Compensation & Benefits

National Early Care & Education WORKFORCE CENTER

Benefits Offered to Center-Based Early Care and Education Educators

Research-to-practice brief series

The National Early Care and Education (ECE) Workforce Center is a joint research and technical assistance center that equips state and local leaders to drive change in ECE workforce policy.

This brief is based on an analysis of the 2019 National Survey of Early Care and Education (NSECE), through which we identified centers that offered different types of benefits and which types of centers offered them. It also discusses state innovations that provide benefits to ECE staff.

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Intended audience

This brief is intended for state and local child care administrators, center-based child care administrators, and child care services administrators.

Top Line Takeaways

Analyses of a nationally representative survey of early educators from 2019 show that child care centers generally offer some benefits to the center-based early care and education (ECE) workforce, but centers are less likely to offer certain types of benefits, such as retirement plans or programs. Benefits can include paid time off, health insurance, retirement plans, and reduced child care tuition, as well as funds, mentoring, and paid time off for professional development. Benefits can be beneficial for both workers in supporting their well-being and ECE centers in reducing turnover.

Current child care center revenue streams may not be able to cover the full cost of compensation (wages and comprehensive benefits) for educators. Analyses show that programs that receive public funding for ECE, especially from Head Start and public pre-K, offer benefits like health insurance and retirement plans at higher rates than community-based centers.

States are developing innovative solutions to provide educators with benefits, which include:

- Missouri offers telemedicine, including mental health, for ECE educators and their families.
- Arkansas allows ECE educators to access the state retirement system for teachers.
- Kentucky provides child care assistance to any employee working 20 hours or more per week in a licensed child care center or certified family child care home, regardless of their household income.

National research and state examples can offer helpful information to state administrators who want to design policy solutions that provide benefits to early educators.

Background

U.S. employees, including early educators, rely on benefits from employers to promote their physical, emotional, and financial health and well-being.[1] Benefits can include health insurance, employer-sponsored retirement plans, child care assistance, paid time off for personal reasons, and professional development supports.

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Research consistently supports the importance of benefits, though there are gaps in research specifically about family child care providers and benefits prioritized by educators. Research into center-based educators and employees in general finds that:

- Health insurance, retirement plans, paid leave, financial support for professional development, and other benefits are essential for supporting workforce stability, job satisfaction, and overall well-being.[2]
- When benefits such as health care, paid leave, and retirement plans are available, employees perceive their workplaces as being more supportive and less stressful and are more satisfied with their jobs.[3]
- Early educator turnover rates are typically lower in programs that offer benefits.[4]
- Research is unclear as to which benefits early educators prioritize, and which ones would most support their careers and retention in the field.

ECE leaders can improve educators' access to benefits by designing programs and policies that provide them or facilitating access to existing programs and policies.

Public sources of child care funding:

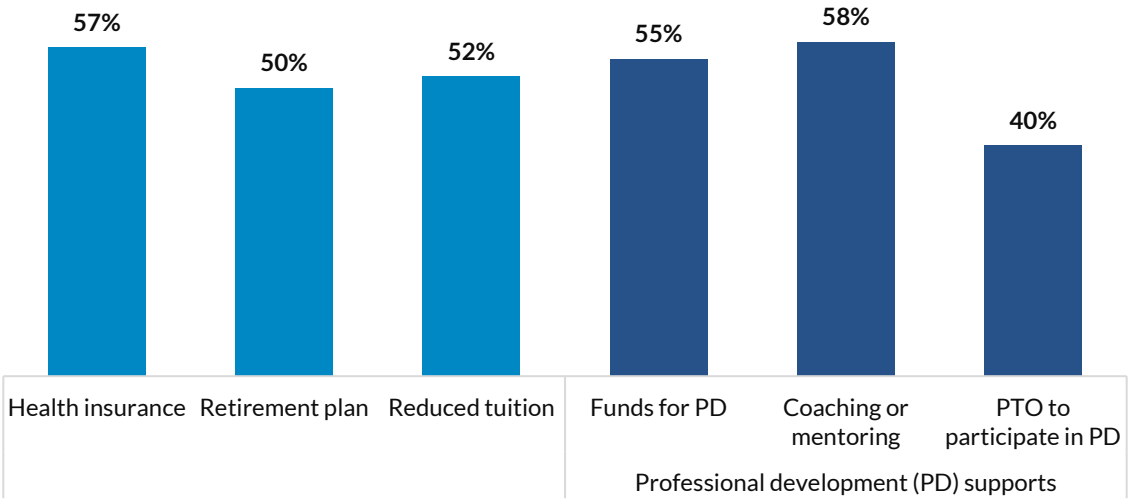
- Child Care Development Fund (CCDF): States receive block grants and use them to design child care subsidy programs. States set reimbursement rates for ECE programs, and parents often have a co-pay paid directly to programs. State licensing sets some requirements for educators.
- Public pre-K: a state program for 3- and 4- year-olds. Pre-K can be provided in schools, centers, or through family child care, depending on the state program. A per pupil tuition payment is sent directly to the center. States typically have educational and experience requirements for educators.
- Head Start Preschool: a federal program for 3- and 4-year-olds, which is delivered by local grantees. Grant recipients receive five years of funding to implement services that meet Head Start guidelines and support communities and families. Grantee funding is determined in part by the number of children and families served. There are educational requirements for Head Start educators.

