

# Solving the Child Care Teacher Shortage Through State Recruitment and Retention Investments

2025



# Introduction

A historic child care teacher shortage is closing programs and classrooms throughout Pennsylvania, contributing to long waiting lists for working families in need of care.

As part of the 24/25 state budget, federal child care funding was used to increase the child care subsidy reimbursement rate to the 75th percentile of the current market price of child care services to meet the federally recommended child care subsidy reimbursement rate. This was an important step to supporting those child care providers that are deeply invested in the state's subsidized child care system, Child Care Works. While this increase, which took effect in January 2025, helps alleviate some of the continuing inflationary pressures that subsidized providers are facing (such as rising facility, food, utility, and supply costs), its impact on stabilizing the child care workforce will be limited. This is true even if those providers decided to apply the full rate increase to wages, the rate increase likely would not be sufficient to make the level of workforce investments necessary to solve the historic teacher shortage.

It is imperative that Pennsylvania tackle the child care teacher shortage head-on to ensure working families have access to child care and that employers can fill high job vacancies, by establishing and funding a program that will help providers better recruit and retain their staff. Many states are directly investing in recruitment, retention and other wage impacting strategies to ensure that child care programs can keep classrooms open and child care supply can meet the demand from working families.

The following states have invested in these types of initiatives to cut down turnover rates and some have documented and shared their outcomes. Some of these states are also paying child care providers at or above the 75th percentile<sup>1</sup> and have made these additional investments in recruitment and retention programs to address staffing shortages and to stabilize their child care systems.

Governor Shapiro proposed a \$55 million recurring investment for child care workforce recruitment and retention. This investment estimates an additional \$1,000 per educator increase for licensed child care programs participating in the child care subsidy program. Start Strong PA celebrates this proposal to directly invest in a child care teacher recruitment and retention program that will help keep teachers in the classroom so that working families have access to the care they need. If this investment is included in the final 2025-2026 budget, Pennsylvania will join these 18 states that are directly investing in teacher recruitment and retention efforts to keep child care classrooms open for the benefit of working parents and the economy at large.

## **Color Key**



Purple = Administration Party and Legislature Majority Party are split Democratic/Republican or Republican/Democratic



Red = Administration Party Republican Legislature Majority Party Republican



Blue = Administration Party Democratic Legislature Majority Party Democratic



Gold Star = Pays child care subsidy reimbursement at or above the 75th percentile of the current market price of child care services.2



Two gold stars = ACF pre-approved alternative methodology to set payment rates based on the estimated cost of care. Office of Child Care has determined that these payment rates are compliant with determinations for the FY2022-2024 CCDF Plan.





# Alaska

Retaining Our Outstanding Teachers (ROOTS) Award<sup>3</sup> increases wages for child care professionals and stabilizes child care operations.4

\$7.5 million (FY 2024)

\$7.5 million (FY 2025)5

**Governor:** Republican

Legislature Majority: Split



# **★** Colorado

Boosting pay for early childhood professionals: \$4.9 million increase to boost pay for community providers, including early childhood educators by 2%

Increase of \$1.9 million in state funds (and \$83k in CCDF and 8.0 FTE staff) to support efforts to attract and retain high quality providers and educators. The investment will allow for the continuation of initiatives originally funded with stimulus funds. Funding will support the Early Childhood Workforce unit, Early Childhood Councils and training and consultation for existing and prospective child care providers.

\$4.9 million (FY 2024-2025)

Reimbursement rate: 80th percentile

Governor: Democratic Legislature Majority: Democratic



# Connecticut

Wage Support Payment Program is a one-time bonus of \$1,800 per early childhood teacher and teacher assistants employed in a state-funded child care program.<sup>6</sup>

\$9 million (FY 2024)

Governor: Democratic

Legislature Majority: Democratic



# Georgia

Increase base salaries for GA Pre-K Program certified lead teachers by \$2,5007 and certified assistant teachers by \$5,551.8

