

Montgomery County Early Care and Education Workforce Compensation Study

FINAL REPORT
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EXECUTIVE SUMMARY

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.

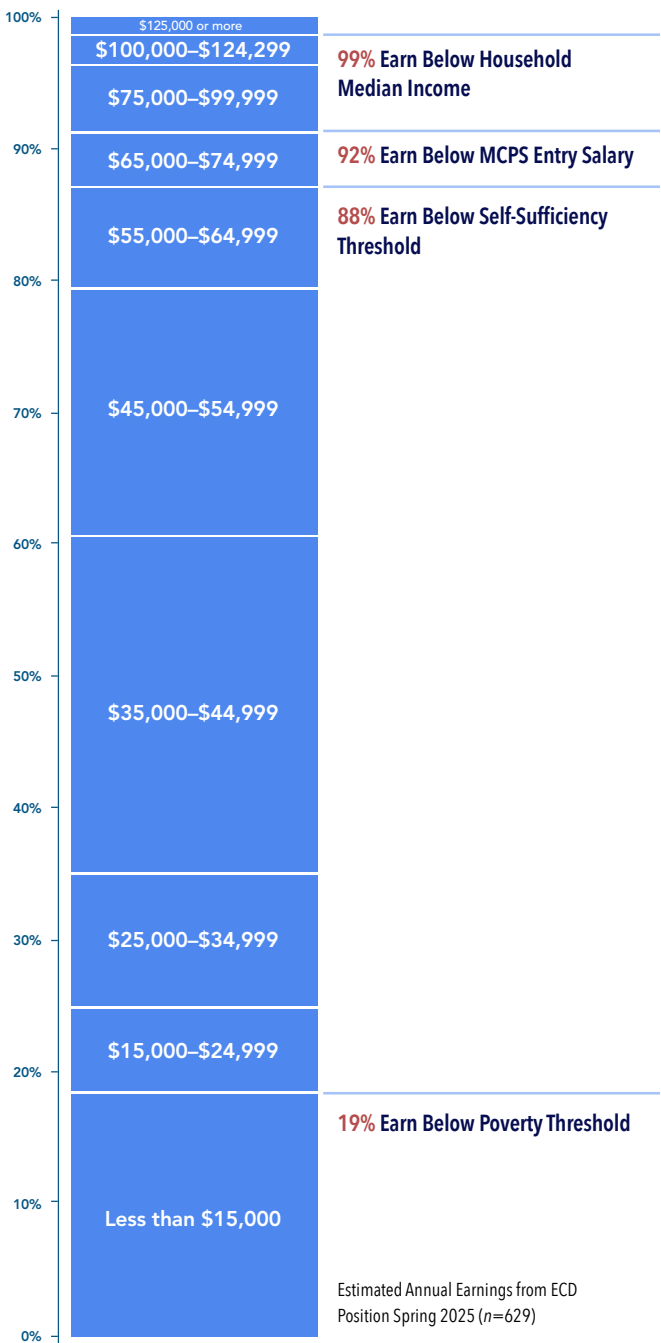
A Struggle to Make Ends Meet

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



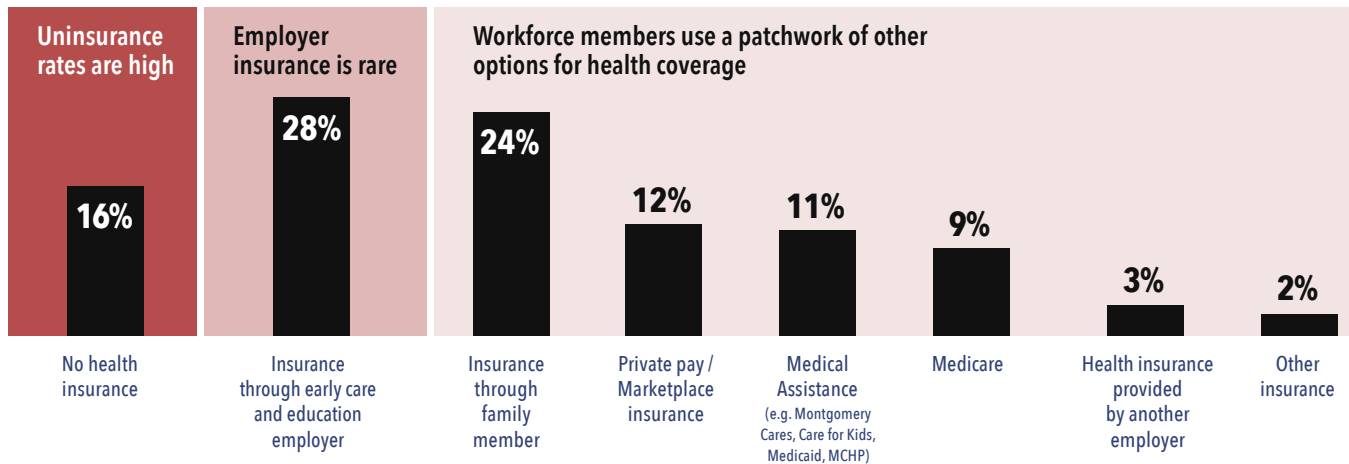
“When I started teaching, I certainly had to get a little side hustle. I was tutoring, I had a roommate. There’s a lot of that, especially for new teachers. Having a roommate is essential for them to be able to live in this area. I do know of some teachers who are well into their careers who are paying 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."

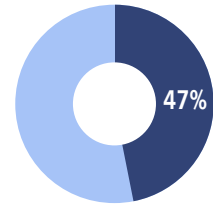
– FAMILY CHILD CARE PROVIDER

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.



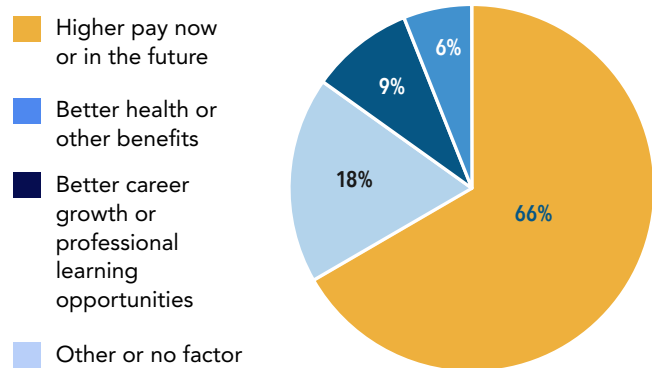
Fewer Than Half of Program Staff Have a Retirement Plan Through Their Employer

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)

INTRODUCTION

STUDY RATIONALE: Early childhood educators play a foundational role in supporting children and families, and national efforts have increasingly focused on improving compensation to strengthen early childhood systems and the workforce.

High-quality early childhood education (ECE) is linked with development benefits for children, and early educators are a key driver of program quality. However, national evidence links inadequate compensation and work environment issues to early childhood educators' health challenges, high job turnover, and barriers to program quality.⁵ A stable early childhood workforce is a key ingredient in supporting early childhood program quality and parent workforce participation. In recognition of the importance of a well-compensated workforce, the early childhood field has in recent years prioritized strategies and innovations to improve educator pay and benefits while ensuring that families do not bear the burden of increased costs of care.



STUDY BACKGROUND: Montgomery County, Maryland, partnered with School Readiness Consulting to conduct a workforce compensation study.

In Maryland, Montgomery County has committed substantial investment in the early childhood system in order to strengthen the workforce and improve equitable access to early care and education for children and families. As part of this effort, the county engaged School Readiness Consulting (SRC) to collect and analyze data on the compensation of early childhood educators and administrators to assist policymakers in making financial decisions and policy improvements related to wage structure, supports needed to bolster the industry, gaps in workforce positions, professional development opportunities, and overall educator economic stability. This report summarizes the study approach, key findings, and actionable recommendations from the Montgomery County Early Care and Education Workforce and Compensation Study.

Early Childhood Workforce Landscape in Montgomery County

LANDSCAPE: Montgomery County and the State of Maryland have made significant investments in supporting the early childhood workforce, yet turnover remains high and is often driven by low compensation. Public funding is needed to make meaningful improvements to compensation in order to strengthen and stabilize the workforce.

The Early Childhood Services (ECS) division of Montgomery County's Department of Health and Human Services has a strong tradition of supporting high-quality early care, education, and parent support services to promote quality ECE in the county. Through its Early Care and Education Initiative (ECEI), the county is committed to ensuring an adequate supply of quality ECE programs is available to meet the demands from families within the community at an affordable cost. The county has invested tens of millions of dollars in the ECEI initiative since it formed in 2019. Recognizing the importance of the early childhood workforce in improving access to quality early care and education, Montgomery County's Early Care and Education Initiative Action Plan FY24-FY27 includes building and strengthening the early childhood workforce as one of six key goals, with a particular focus on improving educator preparation, recruitment, retention, and compensation.

Recent state and local initiatives have provided investment and resources for early childhood workforce members in Montgomery County. In the context of broad shifts in the early childhood policy and funding environment at the national level, the local and state efforts have become even more important. At the state level, the Maryland Child Care Credential Program has provided bonuses directly to workforce members who achieve specific credential levels, although the program was paused in fiscal year (FY) 2025. In 2025, the state passed the Access to Health Insurance for Child Care Professionals bill, which is designed to improve access to health insurance for workforce members. The Maryland EXCELS quality rating and improvement system offers free professional development opportunities for staff in participating programs, and also offers financial bonuses at the program level for achieving quality ratings. Early childhood is the first pillar of the state's landmark education reform initiative, the Blueprint for Maryland's Future,⁶ which includes a variety of supports for career progression and

Mixed Delivery System

ECE is a mixed delivery system, meaning that it is available in a variety of program types, sectors, and settings. In Maryland, these include the following:

- School-based early childhood programs in public or private schools
- Child care centers and nursery schools licensed by the Maryland State Department of Education, which may be nonprofit or for profit
- Regular and large family child care homes licensed by the Maryland State Department of Education, which may be set up as limited liability companies (LLCs), S corporations, or other small business models
- Child care programs operated by religious organizations through a Certificate of Compliance

ECE programs may receive one or more types of public funding or grants (such as Head Start or Early Head Start), accept publicly funded Child Care Scholarships that are available to eligible families, or operate solely on private-pay tuition from families. This complex and diverse system means that strategies to strengthen educator compensation must be adaptable to a variety of program types.



professional learning in this area. Some early childhood workforce members are eligible for state Child Care Scholarships, which cover at least part of the cost of child care for low-earning workers in any field. In addition to these state and local initiatives, 2024 updates to the Head Start Performance Standards that require compensation comparable to local public preschool teachers impact programs that receive federal Head Start funding.

