Compensation & Benefits

National Early Care & Education WORKFORCE CENTER

How States Can Increase Access to Benefits for Early 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 a companion piece to a May 2025 brief: *Benefits Offered to Center-based Early Care and Education Educators*. It is based upon interviews with ECE educators and a scan of state policies in support of benefits.

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Intended audience

This brief is intended for state administrators, center-based directors, and family child care directors.

September 2025

Top Line Takeaways

Benefits such as paid time off, health insurance, and retirement plans are a critical part of compensation for employees. Early educators, however, are inconsistently offered benefits. When educators do have access to benefits, their benefits packages are not likely to include access to (or make additional contributions to) retirement plans given the expense of these plans. Family child care (FCC) educators, in particular, lack access to benefits due to unstable revenue in their programs.

A variety of solutions across states suggest an emerging commitment to novel policies and strategies that close the benefits gap. In this brief, we explore strategies for increasing access to benefits, including the following:

- Staffed FCC networks that connect FCC educators and others with insurance brokers or offer lower-cost health care-related services
- Access to existing state programs, including making educators eligible for state retirement systems or offering information and support to sign up for private health insurance or Medicaid
- Enabling early educators to access child care subsidies for their own children

This brief also reviews how to enhance research and practice on benefits—including increasing the focus on FCC educators, who are the least likely to have access to benefits, and identifying how to fund promising strategies via stable and consistent sources at the state or program levels.

Benefits Are a Key Part of Compensation

Fringe benefits (hereafter called benefits) are a form of compensation that employees may receive over and above their wages. They can be a tool for the recruitment and retention of employees and may vary by the tenure of the employee. Importantly, they also support physical, emotional, and financial well-being (see text box for more details about other strategies to promote retention and recruitment).[1]

Early childhood settings are less likely to offer benefits than other industries.[2, 3] In addition, there is considerable variation in the benefits offered to center-based educators. State policies and programs also vary in the degree to which they support employees' access to benefits.[4] FCC educators are often overlooked in policy solutions targeting benefits, given

Scan the QR code to access this brief on our website they are small business owners navigating the regulations and operations of a home environment and often lack access to financial and professional development supports that benefit the center-based workforce.[5]

As reviewed in the research-to-practice brief, "Benefits Offered to Center-Based Early Care and Education Educators," research underscores how benefits support job satisfaction, stability, and overall well-being. Research on benefits for the early care and education (ECE) workforce has relied on data that detail what programs offer and what educators receive. We know less about whether the benefits early educators receive are adequately supporting them.

In this brief, we consider the needs of early educators and state innovations to increase access to benefits. This information can help state and program administrators design compensation packages that support educators and, in turn, promote well-being, recruitment, and retention. In the next sections, we will discuss what educators want and value in compensation but may not be able to access and we highlight state innovations aimed at meeting these needs.

Other strategies to promote educator recruitment and retention

Benefits are just one strategy to support and retain educators; child care providers and others with an interest in recruitment and retention of educators can use other tools to help retain and recruit workers. Several such strategies are outlined in the Building and Sustaining the Child Care and Early Education Workforce project, including:[1]

1. **Increased staff wages**, including promotions and cost-of-living increases
2. **Supports for economic well-being**, such as health insurance, paid time off, retirement benefits, and other financial incentives (such as bonuses)
3. **Supports for staff qualifications and competencies**, including assistance with completing college courses, paid professional development, or paid coaches/mentors
4. **Supports for psychological and physical well-being**, such as mental health consultations, counseling resources, employee assistance programs, or access to programs to support physical health like nutrition resources or gym memberships
5. **Workplace supports**, including safe work environments, paid breaks during the day, and flexible scheduling

This brief focuses primarily on **supports for economic well-being**, but several state innovations also demonstrate mechanisms to **support psychological and physical well-being**. Although we do not discuss all strategies in this brief, it is important to highlight the many ways that child care employers can support educators. These supportive strategies come with a range of costs for providers, meaning state incentives and support for providing them to educators can be accessible and affordable for different budgets.

