

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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Executive Summary

Minnesota has made substantial investments to strengthen compensation for the early care and education (ECE) workforce, reflecting a growing recognition that low wages and limited benefits undermine workforce stability and access to care. Two pivotal components of this strategy are the Great Start Compensation Support Payment Program and, at the direction of the Minnesota Legislature, the development of recommendations for a statewide wage scale and benefits framework designed to align compensation with education, experience, and regional cost of living.¹ These efforts represent a shift from short-term, supplemental supports toward a more coordinated, system-level approach to ECE compensation aimed at establishing a wage floor, progressing toward parity with K–12 counterparts, and promoting long-term workforce stability.

As these efforts advance, including legislative consideration of the proposed wage scale, state leaders have an opportunity to use emerging data and evidence to inform implementation. The proposed wage scale recommendations were based in part on findings from the ECE Workforce Pay Equity Pilot, which tested a structured, education- and experience-based wage scale model.² This report returns to that pilot one year later to examine workforce stability and financial conditions after payments ended and to compare participant wages to the proposed wage floor benchmarks. These analyses illustrate which participants earn less than the wage floor and the characteristics associated with those gaps. The analyses also highlight how compensation levels relate to workforce stability and financial well-being over time, and the potential role of existing compensation supports, particularly the Great Start Compensation Support Payment Program, in advancing progress toward wage floor goals. While these findings are based on a relatively small, defined group of pilot participants and are not representative of the statewide workforce, they provide valuable insight into how compensation strategies function in practice.

¹ View the report and recommendations: [Child Care and Early Education Professional Wage Scale and Comparable Competencies Legislative Report](#).

² View the report: [Minnesota Early Care and Education Workforce Pay Equity Pilot: Key Lessons and Recommendations](#).

Assessing Provider Wages in Relation to Proposed Wage Floor

Analysis of verified wages of the 113 center-based providers who participated in the Pay Equity Pilot suggests that providers' wages are often aligned with the proposed wage floors. However, gaps remain in how consistently such alignment is achieved across the workforce.

- Most center-based providers in the pilot were earning wages at or above the proposed wage floor levels.
- However, a meaningful share of providers (20%) earned less than the wage floor, demonstrating that gaps persist even within a sample of experienced providers.
- While providers earning less than the wage floor were more likely to have lower levels of education or experience, they were not limited to these groups. This suggests that current compensation structures do not consistently align with qualifications or tenure.
- Providers earning less than the wage floor were more likely to rely on public benefits. However, even some providers earning at or above the wage floor relied on public supports, indicating that a wage floor alone may not be sufficient to ensure economic stability.
- The Great Start Compensation Support Payment Program has the potential to substantially reduce the number of providers earning less than the wage floor when funds are applied to wages. However, because programs have flexibility in how these funds are distributed across staff, the extent to which this potential is realized may vary across settings.



Workforce Stability and Financial Well-Being over Time

One hundred and fifty-three Pay Equity Pilot participants (68% of the total), including both center-based and family child care providers, completed a follow-up survey. Findings from this survey indicate that the pilot provided meaningful short-term financial relief for nearly all participants and long-term impacts in key areas for a sizable portion of participants. Even so, many providers continued to experience financial strain after payments ended.

- Despite working full-time hours, many providers continued to report difficulty in meeting basic needs. Relatively few providers felt their current compensation was adequate for their education, experience, and skills.
- Financial hardship remained widespread one year after the pilot, particularly related to unexpected expenses, debt, and essential household costs. This finding indicates ongoing economic instability.
- Providers reported that pay equity payments had lasting financial benefits, including paying down debt, building savings, and investing in their programs and businesses. This suggests that even temporary increases in compensation can support longer-term financial gain.
- The extent of these longer-term impacts varied. Larger payments and family child care settings were more often associated with sustained financial benefits.
- Providers expressed a preference for more direct and targeted communication about compensation opportunities. This highlights an opportunity to use existing infrastructure, particularly the Develop registry, to support more consistent and accessible outreach.

“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

“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

Considerations for the Department of Children, Youth, and Families (DCYF)

As Minnesota's workforce investments continue to evolve, there is an opportunity to strengthen how state leaders use data to coordinate, implement, and improve programs. Findings from the Pay Equity Pilot and follow-up analyses highlight key areas where targeted action can support both near-term workforce stability and longer-term system reform. The considerations below reflect two primary areas for advancing Minnesota's approach to compensation, benefits, and workforce development, followed by more targeted implementation considerations to support effective delivery and workforce engagement.



Strengthen System-Wide Learning and Use of Data

As Minnesota advances an approach to ECE compensation that includes both a wage floor and pay parity with K–12 counterparts, findings from this analysis suggest that achieving consistent results will depend on greater alignment in how strategies are designed and implemented across programs. To support this, DCYF should advance a coordinated learning agenda aligned with workforce priorities, with a particular focus on how compensation strategies are functioning in practice and contributing to workforce outcomes. The following near-term actions can help strengthen alignment and inform the development of a coordinated learning agenda:

- **Strengthen coordination of data collection and analysis across initiatives** to support a more comprehensive understanding of the ECE workforce and inform strategies to recruit, retain, and support a stable workforce.
- **Undertake a deeper analysis of Great Start Compensation Support Payment Program data** as a key application of this approach to better understand how funds are distributed across staff and how different allocation approaches influence workforce outcomes, including progress toward proposed wage floors.





Address Immediate Workforce Needs While Advancing Long-Term Reform

Findings indicate that while compensation increases can provide meaningful financial relief, many providers continue to experience ongoing financial strain. This highlights the need for both short-term supports and sustained, system-level solutions.

- **Expand access to targeted, flexible benefits that providers can tailor to their individual needs.** These benefits can help address ongoing financial strain and unexpected expenses, including those related to medical and dental needs, while broader compensation reforms are under consideration. Piloting and evaluating this approach can inform longer-term compensation and benefits strategies.
- **Consider the feasibility of emergency funding to help providers manage unexpected expenses.** Emergency funding models expanded during the COVID-19 pandemic and may offer a useful starting point for addressing one of the most common sources of financial hardship—unexpected expenses. Emergency funding can continue to serve as a stabilizing mechanism even outside periods of widespread economic disruption.



Strengthen Implementation and Workforce Engagement

- **Design compensation supports to be accessible and minimize administrative burden.** This includes careful consideration of how programs deliver funds to providers, including implications such as tax liability and how providers understand and manage payments.
- **Leverage the Develop registry as a centralized mechanism for communication and engagement.** Doing so would enable more direct and targeted outreach to providers about compensation opportunities.

Find more information about this work in the full report, [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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