The Child Care Workforce Shortage: Solutions from Around the Country

Early Care & Education Consortium

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THE RIPPLING EFFECTS OF THE CHILD CARE WORKFORCE SHORTAGE

As the economy recovers from the Covid-19 pandemic, child care – along with many other sectors – is grappling with an unprecedented workforce shortage. As of February 2022, two-thirds of providers reported a staffing shortage that affected their ability to serve families; of those, 52% were forced to serve fewer children while 37% had a longer waiting list.[1] This limits child care options for working families, thereby hindering our nation's economic progress.

The child care workforce shortage is not caused by a single problem, but rather a series of endemic and immediate factors that, in turn, require innovative and multi-faceted solutions. To help, many states have enacted new and innovative policies to alleviate the child care workforce shortage. These interventions represent small but significant ways to help child care providers navigate the workforce crisis and provide for more families. The purpose of this report is to compile, organize, and share ideas to help guide states on how to help families, educators and providers.

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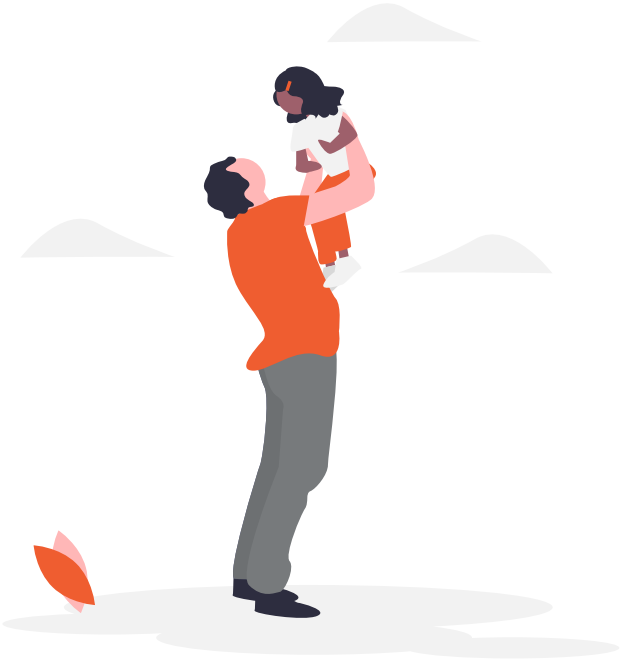

While this report offers solutions for states to help alleviate the workforce shortage, states are working with one-time and time-limited federal relief funds. This is why, above all, Congress must pass a robust investment for child care immediately, and no later than the end of this year.

[1] NAEYC, "NAEYC Pandemic Surveys," February 2022. https://www.naeyc.org/pandemic-surveys

Compensation

Low pay is a primary reason why turnover in early childhood education is so high. Providers operate on such thin profit margins that requirements for higher compensation alone would significantly raise the cost of providing care resulting in significantly higher costs for families, steep losses in child care capacity, or both. Increasing worker compensation instead requires policies that are sustainable for the field and facilitate real progress toward higher wages.

In response to child care industry's financial ruin due to the pandemic, Congress allocated more than $50 billion in child care relief funding to states through the Coronavirus Aid, Relief, and Economic Security (CARES), the Coronavirus Response and Relief Supplemental Appropriations (CRRSA), and the American Rescue Plan (ARP) Acts. This not only represents the largest public investment in child care in U.S. history, but demonstrates the impact that robust federal funding can have on the sector.

Bonus Pay

Many states have issued bonus payments for child care workers. **Minnesota**, for example, classified child care workers as essential, enabling them to qualify for state frontline worker bonuses. States like **Georgia, Idaho, Illinois, Ohio,** and **Pennsylvania** have offered multiple bonuses ranging between $300 and $1200 per worker. The 2022 **Alaska** SEED ROOTs Award gives eligible early childhood educators a well-deserved $3,000 wage bonus to help with personal and professional expenses while encouraging continued employment in the field in 2022. **Maine** is providing $200 per month for all employees for an entire year, while **Alabama** is offering 8 quarterly payments of $1500 for full-time and $750 for part-time employees from February 2022 through September 2023. Meanwhile, **Washington, DC** announced $10,000 and $14,000 bonuses for full-time child care workers, along with $5,000 and $7,000 bonuses for part-time staff.

While these bonus pay initiatives have been essential for increasing wages, the temporary nature of the Covid relief funds will render them unsustainable without long-term financial support from Congress.