Montgomery County has also invested in a number of initiatives that have impacted the early childhood workforce. For instance, the county has implemented a minimum wage that exceeds the state's requirement, creating an opportunity for higher pay among the lowest-earning and least-experienced early childhood educators. As part of ECEI, the county, in partnership with Montgomery College and other institutions, has made significant investments in professional development opportunities for early childhood educators, such as higher education tuition scholarships, additional credentials, and professional learning resources. In addition, the county has invested in supplements to the state Child Care Scholarships that may impact eligible early childhood workforce members, including expanded eligibility for workers who make somewhat higher earnings through the Working Parents Assistance program and supplemental EquiCare grants that cover the difference in costs between the scholarship amounts and tuition rates. The county's early childhood stakeholder community includes several advisory bodies and advocacy organizations that have provided expertise and support for the early childhood workforce.

The county's significant investment in the early childhood workforce, and the early childhood system more broadly, takes place in the context of ongoing challenges, needs, and priorities to strengthen the workforce. Turnover is a major challenge in early childhood programs across Maryland, with 28% turnover in center-based programs in 2023, and low compensation is a driver of staffing shortages at the state and local levels.⁷ These staffing shortages contribute to a shortfall in available child care to meet families' needs for affordable, high-quality care. However, without public funding, even small increases in pay for early childhood workforce members in Montgomery County would lead to financial deficits for programs.⁸ To inform efforts to improve compensation and stabilize the early childhood workforce, the county needs information about the current state of early childhood workforce compensation.

This Study

STUDY PURPOSE AND GOALS: The Montgomery County Early Care and Education Workforce and Compensation Study provides information about the landscape of workforce compensation, strengths and challenges, and opportunities to strengthen the county's approach to early childhood educator compensation.

The Montgomery County Early Care and Education Initiative Action Plan FY24-FY27 includes an objective to create a compensation framework in service of the ECEI goal to build and strengthen the early childhood workforce. The county commissioned the Early Care and Education Workforce and Compensation Study as the first action step to meet that objective. The purpose of the study was to gather comprehensive data on compensation of early childhood educators and administrators in the county, and a key goal was to identify specific strategies to improve compensation with a particular focus on informing steps toward pay parity with public schools. SRC partnered with the county to design and execute a study that (a) engaged over 600 credentialed early childhood workforce members representing diverse identities and program types, (b) elevated educator voices and experiences with compensation, and (c) generated a set of recommendations to support the county in planning improvements to educator compensation at the local level as well as advocating for state-level policies that improve pay equity in the early childhood field in Maryland.

The study addressed three research questions:

- 1 What is the current cross-sector landscape of compensation, including pay and benefits, for early childhood educators and administrators in Montgomery County?
- 2 What are the strengths, challenges, inequities, barriers, and opportunities with respect to early childhood workforce compensation in Montgomery County?
- 3 What are the opportunities to strengthen the approach to early childhood workforce compensation in Montgomery County?



STUDY APPROACH: Evaluators at SRC used a mixed methods approach to gather and analyze information from local stakeholders about compensation of the early childhood workforce in Montgomery County.

To address the study's research questions, the SRC team completed a landscape review of national workforce compensation strategies and state and local early childhood initiatives; engaged with diverse early childhood stakeholders in the county; conducted a comprehensive analysis of study data sources; and developed actionable, community-driven recommendations in partnership with the Montgomery County Government (MCG) and the study's advisory group.

The SRC team collected the following data sources for analysis in spring 2025:

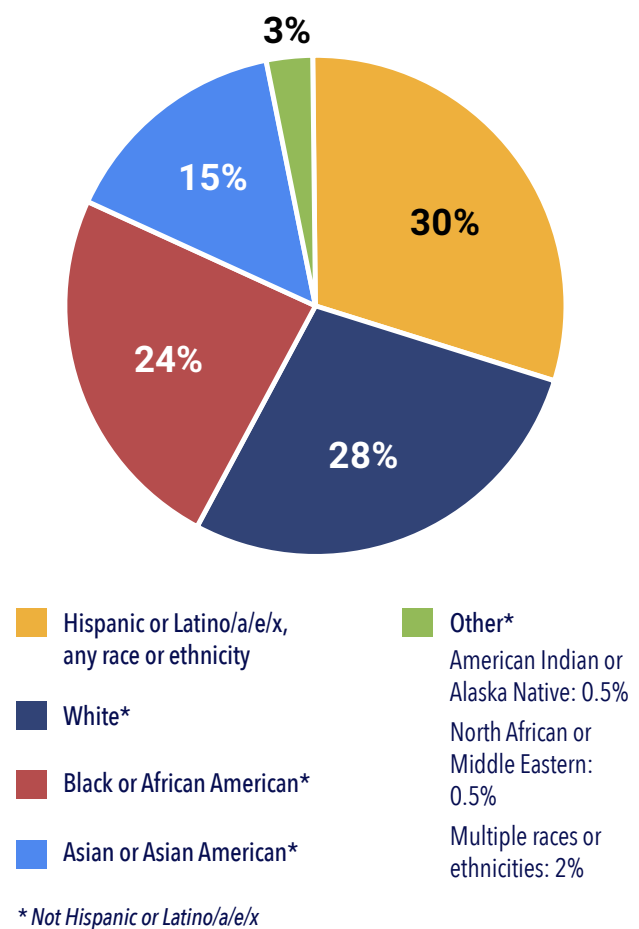
- A survey completed by 629 early childhood educators and program administrators, which represents 23% of credentialed workforce members in the county
- In-depth follow-up interviews with 9 early childhood educators and program administrators who participated in the survey
- A series of five focus groups with 25 early childhood workforce members, including family child care providers, center-based teachers, and center-based administrators
- An interview with 1 former family child care business owner who had to close the program
- Key informant interviews with 8 system experts, including early childhood educators, advocates, representatives of child care associations, and MCG and state agency staff

To be eligible to participate in the study, each workforce member lived or worked in Montgomery County; was employed as an early childhood educator or administrator in spring 2025 or within the two previous years; and participated in the Maryland Child Care Credential Program, a voluntary state credentialing system that provided bonuses to early childhood educators and administrators who increased their qualifications beyond the requirements of state licensing and registration regulations (the program was paused in FY 2025).

Credentialed workforce members invested in higher qualifications than required for licensing, and survey data indicate higher levels of education among participants than what is typical in the ECE field. For instance, national estimates from the National Survey of Early Care and Education data indicate that 35% of center teachers and 22% of center assistants and aides had a bachelor's degree or higher in 2019,⁹ in comparison to 44% and 39%, respectively, in this study. As a result, the survey findings may not reflect the compensation of all early childhood educators and administrators in the county and likely represent higher pay than we would find in a study that included all early childhood workforce members in the county.

Study participants reflected the racial, ethnic, and linguistic diversity of Montgomery County. The racial and ethnic identity of survey participants was similar to the demographic distribution of the overall county population (Figure 1). Survey respondents spoke 47 different languages, with Spanish being the second most common, and 49% spoke at least one language other than English at home (Figure 2). The survey was available in nine languages, but almost all respondents completed the survey in English (91%) or Spanish (9%).

Figure 1. Race and Ethnicity of Survey Respondents (n = 583)



Survey participants worked in all types of program settings (see details in Appendix A). Further, the distribution of program types that study participants worked in is similar to the licensed capacity of each program type in Montgomery County.¹⁰ Just over half of survey respondents held a teacher or lead teacher role in center-based programs, and other participants represented a variety of roles in centers and family child care homes.

Survey respondents worked in programs located in a variety of locations in and around Montgomery County (Figure 3 shows the number of programs located in each zip code). Survey respondents were concentrated in Montgomery County's population centers, such as Silver Spring and Rockville, but respondents also represented less populous areas including Upcounty towns and rural areas. Survey respondents could live and/or work in Montgomery County to be eligible to participate in the survey, so some respondents also worked in neighboring counties, including Prince George's, Howard, and Frederick Counties in Maryland and the District of Columbia. Among survey respondents who worked in Montgomery County, 37% worked in the West County area, 32% worked in the East County area, and 31% worked in the Upcounty area.¹¹

Figure 2. Survey Respondent Languages Spoken at Home (n = 583)

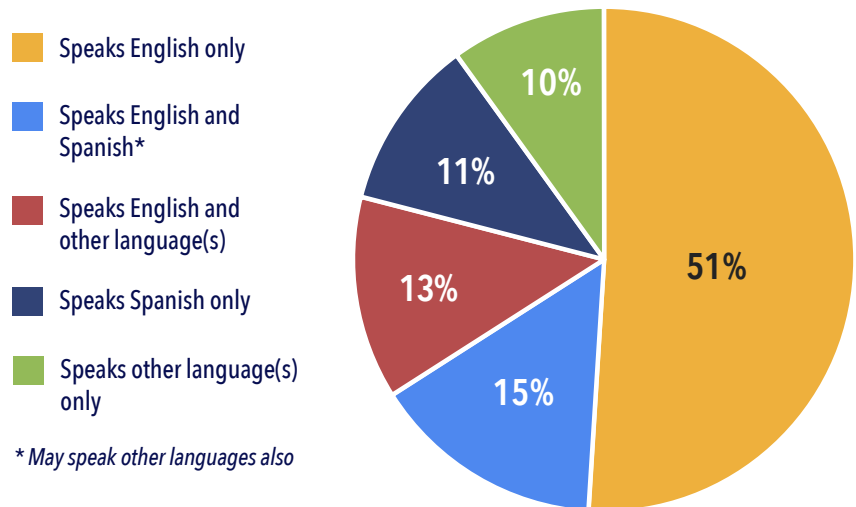
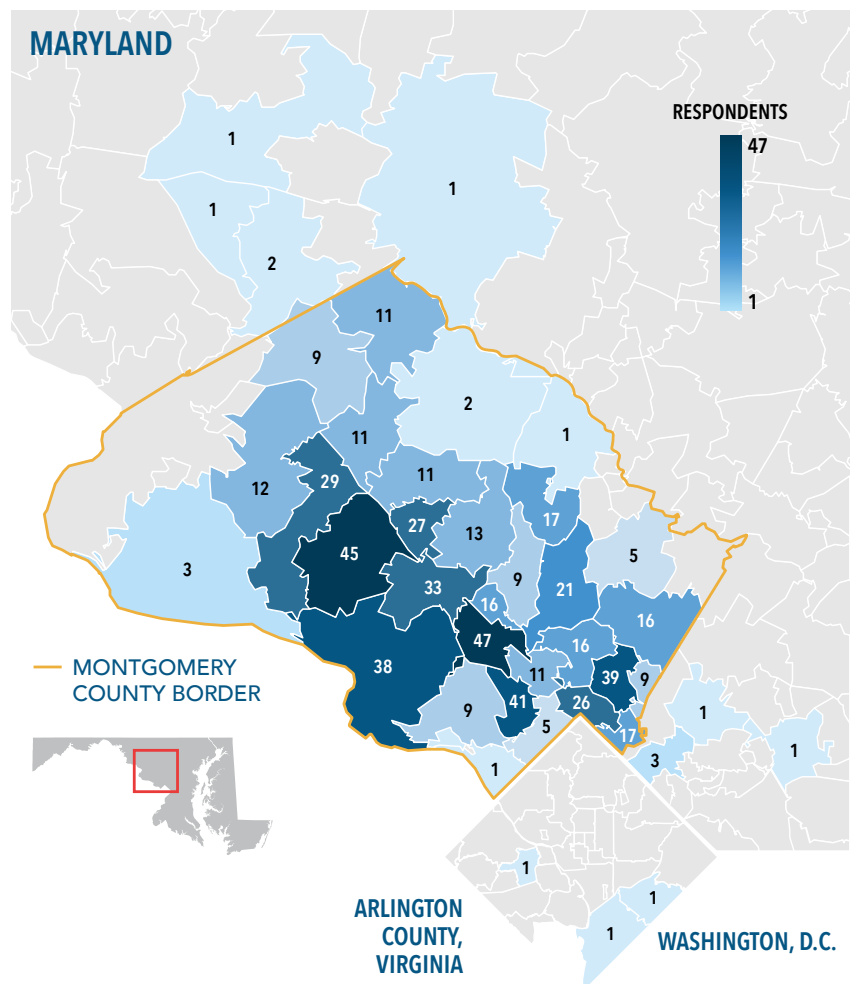


Figure 3. Survey Respondents' Program Location (n = 605)



The SRC team used rigorous quantitative and qualitative analysis methods and an integrated approach to triangulate and integrate findings across the quantitative and qualitative data sources. The study authors compared educator pay results from the survey against economic well-being thresholds for a family of four with two earners in Montgomery County in 2025. The study authors calculated these thresholds drawing from a variety of sources, described in Table 1.