More than half of centers offer at least one benefit

In an analysis of findings from the 2019 National Survey of Early Care and Education (NSECE), the National ECE Workforce Center identified how many child care centers offered specific benefits (see Figure 1).[a] Over half of the centers offered either health insurance, reduced tuition at the center, funds for professional development (PD), or coaching or mentoring. Approximately 18 percent of centers offered health insurance, retirement plans, and tuition support, whereas 14 percent offered none of these. Seven percent offered all benefits (health insurance, retirement plan, reduced tuition at the center, funds for PD, PD time, and coaching or mentoring), and 7 percent offered none of these.

[a] The benefits in Figure 1 are the only ones asked about in the NSECE.

Figure 1. The percentage of centers in 2019 that offered different benefits



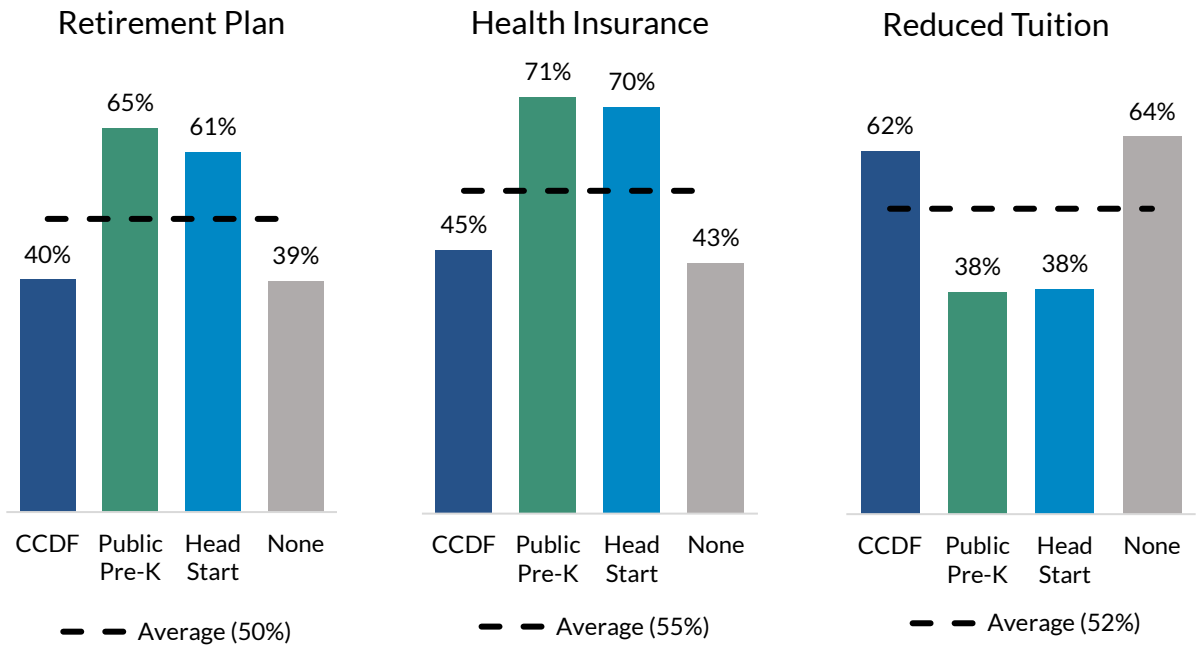
Note: Analyses represent 121,345 child care centers from a sample of 6,917 centers.
Source: Authors' analyses of the 2019 National Survey of Early Care and Education

