

Montgomery County Early Care and Education Workforce Compensation Study

EXECUTIVE SUMMARY OF FINAL REPORT
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OVERVIEW OF THE STUDY

Improving Compensation for the Early Childhood Workforce

Montgomery County, Maryland, engaged School Readiness Consulting (SRC) to conduct a study of early childhood workforce compensation and identify potential strategies to strengthen the workforce.

- Montgomery County has made significant investments in the early childhood workforce, yet recent studies show that compensation remains low and contributes to high turnover rates.
- The county needed data to inform meaningful improvements to compensation.
- The study provides a detailed picture of educator compensation and highlights options to strengthen compensation strategies.

Insights From Educator Voices

Evaluators at SRC used a mixed methods approach to gather and analyze information about early childhood workforce compensation that reflects the perspectives of local educators, administrators, and system experts.

- Montgomery County-based workforce members in the Maryland Child Care Credential Program were invited to participate in the study.
- Participants included family child care and center administrators, teachers, and assistants.
- Participants reflected the racial, ethnic, and linguistic diversity of the county.

The SRC team used rigorous quantitative and qualitative analysis methods and an integrated approach to triangulate and integrate findings across the study data sources.

STUDY DATA



629

WORKFORCE SURVEY
RESPONSES



5

WORKFORCE FOCUS
GROUPS



10

WORKFORCE MEMBER
INTERVIEWS



8

SYSTEM EXPERT
INTERVIEWS

STUDY FINDINGS

Heart-Driven Work That Pays Too Little

Study data show that low compensation makes it difficult to maintain a robust early childhood workforce.

- Early childhood workforce members were driven by a love of working with children and passion for teaching.
- Most were unsatisfied with their pay and benefits.
- Less than half expected to stay in their job long term.

86%

Satisfied about working with children

34%

Satisfied with pay

38%

Satisfied with benefits

47%

Expect to work for same employer in 5 years

“In high school I took a course on child development, and it really stood out to me. And I really knew that’s something that I would want to pursue. Lead teacher is what I’m doing now.... Because of what we’re paid, I wouldn’t do day care teaching long term, just because it’s not a livable wage, but something that I would start out in before I go to school and figure out what I want to do next.”

– CENTER TEACHER

A Landscape of Low Pay for the Early Childhood Workforce

The survey shows that early childhood workforce members have low pay and most study participants fall below indicators of economic well-being.

- **Nineteen percent** earned \$15,000 per year from their early childhood work, under the poverty threshold for a family of four.¹
- **Eighty-eight percent** earned less than \$65,000 per year, under the county’s self-sufficiency threshold.²
- **Ninety-two percent** earned less than \$75,000, the entry-level salary for a K–12 teacher in Montgomery County.³
- **Ninety-nine percent** earned less than \$125,000, the county’s median household income.⁴

These survey results tell us that most early childhood workforce members do not earn enough to cover the cost of living or meet basic family needs in Montgomery County, even with a second income in the household. Pay is especially low for center-based assistants and family child care employees.