Appendix A of this report describes the study methodology, including data sources and analysis methods in more detail, and Appendix B includes the survey instrument.

Table 1. Economic Well-Being Thresholds

Threshold type	Per-earner amount for a family of four with two earners	Source of data to calculate threshold amount
Poverty	\$16,075 annually, \$7.73 per hour for a family of four with two earners	Poverty guidelines from 2025 for each earner in a two-earner family of four in the United States, from the U.S. Department of Health and Human Services. ¹ Per hour estimates assume full-time, full-year employment.
Self-sufficiency	\$64,631 annually, \$30.78 per hour for a family of four with two earners	Self-sufficiency standards for each earner in a two-earner family of four with one preschool-age child and one school-age child in Montgomery County, Maryland, developed by the Center for Women's Welfare in partnership with the Maryland Community Action Partnershi. ² Standards are designed to estimate the income a family needs to meet basic needs (housing, child care, food, transportation, health care, taxes, and other miscellaneous expenses) without public assistance. Adjusted to 2025 dollars using the U.S. Bureau of Labor Statistics Consumer Price Index calculator. ¹²
Public school entry salary	\$73,505 annually, \$35.34 per hour	Entry-level 12-month salary for teachers with a bachelor's degree and less than 2 years of teaching experience in Montgomery County Public Schools in FY 2025. ³ Per hour estimates assume full-time, full-year employment. This figure was used to calculate pay parity estimates in the Montgomery County Cost of Quality study.
Median income	\$128,744 annually, \$61.90 per hour	Montgomery County, Maryland, median household income data from the U.S. Census Bureau. ⁴ Per-hour estimates assume full-time, full-year employment.

STUDY FINDINGS

The study findings in this report integrate results from the early childhood workforce survey with relevant qualitative data from interviews and focus groups with early childhood educators, administrators, and system experts. The goal of the study findings section is to describe the current state of the workforce in Montgomery County by providing rich contextual information along with statistics about early childhood workforce compensation and experiences. We include statistics (such as percentages) for all survey respondents as well as for separate respondent subgroups (such as different position types) when there were meaningful differences between these groups. We include *p* values when we present subgroup differences, and we interpret a *p* value smaller than .05 as indicating statistical significance (suggesting that the differences are not likely due to chance). We elevate the voices of workforce members and other key stakeholders by including their own words throughout the findings section. The findings presented in this section inform the recommendations at the end of the report.

Heart-Driven Work That Pays Too Little

FINDING: Early childhood workforce members are driven by a love of working with children and passion for teaching.

Study findings confirm what early childhood system stakeholders already know: Most early childhood educators are passionate about working with children and deeply dedicated to helping them learn and grow. Among workforce members who responded to the study survey, 86% reported being satisfied or very satisfied about the opportunity to work with children, and 68% reported being satisfied or very satisfied with their professional identity as an educator.

In interviews and focus groups, study participants shared perspectives on the value of working with young children and the importance of this work to society. For instance, a center administrator said, “I always feel that the ages from 0 to 5 are the most important years of a child’s life, and that period of time is a pathway to their success.... This job that gives me the most satisfaction is being able to touch a child’s life and change it forever.” A family child care provider shared, “I want what is best for the children. We are not only moved if there is a salary. I mean, that 5-year-old child will be, within 15 years, will be an active individual in society.” These comments reflect a passion shared by many study participants for supporting children in their foundational early childhood years.

Figure 4. Survey Participant Employment Satisfaction (n = 628)



“Hearts don’t pay mortgages, and we’ll continue to lose people who have a heart for this work.”

– EARLY CHILDHOOD SYSTEM EXPERT

Some educators shared that they were drawn to the field because they grew to love ECE from their previous experiences with children. Interview and focus group participants described a variety of contexts in which they developed a passion for this work, including caring for younger children in their family, helping out in a family member's child care business, working as a babysitter, gaining inspiration from a family member who was a teacher, and caring for their own children. System experts, program administrators, and educators described multiple motivations for people who were drawn to the field because of their own children, such as the ability to be with their own children while working, the flexibility to align work and school schedules, the financial incentive for free or reduced-cost care while earning money, and the opportunity to strengthen skills in supporting child development that could also benefit their own family.

"La verdad es que uno lo hace por pasión. No lo haces porque uno le gusta, pero porque uno lo vive, porque uno de verdad siente ese grito de interior. Pero cuando uno se sienta objetivamente o racionalmente, dejando la pasión a lado, es bien difícil, bien difícil."

"The truth is that you do it out of passion. You don't do it because you like it, but because you live it, because you truly feel that inner calling. But when you sit down to think objectively or rationally, leaving passion aside, it is very difficult, very difficult."

– FAMILY CHILD CARE PROVIDER

FINDING: Most early childhood workforce members find their pay and benefits to be inadequate.

Although early childhood workforce members tended to be enthusiastic about working with children, most were not satisfied with the pay and benefits they receive. Among survey respondents, only 34% were satisfied or very satisfied with their pay, and just 38% were satisfied or very satisfied with their benefits.

Early childhood workforce members shared key factors that drove dissatisfaction with pay. Interview and focus group participants mentioned the gap between educator compensation and the cost of living in Montgomery County. For instance, a center teacher said, "I'm crying every time I see the paycheck because it's not a livable wage, and we have bills and bills that are piling up." Educator compensation did not always reflect the amount of extra time spent at work beyond the classroom hours, which in some cases was not compensated. For instance, a center teacher said, "We know that this kind of work is not a 9 to 5 job. You have to get in early to get things set up and cleaned up. You stay late, you invest a lot of time keeping your room a certain way and your materials a certain way, and even on the weekends collecting materials or writing conference reports. Sometimes you need to talk to parents in the evening about something that's come up." Some interview and focus group participants noted that their work was undervalued. For instance, a center administrator said, "None of our staff are sustaining themselves through the pay.... We do believe that both the pay for this school, and the pay in general for early childhood, is underpaid per the value that the society gets from it."

"To be a teacher is a gift. It's a thorough gift, and nobody can compensate you enough for what you do for your children. That being said, it's the least paid profession. If I wanted to be rich, I wouldn't be in this profession, because the compensation is not enough.... I had to sacrifice benefits, and I had to sacrifice pay."

– CHILD CARE CENTER ADMINISTRATOR

"It's very low compensation for highly skilled work and requirements, and Maryland has some of the highest requirements for this labor force, the strictest regulations and requirements in the country. Maryland asks a lot of their teachers in child care and the workforce, but pays very little with very little opportunity for benefits, including health care, retirement, and any other types of benefits."

– EARLY CHILDHOOD SYSTEM EXPERT

FINDING: As a result of low compensation and a lack of fringe benefits, it is challenging to maintain a robust early childhood workforce in Montgomery County.

Study data indicate that employee retention and turnover are an ongoing challenge in early childhood programs. Less than half (47%) of survey respondents expected to work for the same employer in 5 years. More experienced workforce members were less likely than early career educators to expect a change in employers. Among survey respondents with less than 4 years in the field, only 33% expected to work for the same employer in 5 years.

Qualitative data from this study suggest that educators often leave their jobs, or the ECE field entirely, to seek better pay and benefits. Interview and focus group participants discussed the challenge of competition for skilled educators within Montgomery County Public Schools (MCPS) or other school districts. Center administrators and other participants acknowledged that some educators found employment in ECE while working toward degrees or credentials, and they transitioned into public school teaching positions with better pay and benefits once they achieved the required qualifications. For instance, a child care center administrator said, "Two [employees] were early childhood educators and their schooling was paid by Montgomery County. But the minute they got the degree, they went into public schools because the compensation is better. So, what has happened is what we have spent in early childhood education, we've lost."

Another center administrator shared that they had lost staff to a variety of public school positions, including teacher and paraeducator roles. Study participants also shared that the Early Childhood Educator Pay Equity Fund in Washington, DC, created additional competition that drew skilled early childhood educators away from Montgomery County. For instance, an early childhood system expert said, "There's a lot of competition from DC. I mean, who wants to work in Montgomery County when you can cross over the DC line and work there and get more money? So especially for child care providers in Montgomery County, compensation is even working less well than it is in other places."

"I stay in this school two years and I saw a lot of people left the school. And some people just work one month. I think most of the time, they left because the pay too low and they feel unfair. They do a lot of work every day and we're tired, care for kids while we're tired every day, and they not get a lot of money."

**– CHILD CARE CENTER
ASSISTANT TEACHER**



“A lot of times we get young people and they don’t tend to stay. It’s a stepping stone for them. They’re in college, they’re looking for work to supplement their income, they are on their parents’ insurance. And so they do child care ... and then they realize they do love children but they’re not going to make enough money. And so they move on to the school system where they are getting paid a better wage and more opportunities, they have summers off, they have better benefits, they have opportunities for retirement and those types of things that you don’t see in our field. And so we have a lot of turnover, and we are struggling to recruit and sustain a highly qualified workforce.”

– EARLY CHILDHOOD SYSTEM EXPERT

Interview and focus group participants identified alternative types of jobs that might be more attractive to early childhood educators due to better compensation or similar compensation for less challenging work. Participants shared that positions in the health field might offer better pay and benefits than ECE positions for similar levels of degrees and credentials. Participants identified jobs such as retail positions or dog walking as having similar pay to some types of early childhood educator roles, with fewer demands and challenges. Some educators shared that they did not plan to stay in the field long term, although they were not sure what they will do next. For instance, a child care center teacher early in her career said, “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 like 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. And knowing what my raise would be each year kind of impacted the decision to probably not be in child care long term.”