Hiring & Retention Grants

In addition to bonus payments, some states created grants to help child care providers attract and retain new staff. **Iowa** and **New Jersey** have offered recruitment and retention bonuses of $1,000 per employee. Meanwhile, **Massachusetts** launched the HireNow Grant – a general, statewide workforce bonus for which child care providers were eligible to receive $4,000 per new employee hired and retained for 60 days. These funds can be used to reimburse the training costs for a new hire, for supervision time, or for bonus payments to a new employee.

Sustainable Wage Enhancement

A few states created wage enhancement mechanisms to help providers reach a minimum wage threshold. Iowa, for example, expanded WAGE$ statewide, a salary supplement program offered by the **Iowa** AEYC. WAGE$ also creates a supplement scale rooted in skills and experience, rewarding workers for pursuing credentialing. Meanwhile, **Florida** passed its own wage supplement program to help its Voluntary Pre-K programs meet the state's $15/hour minimum wage requirement by 2023.

Additional Benefits

Several states are exploring innovative benefits for the child care workforce. For example, in May 2022 the **Colorado** legislature passed House Bill 1010, which creates a refundable tax credit for early childhood educators working in center- and home-based child care programs for the next five income years. The same month, lawmakers in **Massachusetts** included $10 million in their proposed budget to make child care itself a benefit for being a child care worker.

Educational Support and Career Development

Degrees and credentials are crucial for a high-quality workforce. Without financial and other supports to attain them, however, such items can pose undue burdens. Instead of meeting child care workers halfway, states must meet them where they are.

Cover Costs

With wages often too low, child care worker should should have financial support to obtain credentials required by the state. For this reason, **Maryland** and **Colorado** are offering to cover fees for early educators to earn a Child Development Associate (CDA). States such as **Minnesota** and **New Mexico** have allocated millions in scholarships for child care workers to obtain Associates, Bachelors, or Masters Degrees. Meanwhile, the Joint Committee on Education in **Massachusetts** recently introduced legislation to create a scholarship and loan forgiveness program for the child care workforce.

Build Pathways

Some states restructured career ladders to allow experience to become a marker of professionalization. In December 2021, **Massachusetts** streamlined hiring criteria and provided accelerated pathways for new teachers to enter the field by providing increased flexibility for group, school-age, and center-based programs by allowing some coursework to be done after hire, broadening the types of EEC-permitted educator preparation programs and certificates to allow recruitment of candidates from a broader set of backgrounds, and updating the prior work experience criteria to allow for activities where a candidate may have demonstrated competency for the role they are pursuing. In addition to covering Child Development Associate (CDA) fees, **Colorado** restructured requirements to allow teachers with more on-the-ground experience to qualify for a lead qualified teacher, which is required to work unsupervised in a classroom. This "internship" allows candidates to work towards their CDA while being considered a lead qualified teacher as they work toward their certification. **Delaware, Oregon** and **North Carolina** made similar adjustments, enabling employees to leverage their experience to move up career ladders.

Streamlining Hiring Procedures

Imagine getting the job, then learning you must wait six weeks before starting. Due to extensive backlogs in processing important, mandatory background checks, new hires in many states have been required to wait six weeks or longer. This delay is a barrier to continuous employment and contributes to new hires leaving before they are approved to work, further exacerbating labor shortages and contributing to increased costs of care.

Intrastate and interstate background checks are required to access federal child care funding, which is crucial for the safety and well-being of young children. However, the method of administering background checks can create unnecessary hiring burdens for providers. From lengthy turnaround times to inconvenient fingerprinting locations, state background check procedures can exacerbate the workforce shortage. **In some states and localities, background checks can take months or even a year to complete.** During this time, new hires find other opportunities that pay more without having to wait for a background check clearance.

For these reasons, several states improved background check policies in a number of ways over the last few years. Last year, **Washington** and **Massachusetts** issued emergency waivers to allow new hires to work while supervised, enabling them to earn income as they await their background check result. Pre-pandemic, **Utah** began administering fingerprint services through its child care resource & referral (CCR&R) system, making it more convenient for new hires to access. **Montana** began paying for background checks last year – a policy **Washington** and **Nebraska** will implement beginning in Summer 2022. Meanwhile, **Connecticut** hired a third-party vendor to reduce background check waiting times from months to weeks. While these seem like small steps, all were extremely helpful in reducing the background check burden while ensuring children are cared for in safe, welcoming environments.