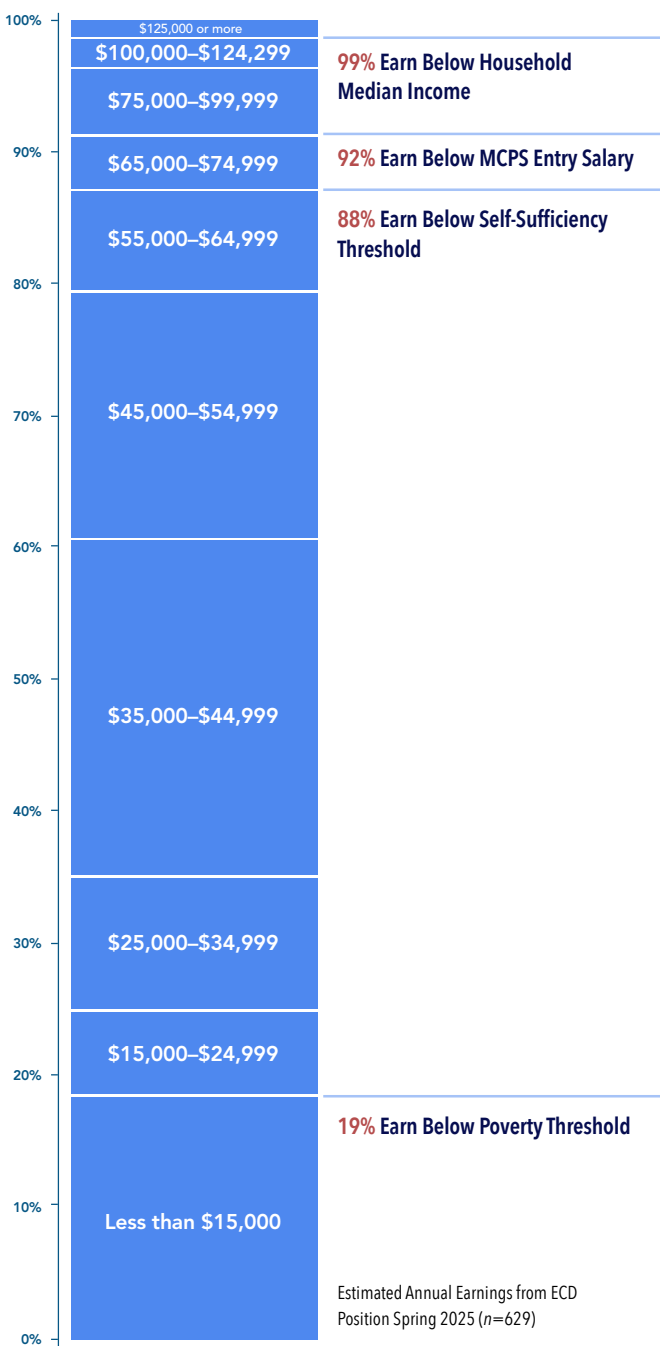
A Struggle to Make Ends Meet

Underpaid early childhood workforce members use a variety of strategies, such as multiple jobs and public benefits, to make ends meet.

21% Had other employment in addition to their early care and education position

37% Received at least one type of public benefit

Most Early Childhood Workforce Members Earn Less Than Economic Well-Being Thresholds for Montgomery County



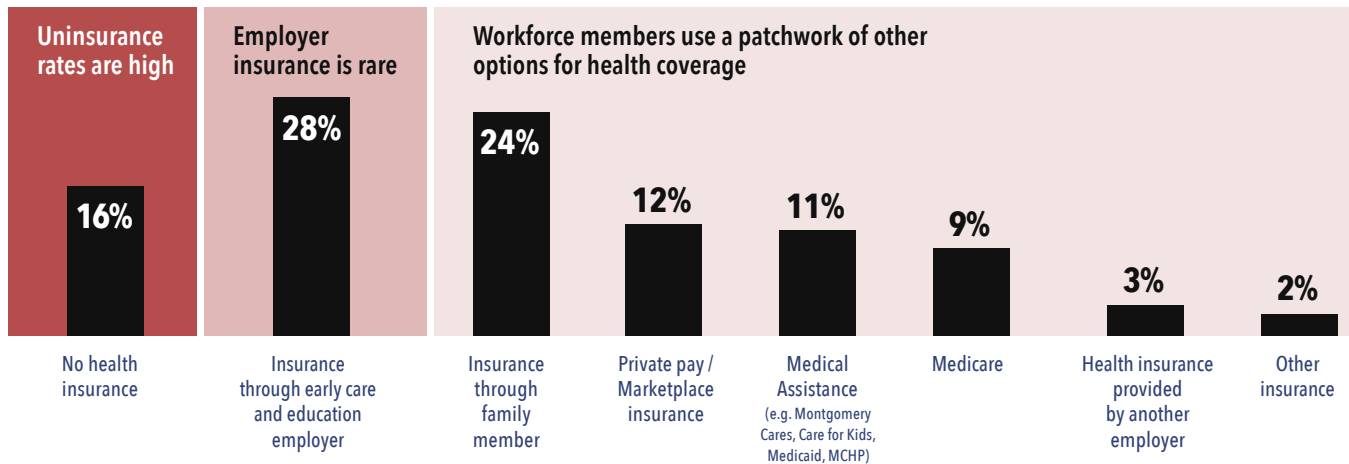
“When I started teaching, I certainly had to get a little side hustle. I was tutoring, I had a roommate. There’s a lot of that, especially for new teachers. Having a roommate is essential for them to be able to live in this area. I do know of some teachers who are well into their careers who are paying for their master’s degree, so they may be working at a restaurant or doing some type of teaching on the side, like adult classes or yoga classes, or something like that to supplement their income.”