Inconsistencies Between Benefits Offered and Educators' Needs

Early educators need compensation and benefits for their professional and personal well-being; however, those needs are not always matched by what employers offer. Inconsistencies between what centers offer and what educators need indicate where state programs or funding to programs could be directed to meet the personal and professional needs of early educators. Prior research suggests uneven offer of benefits by funding streams. For example, approximately 70 percent of centers offered health insurance if they served at least one child with pre-K or Head Start funding whereas 45 percent of centers with children served by Child Care and Development Fund funding and 43 percent of centers without public funding offered health insurance.[4] These low rates that vary across funding streams imply that there is room to grow to meet educators' needs. Even less is known about the benefits that FCC educators have given limitations in prior research and data collection.

To understand educators' needs, we conducted 19 interviews with early educators and center directors in 2023. Early educators and center directors discussed the importance of benefits, such as health insurance, retirement savings, paid time off, and support for planning/professional development, and some noted that benefits can help offset low wages to a certain extent. Themes from interviews indicated alignment with the supports for economic well-being outlined in the "Other strategies to promote educator recruitment and retention" text box.

Few directors and educators indicated that their program provides **comprehensive benefits** including most, if not all, of the following: health insurance, dental and vision insurance, life insurance, short-term disability, paid time off, a retirement plan, and paid holidays. These observations align with the National ECE Workforce Center's findings in the "Benefits Offered to Center-Based Early Care and Education Educators" research-to-practice brief, which found that only 7% percent of all child care centers offered the most comprehensive set of benefits.

Educators and directors also stressed the **importance of benefits**, but directors are seldom able to offer comprehensive benefits. Benefits help promote retention, and educators value financial support and the ability to enjoy time off, for example. As one director stated,

> *"The staff who are working for us …. don't want to leave us. They absolutely love what they do. I feel like if we could offer better insurance and retirement, they would never leave us now. The staff who have a [spouse] who is working … and they have that insurance, they don't even think about leaving us because they're taken care of."*

Health insurance is an important benefit and one of the more common ones offered according to interview and national survey data. However, several educators indicated they cannot afford the premiums and need to take home their full wages. Costs could also be a barrier for staff whose wages are lower, such as assistant teachers. In some cases, programs offered insurance only for employees and not their families, which was a barrier for staff who don't have access to family coverage through a spouse.

Our interviews suggested child care employers inconsistently offered **retirement plans with employer matching**. Center directors infrequently mentioned retirement plans, which suggests that they may not be offered to staff.

Some educators noted that they especially appreciate having **paid time off and paid holidays.** However, they said they didn't always feel like they could take paid time off due to staffing shortages. The amounts of paid time off educators received varied and could include extended time off around Christmas when local schools also would tend to have breaks and when schedules more easily permitted time off.

Only a few of the educators we interviewed indicated having **paid planning time**. Other educators specifically mentioned not having planning time or even sufficient staff to cover classrooms if someone was out sick. Directors also did not frequently mention this benefit, and when they did, they indicated it could be difficult to offer because of the need to find floaters or substitutes. Similarly, educators who mentioned receiving **employer-provided financial support for their continuing education** indicated this was a benefit they especially valued.

Some educators had **no access to benefits,** such as paid planning time and health insurance. These educators commonly reported relying on spouses, parents, or state-run programs for health coverage and other benefits.

Finally, **FCC educators**, who are also small business owners, had a very different perspective on benefits. FCC educators noted that fluctuations in enrollment contributed to unstable income. Unstable income made it difficult to plan for and cover monthly home expenses related to operating their business and made it nearly impossible to access benefits, such as health insurance, which require fixed monthly or yearly contributions. As a result, FCC educators expressed that achieving income stability is critical before being able to consider more comprehensive benefits packages for themselves.