## \$25 million (FY 2025)9

Increase salary for assistant Pre-K teachers to provide parity<sup>10</sup> with K-12 paraprofessionals (\$14,752,422) and improve salary parity between Pre-K lead teachers and K-12 teachers by moving to the State Board of Education salary schedule (\$4,682,380)11

## \$19,434,802 million (FY 2025) 12

FY 2023 and FY 2024 included increases in base salary of \$2,000/year for state pre-k assistant and lead teachers

FY 2015-2016 first enacted pay parity policy, which is a supplement to the base salary based on years of experience

Governor: Republican

Legislature Majority: Republican



# Illinois

Great START Wage Supplements (Strategy to Attract and Retain Teachers) is a wage supplement program for child care practitioners who have completed college coursework and stay at their current place of employment.13

## \$6.2 million (FY 2025)14

Smart Start Workforce Grants offer child care programs stable, ongoing funds that they need to cover costs and invest in quality staff.<sup>15</sup>

## \$122 million (FY 2025)<sup>16</sup>

Governor: Democratic

Legislature Majority: Democratic

Start Strong PA





Child Care WAGE\$® provides salary supplements (stipends) and works hand-in-hand with T.E.A.C.H. WAGE\$ goes to the early care and education workforce, based on the individual's level of formal education, quality rating level, and commitment to their program.17

## \$5.5 million (FY 2023)18

Extend Child Care Workforce One-Year Pilot Program, which began in July 2023 to allow child care providers to apply for Child Care Assistance for their own children. The Pilot Program currently serves 1,676 children, and it is estimated that there will be approximately 1,870 children enrolled in July 2024. The current average cost per child is \$455/ month.19

Approximately \$10,200,000 in FY 2025, \$5,100,000 are state funds and \$5,100,000 are federal funds

**Reimbursement rate:** 75th percentile

Governor: Republican Legislature Majority: Republican

## **Outcomes of their investments:**

## FY 2023 Survey Data:20

- At least 90% said WAGE\$ makes them feel appreciated and recognized for their work
- Nearly 100% said WAGE\$ eased financial stress
- Nearly 90% said WAGE\$ helped job satisfaction

## FY 2022 Survey Data:

Solving the Child Care Teacher Shortage State Recruitment and Retention Investments

- Salary supplements to 1,341 child care professionals
- Only 8% of WAGE\$ participants left their early education programs
- 90% said WAGE\$ encouraged them to stay in their current early education program.



## Maine

Through statute,<sup>21</sup> the Early Childhood Workforce Salary Supplement System provides salary supplements to child care providers and early childhood educators who provide direct services to children in a licensed child care facility or family child care home. Salary supplement funding assists eligible child care providers in paying competitive salaries based on the workers' level of education and experience.<sup>22</sup>

\$30 million (biennial 2024-2025)<sup>23</sup>

Governor: Democratic Legislature Majority: Democratic

## **Outcomes of their investments:**

With monthly payments tied to Workforce Registry levels, Maine's Office of Child and Family Services reports they have seen more of their workforce staying and coming into the field. They have also seen positive movement in staff getting training, credentials and degrees."





## **Massachusetts**

Commonwealth Cares for Children (C3) Grants providers monthly C3 grants to support early education and care providers' day-to-day operational and workforce costs.

\$475 million (FY 2024)

\$325 million (proposed FY 2025)<sup>24</sup>

Governor: Democratic Legislature Majority: Democratic

## **Outcomes of their investments:**

- The licensed capacity of the child care system exceeds pre-pandemic levels, with the capacity to serve 10,602 more children, a 4% increase, compared to last year.
- The number of licensed child care programs rebounds to pre-pandemic levels (at 8,171), a 7% increase from fall 2022 (7,648) and 22% increase since the fall 2020 pandemic low (6,716).
- Overall, 62% of providers reported that C3 enabled them to remain open, while over 2/3 of center-based providers said they are now able to serve their full licensed capacity.
- Providers spent 66% of all grant funds on workforce-related expenses, including existing payroll and benefits and investments in salary increases.
- Educator wages continue to increase.
- Almost half of providers reported that C3 allowed them to delay tuition increases.
   One quarter reported that it allowed them to reduce tuition costs for at least some families, with 25% of family child care programs reporting they reduced tuition costs for all families.
- Also, 32% of family child care programs reported that C3 allowed them to eliminate or reduce additional fees.<sup>25</sup>