– EARLY CHILDHOOD SYSTEM EXPERT

Gaps in Health Insurance Access

Health insurance is an important fringe benefit to ensure access to health care and reduce the out-of-pocket cost of care, and it is particularly important for early childhood educators who are frequently exposed to contagious illnesses and injury risks in their interactions with young children. Study data show that many early childhood workforce members are uninsured and only one in four have health insurance provided by their early childhood employer.

Health Insurance Coverage Reported by Workforce Survey Participants (n = 625)



- » **16% had no health insurance**, and uninsurance rates were especially high for assistants and staff with less experience.
- » **Only 28% had health insurance from their early childhood education employer**, a much lower percentage than the rates for workers in other professional jobs. No family child care programs had employer-provided insurance.
- » **Other insured workforce members relied on a patchwork of options** that could be unreliable or costly, such as insurance through a family member, private-pay insurance through the state's online marketplace, Medical Assistance, and Medicare.

"Two years ago, one of my staff started to be sick because all the children was sick at the same time. She went to the hospital for almost one week. She said, 'I cannot continue working with you because you know this is the bill I having. Because the children, they're coming sick and everything.' I paid half of the bill. It was a lot of money, but I did it because I know she was very bad in the hospital."

– FAMILY CHILD CARE PROVIDER

"We don't all qualify with the government insurance they offer us. They have told us that yes, we can ask for it. But when we go, you don't qualify."

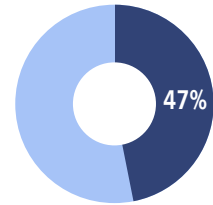
– FAMILY CHILD CARE PROVIDER

Early childhood workforce members connect a lack of employer-provided health insurance to employee turnover, and some feel that financial and eligibility barriers are key reasons for uninsurance.

- » **The high cost of private-pay insurance** through the state's online marketplace contributed to uninsurance.
- » **Fluctuating eligibility or lack of eligibility** for public benefits led to uninsurance.

Limited Access to Retirement and Other Fringe Benefits

- Almost half of program staff participated in a retirement plan through their employer, and many shared concerns about adequate savings for retirement.
- Four out of five had at least some paid time off, but both program staff and family child care business owners shared that taking leave is challenging.
- Less than one third received other fringe benefits such as dental, vision, disability, or life insurance.



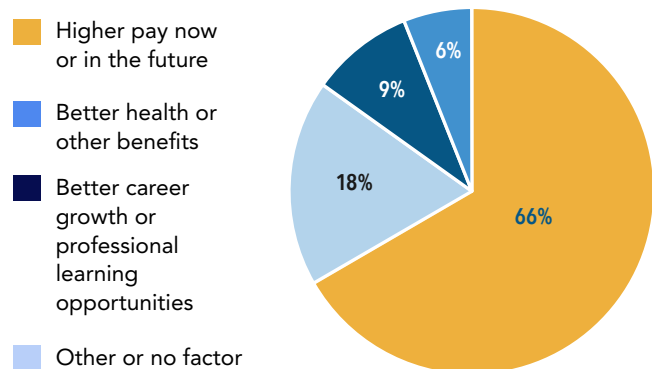
Fewer Than Half of Program Staff Have a Retirement Plan Through Their Employer

Pay Drives Educators' Career Choices

Pay is the single most important factor driving career decisions for study participants.

- Two out of three workforce members prioritized higher pay, now or in the future, in their career choices.
- While benefits are a critical support for health and well-being, few educators put them first in career decisions.
- Opportunities and support for career growth and professional learning were also an important priority for some educators, particularly among family child care providers.

For Two Out of Three Educators, Pay Is the Biggest Factor in the Decision to Continue Working in Early Childhood Education



According to early childhood workforce members, compensation similar to educators in public schools would be the fairest recognition of their work, but other benefits, such as bonuses and affordable health insurance, could improve their compensation.

Public Funding Is Needed to Improve Early Childhood Workforce Compensation

Early childhood workforce members and systems experts recognize the critical need to improve pay and benefits in order to stabilize the early childhood workforce. The cost of care is already high and parents cannot afford higher tuition, so public funding is needed to close the compensation gap.



“The child care system, it’s broken. It’s a failed market system. It is not sustainable at all. Planning to raise tuition and just publishing it is so anxiety ridden for me. But I look at it, and I’m breaking down the hourly rate for our teachers. There’s dog walkers that are getting paid as much as them, and then I’m like, this has to happen. I don’t have any choice. I’m going to lose my staff. And then where will I be? Nothing’s going to change unless there is subsidies from the state government or the federal government. And the people that are losing out the most are the most vulnerable, which is just, it’s a failed system.”