What does this mean?

Educators consistently note the importance of—though frequently lack access to—benefits. The absence of these resources may make it challenging to stay in a field that is often noted for its high rates of turnover.[1] FCC educators may benefit the most from state initiatives to support benefits, particularly initiatives designed for small businesses.

Examples From the Field

States have designed a variety of innovative approaches to offer benefits to early educators. In this section, we describe several categories of policies, as well as specific state programs. Importantly, many of the benefits described below are applicable for center-based and FCC educators.

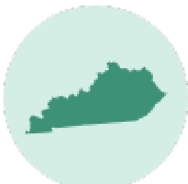
We conducted a scan of all state Child Care and Development Fund Annual Plans from 2025-2027 and utilized the Center for the Study of Child Care Employment's ECE Workforce Compensation Policy Database to examine benefits offered. We briefly describe the strategies that states are adopting as they relate to meeting educators' needs. For additional information about policies, regulations, or cost, we have provided links to relevant program websites. Several common approaches emerged:

Staffed FCC networks: A staffed FCC network is an organization or initiative staffed by individuals with key expertise in the field who provide support, services, and resources for FCC providers. Although it is uncommon to offer health insurance, many networks play a vital role in providing FCC educators with access to telehealth and employee assistance programs. These services are free and can cover virtual health and mental health visits, as well as discounted prescriptions. Other benefits from these networks include business and legal support and opportunities to network and share resources. For example, Indiana offers the Building Wellness program. This program—available to individuals who own, work, or volunteer in a child care program (plus those in their household)—offers free and short-term counseling, legal, and financial consultation among other work-life assistance services.

Telehealth care: States are allowing providers to access telehealth or teletherapy at low or no cost. These programs are not as comprehensive as health insurance, but they can enable providers to access some supports for health and well-being. In Nevada, educators can receive telemedicine/teletherapy, dental, vision, and other benefits via self-pay options at low costs to educators. For example, costs for telemedicine start at $9/month.

Health insurance: States often advertise health insurance via state health insurance marketplaces or provide health insurance broker services to providers. Early educators typically earn low wages, which would likely make them eligible for low- or no-cost health insurance via the marketplace.[6] Some states also have unique programs targeted at educators. For example, in Washington state, licensed FCCs can receive health insurance and dental coverage if they meet certain requirements, such as serving a child with a subsidy.

Direct payments to providers to improve compensation: In some instances, states are providing direct payments via state or federal funds to compensate or provide benefits to early educators. Providers can use these funds flexibly if they go toward overall compensation, which can include benefits. In Virginia, educators working at least 30 hours/week in a center or FCC that accepts public funds (among other requirements) are eligible for up to $750 in bonuses.



Access to child care subsidies: Some states offer child care subsidies to early educators. In some cases, eligibility is based on the educator's household income or other eligibility criteria, like hours worked per week as an early educator. In Kentucky, any employees working at least 20 hours/week in a licensed center or FCC are eligible for a child care subsidy, regardless of their income.

Access to state retirement plans: Arkansas recently passed a bill that enables early educators to access the state retirement system for K-12 teachers. Although the state may not contribute matching funds, it is a dedicated mechanism for providers to save money for themselves. Specific regulations are still being drafted, but typically, educators contribute monthly to match employer contributions.

Remaining Research-to-Practice Gaps

Additional research about benefits can help inform approaches to facilitate or offer benefits for all early educators (including FCC educators and different roles within center-based programs) and provide guidance to states as to which benefits and program offerings best support educators. These are questions that researchers should address and those that state systems can explore with existing data or educator engagement.

Identify facilitators and policies to support benefits for FCC educators

- How can FCCs access benefits? To what extent do staffed FCC networks facilitate access to benefits?
- Do some types of FCC networks better connect FCC owners/operators and their assistants to benefits than others? If so, what connection strategies are most effective?
- What are effective consumer education strategies for fostering FCC educator enrollment in state benefits programs?