Interview and focus group participants indicated that low pay and benefits also made it difficult to attract new early childhood educators into the field in the first place. For instance, a child care center administrator said, “We’re trying to bring in new people. That’s also a difficult thing. There’s not a lot of people that want to come into child care anymore.”



A Landscape of Low Pay for the Early Childhood Workforce

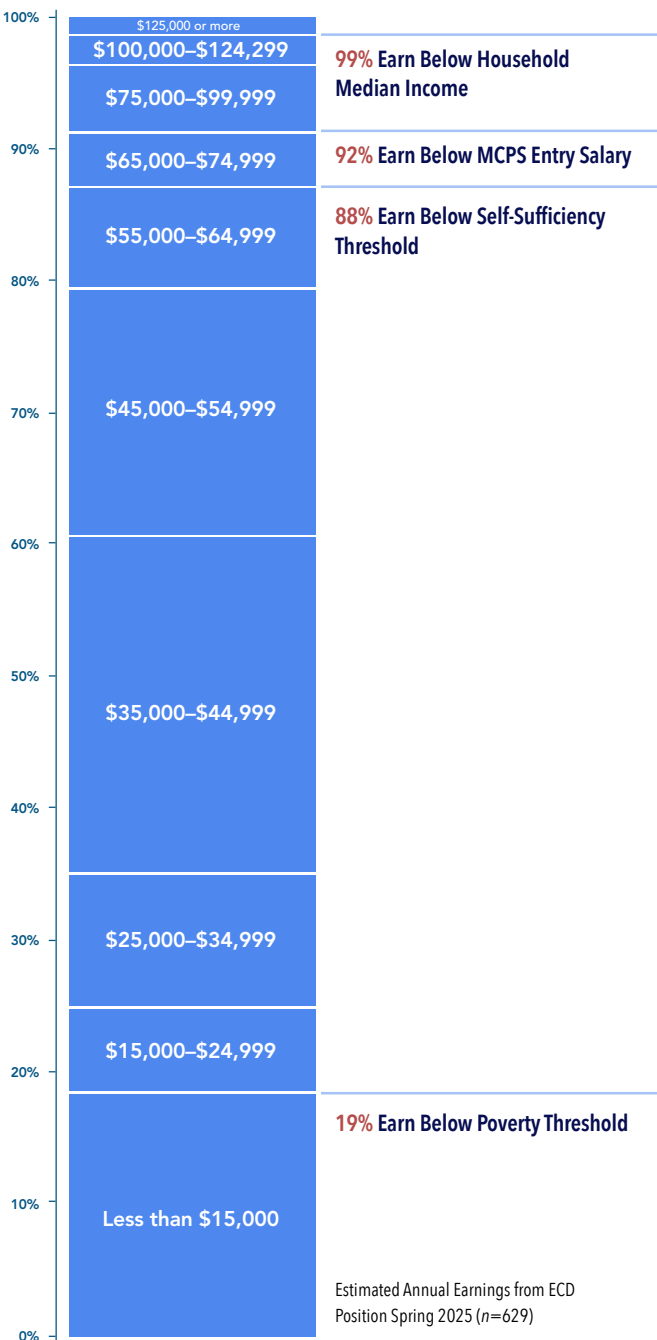
FINDING: Annual earnings for early childhood workforce members are low and fall below indicators of economic well-being for most study participants.

Study data provide evidence that early childhood workforce members in Montgomery County receive low pay for their work. Survey respondents reported estimated annual earnings from their ECE jobs that can be categorized as very low to moderate in the Montgomery County context. Only 1% of respondents reported earnings over \$125,000 per year from their ECE job, which indicates that almost all early childhood workforce members earn less than the median household income in Montgomery County (approximately \$129,000 in 2023) and that their earnings are far below average for the county.

Study data reveal that most early childhood workforce members do not earn enough to cover the cost of living in Montgomery County. Figure 5 shows the survey data on estimated earning ranges from respondents’ ECE work (not including other sources of family income) measured against economic well-being thresholds. Almost one out of five survey respondents (19%) earned less than \$15,000 from their ECE job in the past year, falling below the poverty threshold for a family of four. Educators in this group had extremely low income regardless of hours worked. A large majority (88%) of survey respondents earned less than the self-sufficiency threshold per earner for a family of four with two earners, and 92% earned less than the entry-level salary for MCPS teachers. These data show that most workforce members do not earn enough to meet basic family needs without additional support, whether from other employment, public benefits, or another source of financial support.

Annual earnings for early childhood workforce members fell below pay in public schools as

Figure 5. Estimated Annual Earnings by Economic Well-Being Thresholds For Families of Four (n = 629)



well as other skilled professions. In FY 2025, MCPS annual salaries ranged from \$38,941 to \$145,012 for a supporting services position (which includes paraeducators and classroom aides), \$73,505 to \$149,618 for a 12-month teaching position, and \$81,398 to \$147,870 for an administrator position.³ As shown in Figure 5, most early childhood workforce members earned less than even the starting salaries for these public school positions in the same county. Nursing, another profession that requires specialized skills and training, offered an average annual salary of over \$95,000 per year in Montgomery County.¹³

1%
annual
earnings above
county median
income

Annual earnings shed light on the inadequacy of early childhood workforce compensation and how these earnings align with the cost of living in Montgomery County. Annual earnings are impacted by the amount of time worked, including the number of hours worked in a typical week and also whether employment is year-round. The number of hours worked by early childhood workforce members ranged from a handful of hours each week to very long hours each day. Almost two thirds of survey respondents (63%) indicated that they typically worked full-time hours (35 to 45 hours per week), and 15% had longer work schedules that exceeded 45 hours per week. The remaining 22% of respondents had part-time schedules that were typically less than 35 hours per week. Most survey respondents (85%) worked an 11- or 12-month year-round schedule, while 13% worked a 9- or 10-month school-year schedule and 2% worked less than 9 months of the year.

FINDING: Hourly pay for ECE work is also very low, and some educators who are paid on an hourly basis have unpredictable pay.

Among survey respondents who were employees of center-based or family child care programs, 70% were paid a wage based on the number of hours worked, rather than a fixed salary, and 43% reported that the amount of their pay varied from pay period to pay period. In interviews and focus groups, system experts shared that hourly wages could benefit educators in programs that require long hours, because educators would be paid more, at overtime rates, if they worked over 40 hours per week. They also shared that hourly wages could also allow educators to receive pay for time they spend on tasks that occur outside of the program day, such as cleaning, communicating with families, and preparing materials. However, inconsistent pay can be challenging for educators if work hours change from week to week or dip below expected amounts for reasons such as program closures, varying staff needs due to enrollment, or inconsistent schedules.

“OK, so where we work right now, our hours have been cut since October, due to the size of the children, which is understandable. But as the months go by now we have a day that we don’t work in the week, so we only have 4 work days. And each day is different hours, so we can work for 5 hours, 6 hours. So our pay really depends on what schedule they give us, which sometimes is not helpful because they don’t give us a schedule until Friday. But with the hours being cut, I would say we’re missing ... for right now, we’re missing almost, I would say, \$600 to \$500 in our paycheck because of that.”

– CENTER-BASED TEACHER

Among survey respondents with an hourly wage, very few (5%; Figure 6) earned at least the county’s self-sufficiency wage (adjusted for 2025) of \$31 per hour for each earner in a family of four with two earners. The median hourly wage was \$21. Most respondents were in the range of \$16 to \$25 per hour, and few earned wages that were close to the self-sufficiency rate or the entry-level pay for public school teachers (Figure 7). At the time of the survey, minimum wage in Montgomery County was approximately \$15 to \$17 per hour depending on the size of the employer, and many workforce members earned just above the minimum. Interview and focus group participants discussed the challenges of low hourly wages. For instance, an experienced center-based teacher said, “I’m not at that beginning pay anymore when I first started in the field. But I do see jobs throughout the county being advertised from anywhere from \$17 to \$21 an hour. And I think, how do people do that job and live off that? The corporation places ... are not paying so that people can live. I don’t know how they’re doing it.”

Figure 6. Percentage of Survey Respondents Earning At Least Self-Sufficiency Hourly Wage for Two-Earner Family of Four (n = 280)

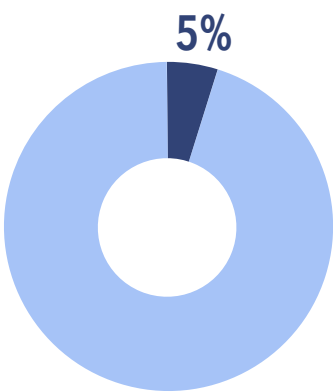
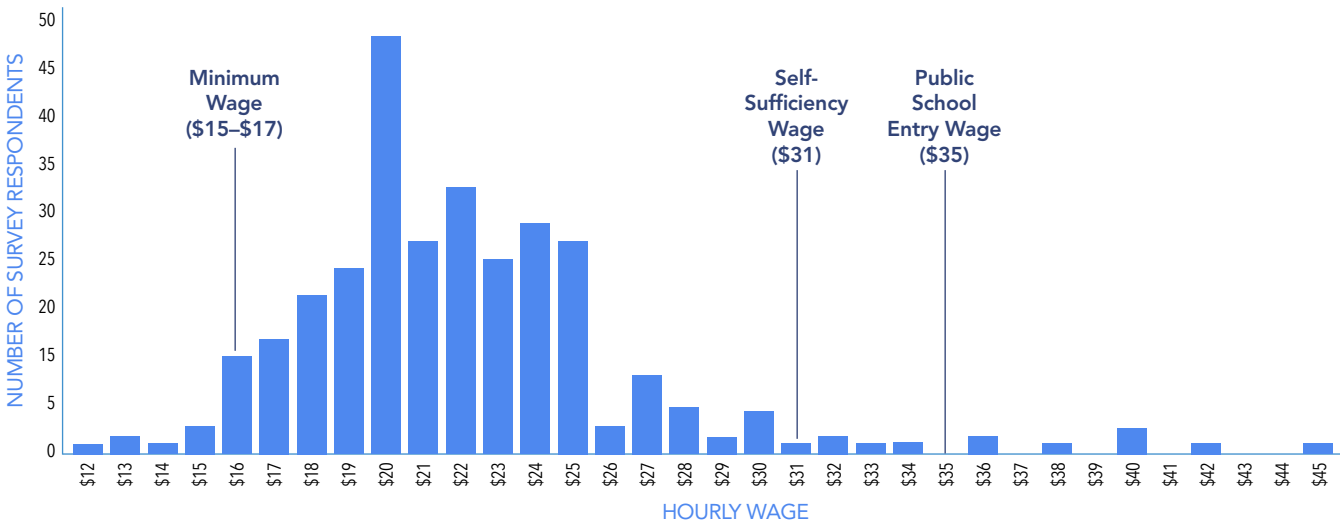


Figure 7. Hourly Wage Reported by Survey Respondents (n = 280)



FINDING: Early childhood workforce members with insufficient pay use a variety of strategies, such as multiple jobs and public benefits, to make ends meet.

