helped me **pay down some debt**, which helped reduce a little stress. It **also paid for my daycare insurance**. I now have a large amount of medical debt, so having received that extra income ... **helped me not have to quit and get a job with insurance**, for now.”*

Family child care provider

Reported long-term impacts also varied by payment size. As shown in Table 9, survey participants who received payments above the median monthly amount (\$1,469) were more likely to report both positive and negative long-term effects compared with those who received payments below the median.

Table 9. Providers’ Reported Long-Term Financial Impacts by Theme, Based on Median Pay Equity Payment Amounts

Theme	Received Less Than Median Monthly Payment	Received More Than Median Monthly Payment
Provider used funds to pay bills	12%	18%
Provider invested in business	4%	12%
Provider paid debt	5%	9%
Provider funded savings, investment, or retirement accounts	4%	9%
Provider experienced negative impact on taxes	1%	4%
No long-term impact	11%	6%

For some survey participants, larger payments enabled more substantial financial decisions, such as accelerating debt repayment or building savings. A small number reported unintended tax consequences associated with higher payments.

*“The Pay Equity Pilot allowed my family to make some helpful financial decisions that supported **paying down debt**. Which in turn freed up more of our income to **start saving more**.”*

Center-based provider

*“[The pay equity payments] drastically **increased taxes** ... at a level I did not expect. I should have looked into the taxes I needed to save out of the money [provided in pay equity payments] more.”*

Family child care provider

What Communication Methods Do Participants Prefer?

DCYF uses multiple communication channels to engage the ECE workforce, including the Early Childhood Connector email list, which provides updates on state initiatives. However, targeted initiatives such as the Pay Equity Pilot require more direct and tailored outreach strategies. SRI asked follow-up survey participants to share their preferences for receiving information from DCYF. As shown in Table 10, participants preferred more direct forms of communication. Center-based providers most frequently indicated a preference for receiving updates from a program director or Develop registry administrator. Family child care providers also showed a preference for receiving updates via Develop. Given the strong preference for direct communication and the need for targeted outreach, Develop can offer a practical communication pathway for providers across settings.

Table 10. Providers’ Reported Information Preferences, by Provider Setting

Communication Approach	Center-Based Provider (n = 67)	Family Child Care Provider (n = 71)
Updates from program director (center-based only)	77%	N/A
Email from Develop registry administrator	64%	80%
Check webpage for updates	30%	23%

Note: This table reflects the percentages of follow-up survey participants who indicated that they “very preferred” or “moderately preferred” each communication approach.

Considerations for DCYF

Minnesota has made substantial investments in ECE workforce compensation, including ongoing program-level supports and a proposed statewide wage scale and benefits framework currently under legislative consideration. As these investments continue to evolve, there is an opportunity to strengthen how data and evaluation are used across programs to inform decision-making and support continuous improvement. Findings from the Pay Equity Pilot, follow-up survey, and statewide workforce data offer valuable insight into how different compensation approaches function within the broader ECE workforce system.

The considerations below build on recommendations from [Informing Implementation of Minnesota’s Early Childhood Workforce Wage and Benefit Strategy](#) and focus on how DCYF can align learning across existing and proposed compensation initiatives and use data strategically to refine program design, assess progress toward stated goals, and respond to ongoing workforce needs. They represent four overarching recommendations for supporting the compensation system and two minor considerations for implementing compensation programs.

Strengthen System-Wide Learning and Use of Data

Data collected for the pilot and through other sources, such as the ECE statewide workforce study, highlight ongoing hardships among providers, even as Minnesota continues its efforts to strengthen the workforce. SRI’s earlier report (linked above) recommended that DCYF adopt a coordinated approach to data and evaluation to better understand how the compensation system functions and to guide continuous system improvement. Findings from this study confirm the importance of a system-wide learning framework.

To support this effort, DCYF should develop a clearly defined learning agenda aligned to workforce priorities and compensation goals. This agenda should articulate a focused set of research questions that can be addressed using existing data sources, supplemented by targeted new data collection when necessary.

Example learning agenda questions:

1. To what extent does the Great Start Compensation Support Payment Program raise wages relative to the proposed wage floors?
2. How, and to what extent, are Minnesota's compensation programs associated with changes in providers' reliance on public assistance over time?
3. How effectively do Minnesota's compensation programs address the needs of providers across different settings, roles, experience levels, and demographic groups?
4. To what extent do shorter-term programs offering benefits to providers increase workforce stability, retention, and well-being?