Identify policies and funding to support benefits for all ECE staff

- Which state policy approaches best support all early educators, irrespective of role, in accessing benefits?
- What level of funding do centers and FCC need to offer benefits?
- Do providers in some states or localities offer more generous benefits than others? If so, what funding sources do they use?
- How do states fund initiatives to expand educator benefits?

Where to Go From Here

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

- What policies or initiatives does your state have in place to offer or expand benefits to early educators?
- How could current programs that provide benefits to state residents be expanded to include early educators?
- If current policies are not responsive to the unique circumstances of FCC educators, can they be expanded to support FCC educators better?
- Do state benefits policies support educators with different roles (e.g. aides or assistant teachers)?

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

- Are you aware of any state-based programs that could support or extend the benefits offered to your staff?
- Which benefits would your staff most appreciate receiving?
- What benefits might help you recruit more staff to your program? If you cannot offer them, are there other benefits or connections to state programs that could help you recruit and retain staff?
- Do you offer benefits to all roles? If not, what could support you in offering benefits to all?

If you are an **FCC director**, consider:

- Does your state have a staffed FCC network that you could join to help you obtain and/or offer benefits to you or your staff?
- Are there technical assistance supports in your state to support business operations and financial stability?
- What benefits does your state offer that you can access as an FCC educator?

For Further Reading:

- Benefits Offered to Center-Based Early Care and Education Educators - National ECE Workforce Center
- Health Insurance Coverage of the Center-Based Child Care and Early Education Workforce: Findings from the 2019 National Survey of Early Care and Education
- Retirement for early educators: Challenges and possibilities - Federal Reserve Bank of Boston
- Health & Well-Being Supports – Early Childhood Workforce Index 2020 – Center for the Study of Child Care Employment

Methods and materials

1. We conducted 19 virtual interviews with early educators in 2023 to discuss their overall experiences as educators and the importance of benefits.
2. All Our Kin interviewed 10 staffed FCC network leaders to learn about their insights about benefits and compensation for the FCC workforce. Of the 10 networks, seven were statewide and three were local/regional.
3. We identified CCDF plans from 2025-2027 and used AI tools to identify phrases related to fringe benefits. Specifically, we asked Google Notebook to identify those states that mentioned "benefits," "health insurance," "retirement" (and similar terms). We then investigated that portion of the state plan to appropriately code the state approach. We also examined the compensation policy approaches related to benefits from the Center for the Study of Child Care Employment's ECE Workforce Compensation Policy Database.

Acknowledgements

This brief is supported by Grant Number 90TA000004-01-00 from the Administration for Children and Families, a division of the U.S. Department of Health and Human Services. Neither the Administration for Children and Families nor any of its components operate, control, are responsible for, or necessarily endorse this brief. The opinions, findings, conclusions, and recommendations expressed are those of the author and do not necessarily reflect the views of the Administration for Children and Families, including the Office of Early Childhood Development; the Office of Head Start; the Office of Child Care; and the Office of Planning, Research, and Evaluation.

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I thank Katherine Paschall, Melissa Perez, and Lauren Walens Zarick for their help with the brief preparation and review. I thank Audrey Franchett for developing the design elements and accompanying infographic, and Jessica Conway and Katherine Paschall for conducting the AI analysis of CCDF plans. For their interviews with staffed FCC network leaders and comments on the brief, I thank Becca Smith and Jennifer Drake. Finally, I thank the team at Child Trends who conducted educator interviews in 2023: Jenita Parekh, Bonnie Solomon, Julianna Carlson, Alyssa Scott, Lauren Kissela, Kylee Novak, Sage Caballero, and Yosmary Rodriguez.

Suggested citation: Amadon, S. (2025). *How States Can Increase Access to Benefits for Early Educators*. National Early Care and Education Workforce Center.

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