“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

Interview and focus group participants confirmed that pay for ECE work was not enough to make ends meet for many workforce members. For instance, a center administrator said, “As a previous teacher told me, you have to be sponsored in order to do this work.... None of our staff are sustaining themselves through the pay.” Many early childhood workforce members reported making ends meet by sharing living expenses with spouses, partners, parents, other family members, and housemates or by living in more affordable areas outside of Montgomery County. For instance, a center administrator described commuting challenges for educators: “Teachers come from far away because they can’t afford to live where our school is.” Some interview and focus group participants shared that they relied on financial support from family members in order to be able to work in this field.

“Yo he trabajado, sobre todo los fines de semana o en las noches, a hacer limpieza, o en las tiendas en Target, esas cosas, eh? Porque cuando hay un bajón... por veces van los niños y mientras que llega otra familia, entonces tú estás con una cierta cantidad de dinero que tienes que hacer, obviamente no hay de dónde y para completar. Pues toca, al menos a mí me ha tocado irme a buscar un aunque sea de noche.”

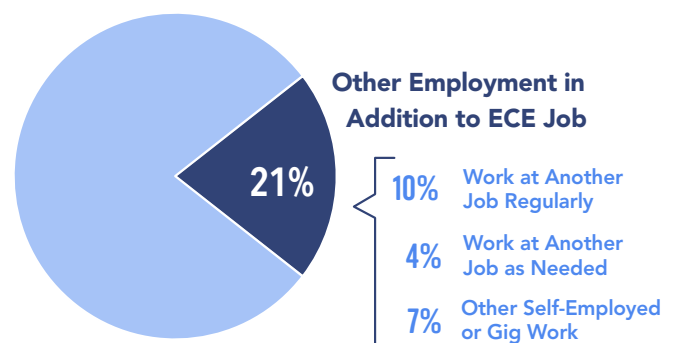
“I have gone to work, particularly on weekends or at night, to work in cleaning services, or in Target stores, that type of thing. Because when there is a slump... at times children leave and until another family arrives, so you have a certain amount of money that you have to earn, obviously there is no alternative but to make it up. Well you have to, at least I have had to go find something even if it's at night.”

– FAMILY CHILD CARE PROVIDER

One out of five survey respondents (21%) had other employment in addition to their ECE position, including other jobs worked at regularly or as needed and self-employed or gig work (Figure 8). Interview and focus group participants reported that many early childhood educators had to find additional work to get by, especially when they were new to teaching. For instance, an early childhood system expert said, “We’ve heard stories of people having to get second jobs, third jobs in order to be able to fully support themselves and their families.... A lot of educators in our county are struggling.” Similarly, a center administrator shared, “I have teachers that have second jobs, or work on the weekend.”

Study participants shared examples of other jobs they or their colleagues had engaged in while teaching, such as retail, waiting tables, babysitting, cleaning, delivery jobs, driving services, tutoring, teaching classes (such as dance or yoga), conducting child assessments, and others. Some educators said they could use the income from a second job but were not able to work additional hours because they also cared for their own children. The inability to earn enough to make ends meet from an ECE job contributed to educator doubts about continuing in the field. For instance, a center-based teacher who did not expect to work in the field long term said, “If there was a possibility of just having one job and being financially secure, I think that would help.”

Figure 8. Percentage of Survey Respondents With Other Employment (n = 630)



Public benefits were an important support to cover the gap between earnings and the cost of living in Montgomery County. For instance, an early childhood system expert said, “The folks that are in this industry are using SNAP, and Medicaid, and everything that they need just to make ends meet.” Over one in three survey respondents (37%) indicated that they received public benefits (Figure 9), including Medical Assistance (Montgomery Cares, Care for Kids, Medicaid, and Maryland Children’s Health Program), Social Security, Child Care Scholarships or Working Parents Assistance, Medicare, Supplemental Nutrition Assistance Program (SNAP), Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), temporary cash assistance, and fuel assistance. While many workforce members were able to receive public benefits, several interview and focus group participants shared that not all early childhood educators were eligible for public benefits. Immigration status was a barrier to some benefits. Also, study participants shared that family child care business owners might not be eligible for certain types of benefits because of their business tax structure or a lack of documentation about income. For instance, a family child care provider said, “If they did not have Social Security, they could not get unemployment. If they work with ITIN numbers, which most people do that, they couldn’t get any benefits.”



37%
**RECEIVE
PUBLIC
BENEFITS**

Figure 9. (n = 624)

“Most people working in this industry qualify for subsidies. They qualify for many of the same subsidies that we provide our families in the Child Care Scholarship program due to the low pay.”

– EARLY CHILDHOOD SYSTEM EXPERT

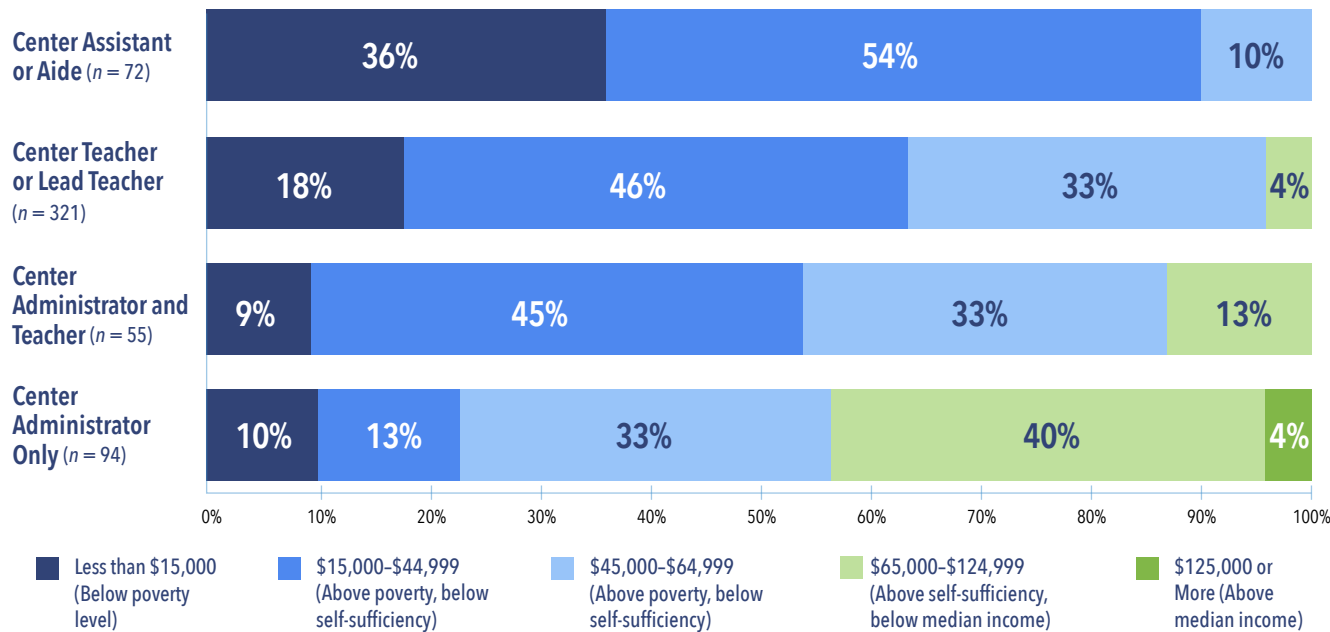


FINDING: In center-based programs, earnings are lowest for assistants and increase with seniority, but most staff with teaching responsibilities earn less than the self-sufficiency threshold. All types of positions—even administrators—include staff earning less than the poverty threshold.

Early childhood workforce member earnings varied significantly by position type ($p < .001$). Study analyses find no statistically significant differences in pay range by program licensing type (comparing family child care, large family child care, child care centers, nursery schools, school-based care,¹⁴ and religious organizations), but this report presents the results separately for center-based and family child care programs because compensation works differently in these settings.

In center-based programs, assistants and aides fell into the lowest pay ranges (Figure 10). More than one third (36%) of assistants and aides had estimated annual earnings that were less than the poverty threshold of \$15,000, and all were below the self-sufficiency threshold for a family of four with two earners. Earnings improved steadily for roles with more seniority, but they remained below the self-sufficiency threshold for most classroom teachers, including those who served only in classroom teaching roles (96%) and also those who held administrative responsibilities in addition to teaching (87%). Sizable numbers of classroom teachers in both categories had earnings under the poverty threshold (18% and 9%, respectively). Center administrators with no teaching role had the highest incomes, but they were represented in all the pay categories, with 10% under the poverty threshold and 56% under the self-sufficiency threshold.

Figure 10. Estimated Annual Earnings From Early Care and Education Job, by Position Type in Center-Based Programs



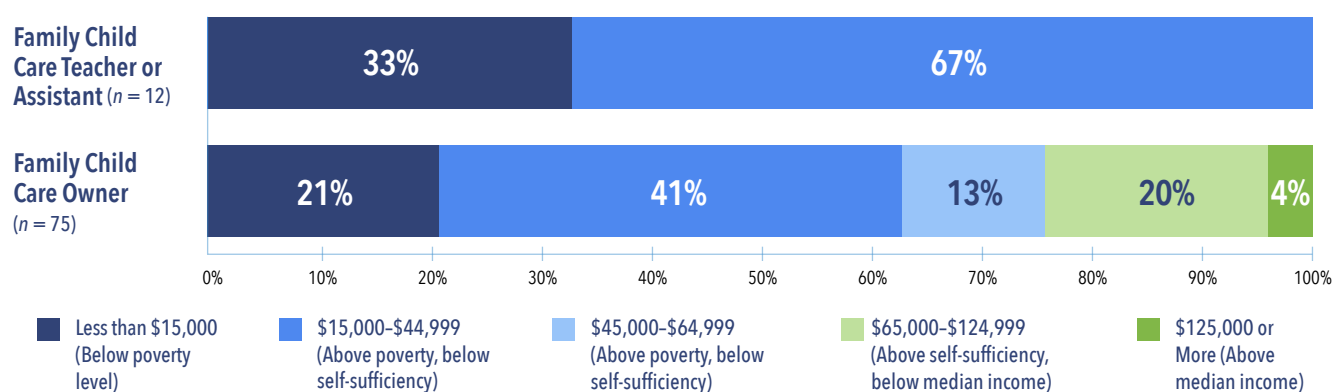
FINDING: Three out of four family child care owners do not meet the self-sufficiency threshold, and one out of four has a business that is losing money. Family child care staff, including teachers and assistants, are the lowest paid of all ECE position types.

“I had staff. And it just got to a point where it didn’t make sense to have staff anymore because number one, they weren’t sticking around. Number two, I felt as though I wasn’t going to be able to give them a livable wage with benefits, which is something that everyone needs and they deserve. In order for me to give them a decent salary, my rates would’ve had to have been higher and it was more feasible to not have anybody and just work for myself.”