Finally, due to the interstate background check requirement, it is crucial states understand the benefit of joining the FBI's National Fingerprint File (NFF) program. The NFF is a database of fingerprints or other unique personal identification information relating to an arrested or charged individual, which is maintained by the FBI. Only states that have ratified the National Crime Prevention and Privacy Compact may join the NFF program, making it easier to conduct interstate checks between them. **However, to date** only 24 states are NFF states, **making interstate checks in the remaining 26 states and Washington, DC much more difficult.** States should consider ratifying the NFF Compact to ease the burden of interstate checks.

Repairing Subsidy Policy

Low reimbursement, poor methodology, and gaps in revenue have plagued the child care subsidy system for years. All too often, providers accepting financial assistance do so at a financial loss, leaving little room to raise wages and provide additional benefits for staff.

Raise Reimbursement Rates

To address low subsidy reimbursement, some states raised rates temporarily, ranging from a 10% increase in **New Hampshire** and **Tennessee** to a 25% increase in **Mississippi**. **Georgia** raised rates by 15% across the board until October 2024, while **Michigan** raised rates an additional 50% for 6 months, 40% the following 6 months, and then 30% until relief funds are used up. By passing the Fair Start for Kids Act in 2021, **Washington** is able to work toward paying at the 85th percentile of current market rates – a full 10% above the federal recommendation.

Update Rate-Setting Practices

Currently, most states set subsidy reimbursement rates in accordance with a survey of current rates in the child care market. By design, this methodology depresses the value of reimbursement rates for higher-quality providers, making them less likely to accept financial assistance. Consequently, several states are looking into utilizing a Cost Estimation Model to determine reimbursement rates, which factors in the costs associated with high-quality child care as opposed to the prices of all child care. In 2019, **Washington, DC** became the first locality to implement a Cost Estimation Model for rates, while **New Mexico** became the first state in the country to do so last year. The Cost Estimation Model led to drastically higher reimbursement rates in both, particularly for infant and toddler care, recognizing the true costs of providing child care services.

Stabilize Funding Streams

Unlike public school funding, child care subsidy is often paid based on attendance rather than enrollment, resulting in revenue gaps that make it difficult for providers to raise wages. As a result, states such as **California, Colorado, Kentucky** and **Nevada** are temporarily paying on enrollment instead of attendance, while legislation in **New Jersey** and **Massachusetts** seeks to make this change permanent. Meanwhile, **Michigan** allocated $36.5 million for the state to contract with providers who care for infants and toddlers. Through contracts — as opposed to biweekly reimbursements — the state can provide more stable funding.

Ongoing Pandemic Support

The Covid-19 pandemic is not over yet, and infections or exposures can play a significant role in keeping early educators out of the classroom. As the nation quickly learned, access to Covid-19 testing is crucial, but this is too large a financial burden for child care providers to bear.

Testing Support

Colorado and **Rhode Island** provided testing kits to child care providers for each employee to facilitate rapid-testing onsite or at home, thereby reducing operating disruptions from breakthrough cases or outbreaks. In **Kansas**, the Department of Health and Environment (KDHE) partnered with Battelle – a leader in the field of science and tech – to provide rapid, self-delivered Covid-19 tests to all licensed child care providers in the state. Meanwhile, **Massachusetts** launched Testing for Child Care – a testing initiative that provides child care programs with COVID-19 tests, resources and training. The program is designed to minimize classroom closures by ensuring children and staff have access to regular COVID-19 testing and can safely continue attending care programs.

Quarantine Costs

A Covid-19 exposure or outbreak can decimate monthly revenues, leaving child care providers with the difficult decision of whether to weather the cost or pass it on to families. By reimbursing for quarantine – particularly through paid leave for the workforce – states can help providers navigate the remainder of the pandemic. **Florida**, for example, reimbursed providers an additional 10 days to cover quarantine periods. In Minnesota, child care subsidy pays for children even when they are under quarantine and not attending, avoiding steep losses in revenue as a result.

A well-trained, well-compensated child care workforce is crucial to support working families today and support the development of the workforce for future generations. However, if the current shortage remains unaddressed, our nation's child care system will remain fractured, preventing from returning to work and hindering our economic recovery as a result. While there is no silver bullet for fixing this crisis, many states have come up with interesting and innovative ideas to help. When together, these ideas can pave the path forward to rebuilding our nation's child care infrastructure.

We strongly encourage Congress to pass an immediate and robust investment in child care.