To operationalize this learning agenda, DCYF should consider the following actions:

- **Assess the extent to which data collected across sources can be coordinated to answer important questions about the workforce.** SRI's follow-up data collection and analyses hint at the subtleties involved in designing a compensation system to support all providers. Detailed, representative workforce data can provide powerful information that can be used for subgroup analyses and help answer questions about how well the compensation system is serving providers in different settings and job roles, with different education levels and experience, and with diverse demographic characteristics. DCYF has access to a wealth of data, such as through the registry, workforce surveys, unemployment insurance, Great Start Compensation annual reporting, and other sources. SRI recommends assessing the range of data available to identify where existing data can be used to answer important compensation-related questions and where new, targeted data collection activities can provide meaningful information. This recommendation aligns with DCYF's current efforts to expand Minnesota's Early Childhood Longitudinal Data System (ECLDS). This effort, which seeks to incorporate workforce data into the ECLDS, provides an existing infrastructure that can be leveraged to support coordinated data collection and analysis that will simultaneously support compensation efforts.
- **Conduct a larger-scale analysis of Great Start Compensation program data and its impacts on the workforce.** SRI's base wage analysis was small and nonrepresentative but offers some indication that the Great Start Compensation program may already be addressing a priority outlined in DCYF's *Child Care and Early Education Professional Wage Scale and Comparable Competencies* report (MN DCYF, 2025a) to promote a livable wage for a single individual. The Great Start Compensation Support Payment Program was designed to maximize flexibility, allowing programs to use funds within a set of approved uses. However, this flexibility exists in tension with state priorities to promote a livable wage and pay parity. To truly understand the impact of this important program, SRI suggests collecting and analyzing more detailed information about how Great Start Compensation

funds are used and the extent to which they promote a wage floor. Secondly, SRI's data suggests that the pay equity payments, although time-limited, were enough to produce some long-term impacts. Findings that pay equity payments allowed providers to “get ahead” on bills and debt and proactively add to savings and retirement accounts are an indication of providers’ chronic financial instability as well as the transformative impact of cash infusions. The Great Start Compensation program offers smaller dollar amounts that are available over a greater period of time. Conducting a study of the impacts of the Great Start Compensation program on the financial status and hardships experienced by the workforce can elucidate the relative benefits of different payment approaches, as well as the mechanism through which each program promotes positive outcomes.

Address Immediate Workforce Needs While Advancing Long-Term Reform

While the Minnesota legislature considers more comprehensive compensation programs, shorter-term opportunities can provide much-needed immediate relief.

- **Provide access to flexible benefits that providers can tailor to their personal needs.** Financial hardships vary across provider types and roles within Minnesota’s ECE workforce. Family child care providers, who often operate as small business owners with variable income, report higher rates of unexpected expenses, food-related costs, and dental needs. Center-based staff more frequently report challenges related to housing, student loan debt, mental health needs, utility payments, and child or elder care costs.

While broader wage reforms remain essential to achieving long-term workforce stability, short-term supports that allow providers to address individualized financial pressures may offer meaningful relief. Targeted benefits models that allow providers to select benefits from an approved menu of options based on individualized needs respond to providers’ most pressing needs.

DCYF may consider piloting and evaluating a flexible benefits approach to assess its impact on reducing commonly reported hardships and supporting workforce stability. Findings from such a pilot could inform the design of longer-term compensation and benefits strategies.

- **Identify opportunities to address the need for emergency funds.** Across time, settings, and individual characteristics, providers consistently reported unexpected expenses as the most common financial hardship. For providers working in low-wage roles, unplanned expenses such as vehicle repairs, medical bills, or home maintenance can create acute financial instability. While long-term wage improvements remain central to workforce stability, DCYF should assess the feasibility of piloting an emergency fund program to help individual providers manage financial shocks without exiting the field, similar to how the state’s existing Child Care Aware of Minnesota emergency fund supports programs with

financial needs that would otherwise prevent them from serving children (Child Care Aware of Minnesota, n.d.). Emergency fund models, which expanded during the COVID-19 pandemic, may continue to serve as a stabilizing mechanism for individual providers even outside periods of widespread economic disruption.

Strengthen Implementation and Workforce Engagement

- **Tailor the delivery of compensation programs to maximize accessibility and minimize burden on the ECE workforce.** Although rare, six providers reported that they were unprepared to owe taxes on the pay equity payments. SRI and Think Small provided information to providers during recruitment and enrollment that the payments were taxable income. Despite this, the financial needs of some providers lead them to spend funds without setting aside recommended amounts for later taxes. SRI recommends that DCYF take provider accessibility and burden into account when considering how to deliver compensation support funds. This may include considering payment approaches that allow funds to be incorporated into regular paychecks or sharing information about how providers can calculate the amount of money that may need to be set aside for taxes.
- **Use the Develop registry as a pathway for direct, targeted communication.** Providers described their desire for more direct communication pathways, and they are interested in more centralized methods of receiving workforce-related information. DCYF currently has robust methods for sharing statewide information but should consider methods that would allow for direct, targeted communication, such as through the Develop registry.

Conclusion

Minnesota continues to be a national leader in ECE workforce compensation and has made considerable progress toward strengthening its compensation system. Findings from this report confirm that existing programs, especially the Great Start Compensation Support Payment Program, have the potential to help DCYF achieve goals for a wage floor. Findings also confirm that the Pay Equity Pilot, although limited in duration and scope, continues to positively impact those who participated. A continued focus on collecting and analyzing data to understand the ECE workforce and the effects of compensation programs, identifying short-term opportunities to stabilize the workforce, and tailoring a workforce system to the needs of providers will help DCYF make further progress in supporting a thriving workforce serving the children and families of Minnesota.

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