– FAMILY CHILD CARE PROVIDER

Staff working in family child care programs had particularly low pay. Among survey respondents in family child care staff positions, including teacher or assistant roles, one out of three had estimated annual earnings below the poverty threshold and all earned less than \$45,000 per year (Figure 11). In interviews and focus groups, family child care owners reported that the family child care business model made it very difficult to afford staff and that they were not able to pay their staff well. Some participants said that they would like to have staff to help balance the workload, but they also shared that financially it could be very challenging, especially when juggling turnover with enrolled children. For instance, one family child care owner explained that she would have to enroll two to three additional children to pay for the cost of an employee; she also explained that by paying an employee an hourly rate just over minimum wage, the employee would end up earning more than double what she earned as the owner. Other interview and focus group participants described similar challenges that deterred family child care providers from hiring staff and that led to very low pay for family child care teachers and assistants in programs that did hire staff.

Figure 11. Estimated Annual Earnings from Early Care and Education Job, By Position Type in Family Child Care Programs



Notably, family child care owners were represented in all annual pay ranges, from the lowest to the highest, although 21% had estimated annual earnings that were less than the poverty threshold, and three out of four earned less than the self-sufficiency threshold (Figure 11). These data represent family child care owners' estimates of their annual income only from their child care business, but this information was difficult for many family child care owners to report with accuracy because their child care businesses can be set up using a few different business structures (such as sole proprietorships, LLCs, and S corporations), and the way owners handle revenue and compensation (for themselves as well as that of any staff, if relevant) differs based on the business structure requirements.

The survey did not ask business owners how they handled compensation, but responses during interviews and focus groups revealed that family child care business owners used different business practices in terms of compensating both themselves and their employees. Some did not pay themselves a salary at all, while others paid themselves a salary formally or informally. The decision not to take a salary typically means that a) taxes are not deducted and the full amount of collected revenue is available immediately, and b) the business owner does not pay into certain types of public safety net benefits such as unemployment insurance and Social Security. They also differed in whether they paid employees a salary and deducted taxes, or paid them as independent contractors without deducting taxes.

Early childhood system experts shared that many family child care owners do not have a business background or training and might not fully understand the financial implications of the decision. For instance, one expert said, "Some pay themselves and some don't pay themselves yet. We're still working on that, to get the family child

care providers to understand the importance of paying themselves. They don't quite understand it. 'If I pay myself, then I have to pay taxes.' Yeah. But if you don't pay yourself, then you're not contributing to your Social Security." In interviews and focus groups, family child care providers shared different practices and also different perspectives about which approach was best.

"I think the best thing is you get the money, and then you put aside for your taxes and you pay at the end of the year. So nobody takes your money out. You know that that week you have \$600, let's say so. Nobody's gonna take 30% out of that. Or for Medicaid, you know. You come with the money and then at the end of the year, you figure out how you pay your taxes. But I think that's one of the good things about this job, you can count with that money for that week."

– FAMILY CHILD CARE PROVIDER

"I've been in business for 14 years, and I should be paying myself a salary, I think, and I don't. I feel like I'm speaking on behalf of a lot of providers, especially family child care, when I say that we need that set up in a way to where it benefits us most at income tax time. And I think paying ourselves, we probably would benefit more. I don't really know, but I've never paid myself out of the 14 years. When I do my taxes, everything is really coming from one account, because the money's going in the account, the expenses are going out of the account. Everything is right there, but I still don't think it's set up in a way to where it benefits me."

– FAMILY CHILD CARE PROVIDER

"I use a payroll company called Gusto that helps me pay my employees and myself a salary, which then allows me to give out W-2s. My business is an LLC but we're taxed as an S corp, which allows me to not pay as high on self-employment taxes. I can deduct my salary as an expense. So that means that I am paying my employees' taxes and my taxes as well."

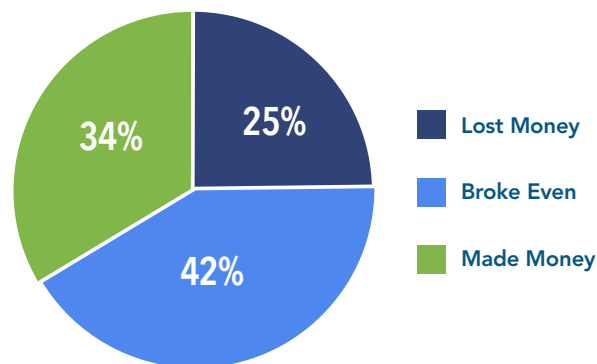
– FAMILY CHILD CARE PROVIDER

In response to the survey, family child care owners also shared information about their profits in the prior 12 months. The most common response among respondents (42%; Figure 12) was that they broke even, indicating that the family child care business did not have a profit or a loss in the past year. Some family child care owners who participated in interviews and focus groups shared that they intentionally tried to break even for a variety of reasons, including keeping costs reasonable for families and also for personal financial reasons such as benefits eligibility. For instance, a family child care provider said, "My business, I try to just break even. So what would have to happen for my business to get a profit, I would have to increase tuition so that I'm taking in more money than I'm spending, but pretty much right now I take in what I am spending so I don't make any profit for the business." Over one third of family child care owners (34%) indicated that their business made money, and providers shared that they had to stay organized and minimize expenses to achieve a profit. For instance, an

owner shared, “Well, in my case we do the QuickBooks, we do the TurboTax, and that is great for us because we had a profit for the business. Again, it’s a family business...my husband helps me with all the paperwork we need to do. I make a profit because I do everything myself. It’s not easy. I do not pay somebody to clean my area. I try to do everything, but it’s a lot of work. It’s overwhelming sometimes. You need to be very organized to do everything.”

One quarter of owners (25%) lost money, which is a very challenging situation for any business. In an interview for the study, an owner of a family child care business that recently closed explained how financial losses and debt accrued through business purchases contributed to her decision to close: “It wasn’t enough for me to sustain myself. The ARPA [American Rescue Plan Act] funds were very, very helpful because they allowed me to get rid of a lot of debt that I had acquired based upon trying to improve the program or put it back into the program. But then I wasn’t able to maintain that status... I wasn’t even breaking even, just to be honest. And it just got to a point where not having adequate benefits, not having any type of sustainability or stability, and I had been doing it for so long, I was like, ‘OK, it’s time to pivot.’ So that was my main decision as to why I decided to close.”

Figure 12. Family Child Care Business Outcomes in Past Year (n = 65)



“I don’t know that for many family child care businesses, if profit is the most accurate word to say. Are you self-sustaining? If someone were to ask do you make a profit, I would say no, but is my business sustainable? Yes.”

– FAMILY CHILD CARE PROVIDER



In interviews and focus groups, family child care business owners discussed uncertainty and confusion about business practices that would be most beneficial, and some shared that they did not handle revenue, compensation, or taxes correctly when they first started out because they did not have sufficient knowledge and information. Some participants emphasized the importance of participating in training and professional development in order to understand how to run a small business successfully and increase their knowledge about best practices in financial management. For instance, a family child care provider said, “One of the classes that I tell everybody about is All Our Kin, about business. That class was very helpful. I tell all my peers around this area whenever that class comes up, take that class, you are gonna gain confidence, and you’re not gonna charge \$200 for your full week for 11 hours to watch a kid. Anything related to business I take, as I’m bad at taxes. I’m bad at recordkeeping and all that.” Early childhood system experts also highlighted the lack of business knowledge among family child care providers and the opportunity to help family child care providers improve their business practices through training and information.

FINDING: Education level and experience in the field are key drivers of differences in pay between early childhood educators. Study participants have mixed perspectives on the existence and magnitude of disparities in pay based on race, ethnicity, and primary language.

The findings show that higher education degrees and years of experience are linked with higher pay among the early childhood workforce. Over 80% of educators perceived differences in pay based on these factors (Figure 13), and statistical comparisons of survey data confirm that annual earnings increase steadily and significantly with education degree level ($p < .001$) and years of experience ($p < .001$). In interviews and focus groups, study participants indicated that they expected compensation to increase with education level and experience. For instance, a center-based teacher said, “There are certain things that should be getting paid more like if you’ve been working for longer, or if you have schooling, I think that you should get paid more.” However, participants also described frustration among educators who had a lot of experience but were paid less than inexperienced colleagues with advanced degrees. For instance, a center-based teacher said, “I do feel that just because someone does not have a degree, they should not be knocked for that for pay purposes. If you’re paying a teacher that has no experience—but because they had a certification—more than an experienced early childhood educator, something has to change.”

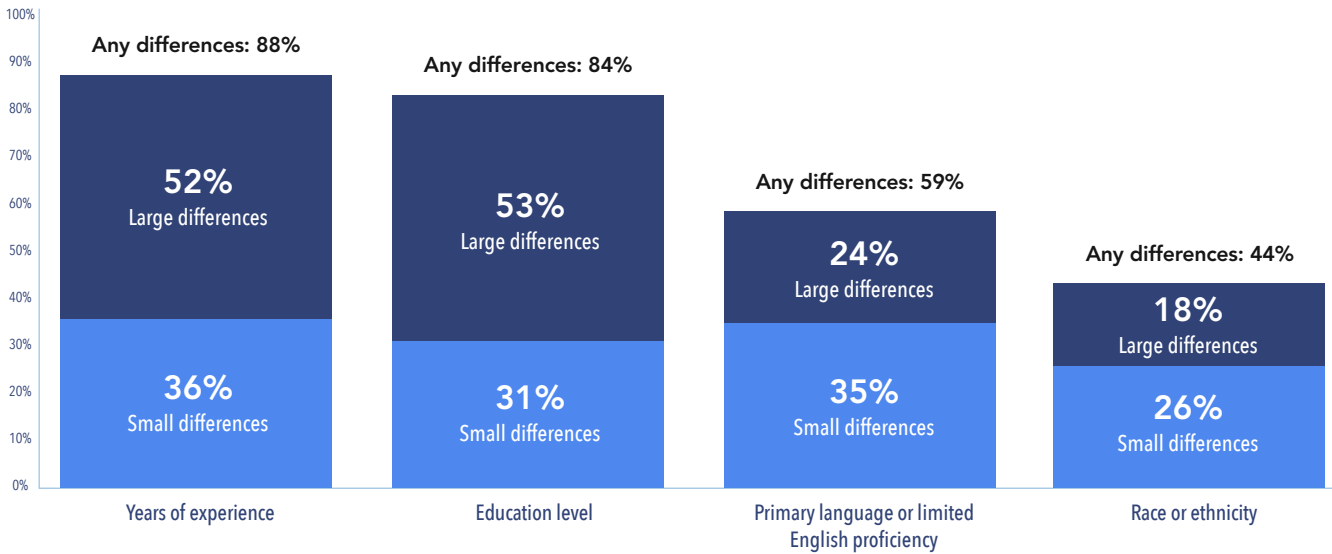
Among survey respondents, 59% perceived differences in pay based on the educator’s primary language or limited English proficiency, with 24% perceiving large differences and 35% perceiving small differences (Figure 13). Survey respondents who do not speak English at home were significantly more likely to perceive differences (68%) compared with respondents who do speak English at home (58%; $p = .04$). In interviews and focus groups, participants discussed different ways that may have experienced bias or pay disparities based on their primary language and also their birthplace. Educators shared that limited skills in English could have a negative impact on pay. For instance, a center-based teacher said, “The language could hinder an increase in pay.” Early childhood system experts and educators pointed out that

“I’ve often found myself fighting for those who were dynamic teachers in every way and maybe stopped at the 90-hour certification because that’s all they needed in order to be a lead teacher. They had great classroom management skills. They were great with implementing the lesson plans. They understood children well, but without the degree or credential, the CDA, they basically didn’t fall in the right place on the matrix for compensation. And quite often they would feel left behind because brand-new people who just got out of school would come in and make more money than them. I think that that’s probably the biggest discrepancy that I see when it comes to compensation of teachers. We want to show respect for those who earn the credentials, but we have to find a way to, I guess, find the equivalent in those who don’t have the credential but do a phenomenal job.”