We also examined whether benefits offered to staff differed by funding stream. To provide an overall picture of benefits by funding stream, we first compared the percentage of centers offering each type of benefit by funding source to the prevalence of benefits among all centers, regardless of funding (see Figure 2). Then, we conducted statistical tests to determine whether centers that received specific types of funding were significantly more likely to provide certain benefits than those without that type of funding. Centers could have received multiple sources of public funding concurrently and could also have accepted parent pay. So, these groupings were not mutually exclusive. The following patterns emerged:[b]

- **Centers that accepted children with child care subsidies** offered staff reduced child care tuition at higher-than-average rates. Centers that accepted subsidies were also significantly more likely to offer reduced tuition than centers that did not receive any CCDF funding (65% v. 47%).
- **Centers with pre-K funding** offered higher-than-average rates of retirement plans; health insurance; and PD funds, time, and mentorship. Centers with public pre-K funding also had significantly higher rates of providing retirement plans (66% v. 40%) and health insurance (72% v. 45%) than those without public pre-K funding.
- **Centers with Head Start funding** also offered higher-than-average rates of retirement plans; health insurance; and PD funds, time, and mentorship. Compared to centers without Head Start funding, those with Head Start funding had significantly higher rates of providing retirement plans (63% v. 47%) and health insurance (71% v. 52%).
- **Centers without public funding** offered staff reduced child care tuition at higher rates than the average center.

[b] The differences are statistically significant.

Figure 2. The percentage of centers that offer benefits, by public funding



Source: Authors' analyses of the 2019 National Survey of Early Care and Education. The funding categories are not mutually exclusive.

Differences in benefits offered by funding stream may be explained in several ways. Head Start and state pre-K provide consistent funds and typically fund full classrooms of children. State CCDF lead agencies set subsidy reimbursement rates based on factors such as program type and family income and reimburse centers on a per-child basis. These reimbursement rates do not necessarily cover the full cost of care, leaving some CCDF-funded centers with operating costs that may limit their ability to afford educator benefits like retirement plans or health insurance. For example, as of 2019, only seven states had their provider reimbursement rate set to the recommended 75 percent of child care prices.[5]

On the other hand, the fact that CCDF centers and those without public funding are more likely to offer educators free or reduced tuition for their own children indicates these centers rely on tuition to pay for this benefit, which pre-K or Head Start centers may not be able to do.[6]

Examples From the Field

Below, we highlight three states that have recently taken innovative steps to provide benefits to employees of licensed child care centers and family child care homes

Missouri Provides Low-Cost Telemedicine

Missouri provides telemedicine to licensed child care providers for free in St. Louis and for a reduced cost in the rest of the state. The statewide reduced-cost service is provided through a subscription to "Show Me Child Care Resources," an initiative of Child Care Aware of Missouri. This telemedicine subscription service offers early educators and their families 24/7 access to doctors by phone, video, or mobile app. For $8.00 per month, this service provides unlimited use, with no per-call fees or co-pays. For $14.00 per month, educators can add teletherapy, which includes 10 visits with a therapist/counselor. Full- or part-time child care staff in St. Louis City are eligible for free telehealth services through June 2026 via a partnership with Saint Louis Mental Health Board.

Kentucky Provides Subsidized Child Care

Kentucky updated their Child Care Assistance Program (CCAP) statute in 2022 to allow any employee working 20 hours or more per week in a licensed child care center or certified family child care home to access child care subsidies regardless of their household income. Initial program funding came from federal COVID-19 relief dollars, which expired in September 2024. During the 2024 legislative session, the Kentucky General Assembly appropriated $112.45 million per year for the CCAP Income Exclusion for Child Care Providers from other state and federal funds.