# **Minnesota**

The Great Start Compensation Support Payment program provides permanent monthly support to all eligible providers through Minnesota Statute, chapter 119B.27).<sup>26</sup>

\$316 million (FY 2024-25)<sup>27</sup>

\$260 million (FY 2026-27)<sup>28</sup>

Reimbursement rate: 75th percentile

Governor: Democratic Legislature Majority: Split

## **Outcomes of their investments:**

A provider survey of the Great Start Compensation program indicated the majority of participants are satisfied with the program:

- 68% of licensed family child care programs strongly agree
- 84% of licensed centers and 83% certified child care centers either strongly agree or somewhat agree

# Results suggest that the program is associated with increased staff retention:

- 83% of both licensed centers and certified centers agreed the funds were helpful in retaining staff, with licensed centers agreeing more strongly.
- Just over 60% of both licensed and certified center respondents agreed that Great Start Compensation funds helped them attract and hire new staff.<sup>29</sup>"





# \* Nebraska

Child Care WAGE\$ Nebraska is a program that provides education-based salary supplements/stipends to providers working with children birth-five in a family child care program. It is designed to increase retention, education, and compensation of the early childhood workforce. Supplements are based on education level. As participants increase their education, they can earn higher awards. The program focuses on the outcomes of increased retention, compensation, and education for the early care and education workforce.<sup>30</sup>

\$10 million one-time transfer from Cash Reserve Fund (FY 2023)<sup>31</sup>

Reimbursement rate: 75th percentile

Governor: Republican Legislature Majority: Republican

## Outcomes of their investments: 32, 33

- 96% say that WAGE\$ helps them feel more satisfied with their job. 96% say that WAGE\$ supplement helps ease financial stress.
- 96% say that WAGE\$ encourages them to stay with their current program.
- 100% say that WAGE\$ supplemental makes them feel more appreciated and recognized for their work.
- Only 9% of WAGE\$ participants left their early education programs.



# ★ New Hampshire

Recruitment and retention efforts which includes payments toward sign-on and/or retention incentives and/or wage increases. \$15 million.<sup>34</sup>

\$15 million (FY 2024-2025)35

Reimbursement rate: 75th percentile

Governor: Republican Legislature Majority: Republican



# New Mexico



The Early Childhood Education and Care Department Wage Supplement Program provides education-based supplemental wages to early childhood educators who work as teachers, teacher's assistants, or family childcare home professionals with children from birth to age five. The program is education-based, the more education one attains, the more supplement one can receive. Must earn \$16 or less per hour.<sup>36</sup>

## \$10 million (proposed FY 2025)<sup>37</sup>

The Infant Toddler Pay Parity Program is designed to recognize the lived experiences of Infant Toddler educators and provide pay parity comparable to teachers working in a public-school setting. Open to educators, including family child care, family child care owners and program directors, in Early Head Start or child care program and serves at least one child eligible for child care assistance.38

## \$5 million (FY 2024-2025)39

The Pre-K Pay Parity Program provides pay parity to early childhood educators working in community based Pre-K programs. Lead teachers, assistant teachers, directors and assistant directors that work in or support a NM Pre-K Grant program are eligible. 40

## Approximately \$1.4 million (FY 2023)<sup>41</sup>

Reimbursement rate: 85th percentile

**Governor:** Democratic Legislature Majority: Democratic



# **★ New York**

Workforce Retention Grant Program supports 150,000 child care workers provide bonus payments ranging from \$2,300 to \$3,000 to staff in caregiving roles, as well as to recruit new staff, offer sign-on and referral bonuses.42

## \$500 million (FY 2024)<sup>43</sup>

Reimbursement rate: 80th percentile

**Governor:** Democratic Legislature Majority: Democratic

## **Outcomes of their investments:**

The Workforce Retention Grant Program has approved 13,718 applications as of October 2024.44