– EARLY CHILDHOOD SYSTEM EXPERT

bilingual educators should be paid extra for this sought-after skill that programs rely on in a linguistically diverse area like Montgomery County, yet they found that this did not happen in practice. For instance, a family child care provider said, “We have this thing where families are looking for people who want to teach their kids Spanish. But in the case of Latinas, they are mostly looking for us because they want their child to learn to speak Spanish as a second language. But when they go to pay, they don’t recognize your teaching. They want the same.”

Figure 13. Percent of Survey Respondents That Perceive Pay Differences Based on Educator Characteristics (n = 629)



“I think when it comes to language, I don’t think that any location I’ve ever worked at had the right resources for staff where English was not their first language. I know that we often, I’d like to say, pulled on the one or two people on staff who might be bilingual, but when it came to offering salaries, that was never a consideration.”

– EARLY CHILDHOOD SYSTEM EXPERT

Early childhood system experts and educators discussed challenges when educators with degrees or teaching certificates from other countries did not have their qualifications recognized, which led to lower pay than other educators with similar qualifications achieved locally. For instance, a center-based teacher said, “Sometimes they have an international degree, and when it’s translated to us, it doesn’t equate.” Similarly, an early childhood system expert shared, “I believe we have some really highly qualified people who are passionate about education and may have even taught in their home country, but they come here and they can’t do the same.”

Study participants had mixed perspectives on whether disparities in pay exist based on race and ethnicity. Among survey respondents, 44% perceived pay differences based on race and ethnicity, with 26% perceiving small differences and 18% perceiving large differences (Figure 13). Responses to this survey question did not differ significantly based on the respondent’s own race or ethnicity. Qualitative data reveal a variety of perspectives. For instance, some participants expressed uncertainty about how differences in early childhood educator pay might relate to race and ethnicity, saying that they did not know or did not have enough

information to gauge whether such disparities exist. Some participants indicated that they did not believe that racial and ethnic pay disparities exist in the early childhood space, or in their own programs. Other participants reported perceiving that race or ethnicity did impact pay. For instance, a teacher said, "In Montgomery County, race is the biggest thing that I feel like contributed to pay disparities. I feel like a lot of things can connect to race, because it's one of those things where you see all of your coworkers are predominantly white, and you kind of just already feel this feeling like, Oh, they kind of just get more than me, or they're respected more than me, and I don't know if it's just me reading too much into it."

Among survey participants, pay did not differ significantly based on the area of the county they worked in (West County, East County, or Upcounty).¹¹ However, differences at the town level were statistically significant ($p = .02$), and respondents working in Bethesda tended to have somewhat higher pay in comparison to respondents in other towns with large numbers of participants, such as Silver Spring, Rockville, and Gaithersburg. Pay increased steadily with Maryland Child Care Credential Program level for those with staff credentials ($p < .001$), but it did not differ significantly by program EXCELS rating level.

Gaps in Health and Other Benefits

FINDING: Only one in four ECE workforce members has health insurance from their ECE employer, a much lower number than what's reported for workers in other professional jobs, and another quarter of workforce members rely on a family member for insurance coverage.

Fringe benefits are an important element of employee compensation, providing resources to support employee health, well-being, and financial security. Health insurance is a particularly critical fringe benefit to ensure employees can access health care when needed and reduce the costs of care; it is even more important for early childhood educators who are regularly exposed to contagious illnesses in their interactions with young children and who also run the risk of injury in this highly physical work. In interviews and focus groups, early childhood system experts and educators emphasized the health risks early childhood educators experienced in their work. For instance, a center-based teacher said, "We're in a business where all our kids have snots and boogies on us and we're constantly either thrown up on, or we have to change dirty diapers and sometimes they can make you sick. And then we have days off because we have no choice. I think we should have health care, if not the proper wage, some sort of meeting in the middle."

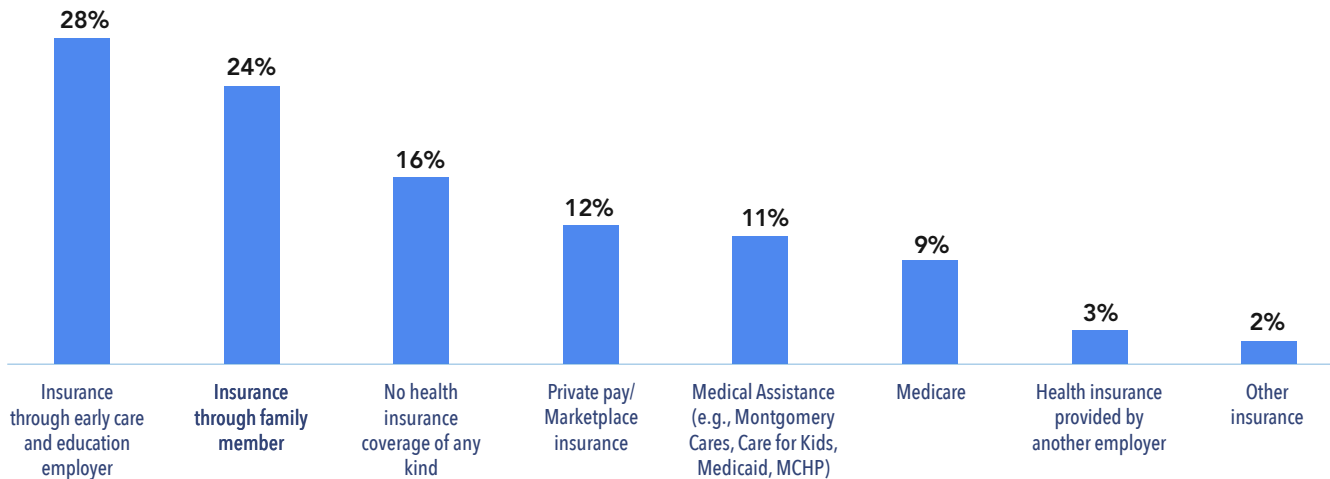
"El seguro de saludo, de verdad es que es una necesidad bien grande para todas nosotras, sobre todo porque siempre estamos con los niños que son los que más nos enferman con un virus. O sea increíble, como tenemos que trabajar esta defensa para no enfermarnos. Porque si no abrimos no hay pago, no hay dinero, no hay entrada. De verdad que necesitamos seguro de salud."

"Health insurance, it's truly a great need for all of us, particularly because we are always with the children who are the ones getting us sick with a virus. I mean, it is incredible how we have to work up these defenses so we don't get sick. Because if we don't open, there's no payment, there's no money, there's no income. We really do need health insurance."

– FAMILY CHILD CARE PROVIDER

However, use of employer-provided health insurance was limited in the ECE field. Among survey respondents, only 28% had health insurance through their early care and education employer (Figure 14). Among providers who did not have health insurance through their early care and education employer, 42% indicated that their employer did offer health insurance, although most (81%) also reported that employees had to meet specific requirements (such as position type, number of hours worked, or duration of employment) in order to participate. Use of employer-provided health insurance was higher among full-time employees who worked at least 35 hours per week (32%) compared with those who worked less than 35 hours per week (15%), but there were still many full-time employees who did not use insurance through their early care and education employer.

Figure 14. Percentage of Survey Respondents With Each Type of Health Insurance Coverage (n = 625)



Note: Respondents had the option to select multiple insurance types unless they selected "No health insurance of any kind," so the percentages total 105.

ECE workforce members reported far less health insurance coverage through their employers than workers in other industries. For instance, data from the Bureau of Labor Statistics indicate that 57% of workers in all industries and 65% of workers in elementary and secondary schools had health insurance coverage through their employer in 2024. (The data also indicate that 75% of all workers and 90% of workers in schools had employer-provided health insurance available to them, but not all used the benefit, in contrast to 58% of survey respondents in this study.)

Some interview and focus group participants connected the lack of health benefits to attrition in the early childhood field. For instance, a family child care provider described losing an uninsured staff member after a costly illness: “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.”

One in four survey respondents (24%) had health insurance through the employer of a family member (Figure 14). In interviews and focus groups, study participants discussed the extent to which early childhood educators relied on family members for health and other benefits, and they also described how early childhood programs depended on family-provided benefits for their staff. For instance, a center administrator said, “I do not get benefits, neither do my teachers. We are lucky that we don’t need it. So it is hard for us to compare whether we’ve been compensated properly, because the teachers that I have, I’ve been lucky, do not need health care or do not need a retirement plan because they get it from their husbands. And so it is hard for me to talk like what is fair.”

“In early childhood education, those who were younger who were still eligible to be on their parents’ insurance, they were. Many of them live with their parents, so again it kind of helped with the salary. And then some were married and had spouses that had those benefits that they could participate in.”

– EARLY CHILDHOOD SYSTEM EXPERT

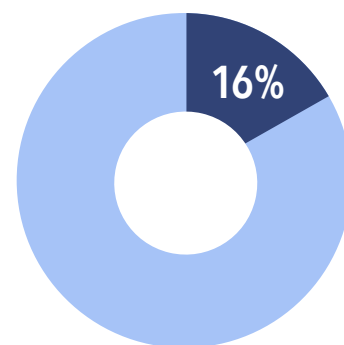
Figure 14 shows that the survey respondents with health coverage accessed their insurance from a variety of sources including public health insurance such as Medical Assistance (11%) and Medicare (9%), self-pay insurance through the state’s online marketplace (12%), health insurance accessed through another job (3%), and other sources (2%). The remaining respondents had no health insurance coverage.

FINDING: Uninsurance rates are high among the early childhood workforce, especially for staff in assistant roles and those with less experience.