Arkansas Supports Retirement System Access

Arkansas passed a law in 2025 that will enable early childhood workers to participate in the Arkansas Teacher Retirement System. State funds will not be provided as a match, but workers will be able to deposit funds in a retirement savings account via this system. Workers must be employed a child care provider that is licensed and receives state or federal funding.

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Research-to-Practice Gaps

Additional research about benefits can support state ECE leaders in developing cost models, identifying how to prioritize benefits, and developing novel programs for educators.

Identify benefits that educators most want and need

Identifying what benefits are offered to staff is an important first step, but hearing from educators about what benefits fit their needs and preferences could help state administrators and directors prioritize limited funds to benefits that educators want and need.

Information is limited about the benefits that center-based educators desire, but a recent survey of family child care educators found that their policy concerns relate to access to retirement plans, health care, paid time off, and low compensation.[7] Center-based educators also earn low wages, so it is likely that they share similar concerns.[8] However, understanding specific needs for this sector remains a priority. Child care centers and family child care homes would benefit from understanding the needs of educators, assistance for accessing additional resources, or business supports for offering benefits.

Conduct cost modeling to make offering benefits easier

Cost modeling is an approach to setting CCDF subsidy rates that considers the different costs of child care that centers incur. State CCDF lead agencies can use cost modeling techniques to better estimate the full cost of care, which, as in other employment sectors, includes benefits. Common costs to include in these cost models that may not be fully accounted for include:[9]

- Retirement plans and contributions
- Health insurance
- Paid time off
- Operating cost reserve so the center can securely operate in the black
- Paid professional development training and time
- Salary for other staff to cover classroom time during paid professional development
- Paid family engagement time, including parent conferences and paid floaters to cover classroom time

There are multiple tools and supports for states and providers to estimate the full cost of care including:

- Provider Cost of Quality Calculator by the Administration for Children and Families' Office of Child Care
- 50-State Child Care Cost Model by P5 Fiscal Strategies

It is unclear what additional supports states may need to estimate and implement new cost models and reimbursement rates. Identifying resources to support states in paying for the full cost of care may be a priority for states as they roll out novel cost modeling practices more widely. In addition, supporting centers in identifying and paying for benefits may be important if reimbursement rates increase, providing more funds for centers to afford those costs.

Evaluate state strategies focused on providing benefits to early educators

States are taking innovative approaches to providing and supporting benefits for early educators, as in the case of Kentucky providing child care subsidies. A recent evaluation of the program points to its successes, including more programs accepting subsidies.[10] The research also suggests that training for staff administering the program and employee access to the program are areas for growth. Future research could

investigate the implementation, reach, and impact of these and other programs for ongoing continuous improvement along with knowledge sharing for the field.

Where to Go From Here

If you are a **state ECE administrator**, consider:

- Do current state child care cost models support the cost of providing comprehensive benefits to staff?
- What other state programs that support benefits or wellness for early educators could serve as models for you?
- What policies that expand benefits to child care educators does your state currently offer?
- Could current programs that provide benefits to state residents be expanded to include ECE educators?

If you are a **center-based program director**, consider:

- What kinds of benefits does your center offer?
- What sources of funds do you use to pay for your benefits?
- Which benefits would your staff most appreciate receiving?
- If your center cannot afford to provide additional benefits, how might you support your staff to access benefits from the state or other sources?

For Further Reading:

- Health Insurance Coverage of the Center-Based Child Care and Early Education Workforce: Findings from the 2019 National Survey of Early Care and Education
- Health & Well-Being Supports – Early Childhood Workforce Index 2020
- Health Coverage Outreach Toolkit for the Early Care and Education Workforce | The Administration for Children and Families
- Retirement for Early Educators: Challenges and Possibilities - Federal Reserve Bank of Boston

Methods

For this analysis, we analyzed data from the center-based provider survey of the 2019 NSECE.[a] The center-based provider survey was administered to 6,917 center-based directors and administrators who answered questions about center operations and funding, staffing, and benefits offered to staff (reduced tuition, retirement benefits, health insurance, professional development [PD] funds, PD time, and PD mentorship). We used these data to generate descriptive statistics of benefits provided. We conducted significance tests (chi square) by comparing benefits offered by different center funding streams.

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