10 Start Strong PA



# North Carolina

Child Care Wage\$® provides education-based salary supplements<sup>45</sup> to low-paid teachers, directors and family child care providers working with children between the ages of birth to five in participating counties.46

\$27.5 million (FY- 2023-2024)47

\$29 million (FY 2024-2025)48

Governor: Democratic Legislature Majority: Republican

## **Outcomes of their investments:**

- The annual turnover rate of Child Care WAGE\$® participants is less than 25%.
- 80% of active WAGE\$ participants have a permanent level on the scale (AAS ECE or above) or are continuing their education.<sup>49</sup>
- 98% of WAGE\$ recipients indicated that the supplements either encourage them to stay in their current programs or to pursue further education.
- 96% indicated that they feel more appreciated and recognized for their work.



# **★** Oklahoma



The Wage Supplement Program provides professional development and longevity salary supplements to providers who work with young children in quality licensed child care programs. It rewards ongoing learning and strong, stable relationships provided to children with continuity of care through a high-quality, responsive workforce.<sup>51</sup>

For 2023, 13% of the sum was awarded on the Director/Assistant Director scale. The remaining 87% was awarded based on the Teacher/Family Child Home Provider Scale.52

\$3.9 million in wage supplements (FY 2023)

\$2.5 million in wage supplements (FY 2022)<sup>53</sup>

\$1.8 million in stipends (FY 2022)

Reimbursement rate: 79th percentile

Legislature Majority: Republican **Governor:** Republican



Child Care Wage\$ Tennessee provides annual salary supplements to early childhood educators based on education level and employment for the purpose of educator retention. Served 3,700 educators as of November 2024.54 Must earn \$20 or less per hour.

\$17 million in supplements as of November 2024<sup>55</sup>

\$12 million in supplements as of September 2023<sup>56</sup>

Governor: Republican Legislature Majority: Republican

## **Outcomes of their investments:**

Beginning as a pilot in Chattanooga in April 2019, as of November 2024, WAGE\$ has supported 1,077 child care centers.



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# Virginia

RecognizeB5 is an important component of the VA's Quality Measurement and Improvement System (VQB5) and provides direct financial incentives to support the retention of child care teachers, thereby reducing workforce turnover. It is open to lead and assistant teachers working in publicly-funded child care and family day homes that are actively participating in VQB5. Participating teachers must meet and maintain all eligibility requirements to receive the financial incentive.<sup>57</sup>

\$10 million (FY 2025)<sup>58</sup> serving nearly 16,000 early childhood educators<sup>59</sup>

Reimbursement rate: 87th percentile

**Governor:** Republican Legislature Majority: Democratic

## Outcomes of their investments:

RecognizeB5 has proven to be an important program that has supported thousands of child care and family day home educators during Virginia's recovery from the COVID-19 pandemic.60



# Wisconsin

REWARD Wisconsin Stipend Program provides vital supplemental financial support to early childhood educators to increase compensation, improve the retention of early childhood educators, and encourage continued education in the field.61

#### \$11.4 million (FY 2023)<sup>62</sup>

Child Care Counts Program continuation through June 2025 directed by the Governor through emergency stopgap funding to Department of Children and Families. 63 Wisconsin Economic Development Corporation request of funding for Child Care Counts Program which is aimed at supporting child care providers and working families.

#### \$170 million in state emergency stopgap funding

\$15 million (FY 2023-2025) The Joint Committee on Finance has not yet released this already-approved funding

Legislature Majority: Republican Governor: Democratic

## **Outcomes of their investments:**

99% of recipients remain employed in Wisconsin's early childhood education field.64



## **Endnotes**

- 1 https://www.acf.hhs.gov/sites/default/files/documents/occ/CCDF-Provider-Payment-Rates-by-State.pdf
- 2 CCDF Lead Agency Licensed Payment Rates (April 2023)—state list to determine who is at the 75th percentile or higher
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