– CENTER ADMINISTRATOR

RECOMMENDATIONS

Overview of Recommendations and Potential Action Steps

To transform what's possible for young children, we must transform what's true for early educators. A strong early childhood workforce is the foundation of a high-quality early childhood system. The following recommendations offer a path forward that pairs both pragmatic short-term strategies with more bold and comprehensive systemic reforms.

RECOMMENDATION #1. Improve pay to advance equity, ensure living wages, and sustain a strong early childhood workforce

| BONUSES AND STIPENDS | |
|---|--------|
| Expand educator participation in existing statewide bonus and stipend programs | NOW |
| Establish a bonus program to offer a onetime incentive to attract and retain early childhood educators | NEXT |
| Provide stipends as cash awards that educators receive multiple times over a predetermined timeline | NEXT |
| SALARY SCALE WITH DEDICATED FUNDING | |
| Align with statewide progress to develop an early childhood career ladder that promotes accessibility, consistency, and clear compensation strategies | NOW |
| Develop an equitable and transparent salary scale that reflects the skills, experiences, and qualifications of early childhood educators | NEXT |
| Leverage public-private partnerships and philanthropic resources to fund pilot efforts and demonstration projects | NEXT |
| Expand established local grant programs to increase funding and requirements that directly support higher educator pay | NEXT |
| Identify a sustainable and dedicated funding mechanism for more comprehensive compensation reform | FUTURE |

RECOMMENDATION #3. Reduce out-of-pocket costs to ease financial strain and free up resources

| | |
|--|--------|
| Enact tax credits that are specifically designed for members of the early childhood workforce | NOW |
| Increase access to child care subsidy assistance by implementing categorical eligibility for educators | FUTURE |

RECOMMENDATION #2. Increase access to essential benefits to promote the well-being of early educators

| HEALTH INSURANCE | |
|--|--------|
| Support participation in and maximize utilization of health plans through the state's online marketplace | NOW |
| Expand local resources to increase access to medical care for uninsured early childhood educators | NEXT |
| Support health benefit consortiums and insurance pools via shared-service models | NEXT |
| Offer targeted online marketplace subsidies for early childhood professionals to cover health insurance costs | FUTURE |
| RETIREMENT SAVINGS | |
| Provide outreach and technical assistance to increase access to state-sponsored retirement programs | NOW |
| Strengthen incentives for early childhood employers to actively support staff participation in retirement savings programs | FUTURE |

RECOMMENDATION #4. Expand professional pathways that lead to higher qualifications and pay

| | |
|--|------|
| Increase access to business training for early childhood leaders that leads to cost efficiencies and opens up resources to improve staff pay | NOW |
| Support development of a statewide workforce registry to improve data-driven decisions and create a stronger career pipeline for early educators | NOW |
| Expand apprenticeships and scholarships designed to support educators in growing professionally without taking on additional debt | NEXT |

DEFINITIONS: Assumes phased implementation to include **NOW** (more immediate short-term steps that leverage established infrastructure or extend work currently in progress to address urgent needs); **NEXT** (medium-term actions to deepen engagement and strengthen system capacity that likely require securing additional resources); and **FUTURE** solutions (long-term strategies focused on comprehensive reform and systemic change, for which significant investment of resources and/or policy changes are necessary)

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ENDNOTES

- 1 U.S. Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation. (2025). *2025 poverty guidelines: 48 contiguous states*. <https://aspe.hhs.gov/sites/default/files/documents/dd73d4f00d8a819d10b2fdb70d254f7b/detailed-guidelines-2025.pdf>.
- 2 Kucklick, A., Manzer, L., & Mast, A. (2023). *The self-sufficiency standard for Maryland 2023*. University of Washington Center for Women's Welfare. https://www.montgomerycountymd.gov/HHS-Program/Resources/Files/2023%20Self%20Sufficiency%20Standard%20Booklet_for%20web.pdf.
- 3 Montgomery County Public Schools. (2025). *Teacher salary schedules fiscal year 2025*. <https://www.montgomeryschoolsmd.org/departments/ersc/employees/pay/schedules/salary-teachers/>.
- 4 U.S. Census Bureau. (2024). *Montgomery County, Maryland*. <https://www.census.gov/quickfacts/fact/table/montgomerycountymaryland/INC110223#INC110223>. Child Care Employment, University of California, Berkeley. <https://cscce.berkeley.edu/workforce-index-2020/report-pdf/>.