Uninsurance was common among the early childhood workforce, and 16% of survey respondents indicated that they had no health insurance coverage of any type (Figure 15). This is a higher rate of uninsurance than in the general population, as well as in comparable professions. For instance, only 6% of all adults in Maryland are uninsured.¹⁵ Nationally, other studies have suggested that about 11% of health care workers and 4% of K–12 teachers are uninsured.¹⁶

Among early childhood workforce members in the study, lack of health insurance differed by position type ($p < .001$; Figure 16). Family child care program staff, including teachers and assistants, had the highest rate of uninsurance by far, at 58%. In centers, about one in three assistants /aides were uninsured (30%). Uninsured rates were less extreme but still high for other position types: 19% of family child care owners, 15% of center-based teacher-administrators, 14% of center-based teachers, and 11% of center administrators who do not teach. Among survey respondents, uninsurance rates decreased with experience ($p = .02$). Uninsurance rates were 32% for workforce members with 3 years of experience or less, 21% for those with 4 to 10 years of experience, 12% for those with 11 to 24 years of experience, and 8% for those with 25 years of experience or more. Uninsurance rates did not differ significantly by race or ethnicity.

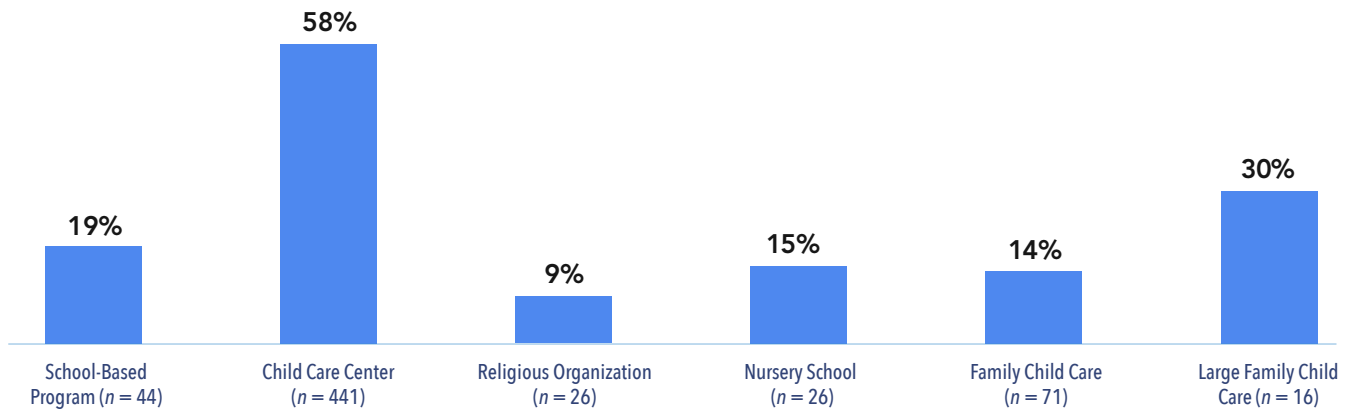
Figure 15. Percentage of Survey Respondents With No Health Insurance Coverage
($n = 625$)



“I was left without insurance last year. I had insurance, but if you have a bit more, then they remove you from the government insurance. And, well, you are left without insurance. So then, thank God that my children are still under insurance coverage, but I am outside coverage. So I was without insurance for a few years. Last year it happened again. They gave me insurance again this year, and again they took it away from me. Rinse and repeat. So, while I have the insurance, that’s when I get the help that I need, and when I don’t, well, I start to pray, right?”

– FAMILY CHILD CARE PROVIDER

Figure 16. Percentage of Survey Respondents With No Health Insurance, by Position Type



In interviews and focus groups, participants identified some factors that prevented them from obtaining insurance. Some workforce members shared that they were uninsured because they tried to sign up for insurance and did not meet eligibility criteria. For instance, a family child care provider said, “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. So, it’s the same as nothing.” Several educators shared that they experienced a benefits cliff, in which they lost eligibility for public insurance.

Participants also shared that the cost of monthly premiums was a barrier to health insurance participation, particularly when their only option was purchasing private-pay insurance through the state’s online marketplace. For instance, a family child care provider said, “Insurance costs nine hundred and fifty dollars a month for two people. For me, it’s a lot of money. It is expensive. To say several times, when we are talking about the family child care provider or the early educator, we don’t want a free health insurance. We would like to have something affordable.”

Early childhood system experts and center administrators noted that even when benefits were available, early childhood workforce members did not always sign up for them. Educators shared that cost could be a barrier to participation in employer-provided health insurance plans, particularly if the employer did not cover part of the premium cost. For instance, a center-based teacher said, “I would say, and I have experienced this, if you want the family package for the health, it might cost too much. The premium costs too much to cover all your children.”

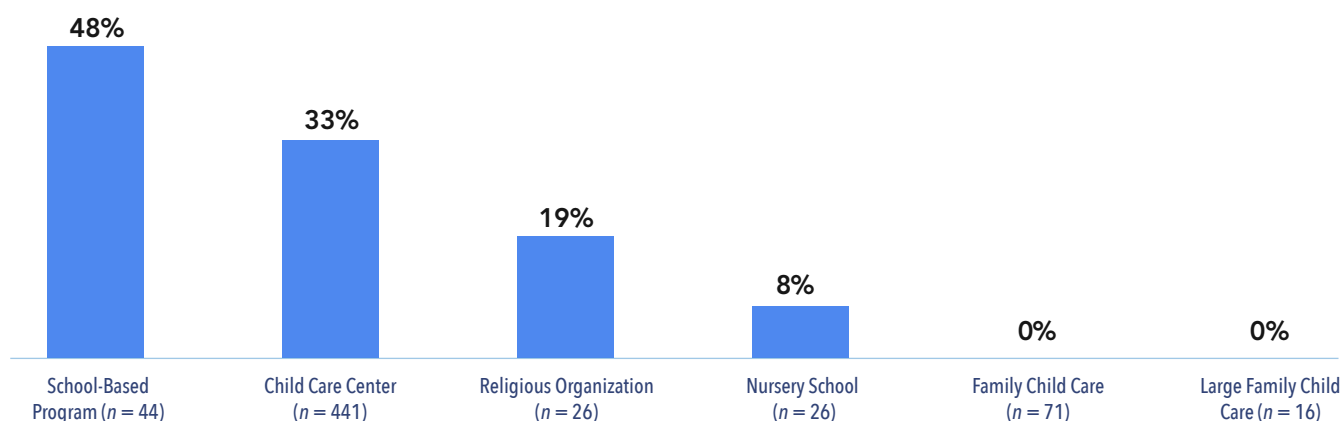
“The health and medical insurance was too expensive. So I mean, I totally got why they didn’t take advantage of that. It was way expensive. I know at one point we actually asked them why they weren’t taking advantage of it, and for those who qualified for any state subsidies or assistance from the state, it was just cheaper to use the assistance from the state.”

– EARLY CHILDHOOD SYSTEM EXPERT

FINDING: Employer-provided health insurance is not available to any study participants in family child care programs.

Employer-provided health insurance coverage varied significantly by early childhood program type ($p < .001$; Figure 17). Among center-based program types, employer-provided health insurance coverage was highest among workforce members who worked in schools (48%) in comparison to child care centers (33%), religious organizations (19%), and nursery schools (8%). No family child care programs were able to provide health insurance through the business, for owners or staff. In interviews and focus groups, family child care providers shared that purchasing private-pay insurance for staff was costly, and they did not have options for group insurance. For instance, a family child care provider said, “Benefits are really hard for family child care businesses to afford and access. And health insurance, there’s no way I can afford health care, vision, or any of that. That’s a big concern.”

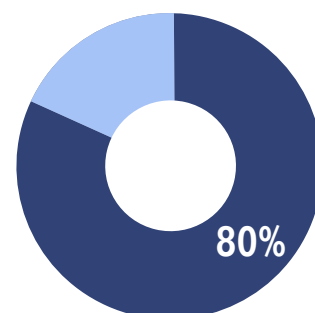
Figure 17. Percentage of Survey Respondents With Employer-Provided Health Insurance, by Program Type



FINDING: Paid time off is widely available to early childhood program staff in Montgomery County, but taking leave is challenging for both program staff and family child care business owners.

In Montgomery County, paid time off was available to most survey respondents in a program staff role, which encompassed all position types in centers and family child care staff. About three out of four program staff respondents had paid leave for vacation (80%; Figure 18) and for illness or personal needs (76%). Paid parental or family leave was available to a smaller percentage of program staff (34%). Although most participants had access to paid time off, interview and focus group participants shared that classroom coverage issues and required adult-to-child ratios could make leave challenging. For instance, a center-based teacher said, “For years I was a director. I had to step back from being a director because I have two younger children. When I was in that director role, there was times that I had to do 12-hour shifts because maybe I was short staffed, or maybe I didn’t have an assistant director at the time, so it did affect my family so I had to step back.”

Figure 18. Percentage of Program Staff With Paid Vacation (n = 564)

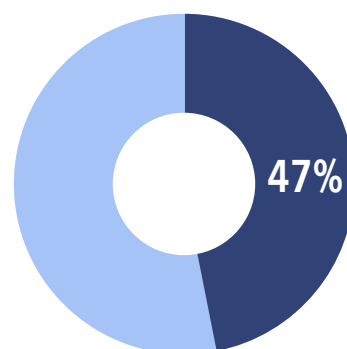


In interviews and focus groups, family child care business owners shared significant staffing and revenue challenges with taking leave because they had to close or pay someone else to provide care to enrolled children. For instance, a family child care provider said, “Sometimes it’s hard when you’re gonna go vacation, you can’t close all the time you want. It is hard compared to working for the office or somewhere, because your own business as a child care provider, always you want your day care is open all the time, you know, you don’t enjoy your vacation.” Family child care business owners shared that it could be difficult to take leave when they were sick due to lost income. Some family child care providers said that they required families to pay even on days that the provider was out sick and the business had to close, but others tried to find a substitute. For instance, a family child care provider shared, “I don’t have sick day. I am not feeling well, I need to pay another person to come to cover me. With my staff I say, ‘You’re not feeling well,’ I pay for the day, but I cannot pay for 5 days.”

FINDING: Almost half of program staff participate in a retirement plan through their employer, but system experts and family child care business owners have concerns about accessing resources to save for retirement.

Among survey respondents in a program staff role, including all position types in centers and family child care staff, just under half (47%; Figure 19) participated in a retirement plan through their ECE employer. Early childhood system experts expressed concern about early childhood educators who lack retirement savings, and program administrators shared that employees sometimes preferred to receive all their money rather than saving for retirement. For instance, an early childhood system expert who is also a program administrator said, “I just opened a retirement account for my business, and I offered it to my employee. She said, ‘No, no, no, not right now because I want all my money. I don’t want to contribute anything.’ Which to me is like, ‘Wait, I am offering you to contribute 3% and I will put 3% in your pocket from my business.’ And she said no. I can’t force them. So they’re not thinking about retirement, which is frustrating.” Educators shared confusion about retirement savings accounts, especially among younger workforce members, and some said they needed help understanding their options. For instance, a center-based teacher said, “They do offer 401k. I don’t really use them, but I have looked through them. And people have to explain it to me because I am only 23, so I don’t really know what any of this means.” Family child care business owners did not respond to a survey question about retirement plans, but they shared concerns about saving enough for retirement in interviews and focus groups. Although some reported setting aside savings in a dedicated retirement account, others admitted that they had no savings in spite of being aware that they should.

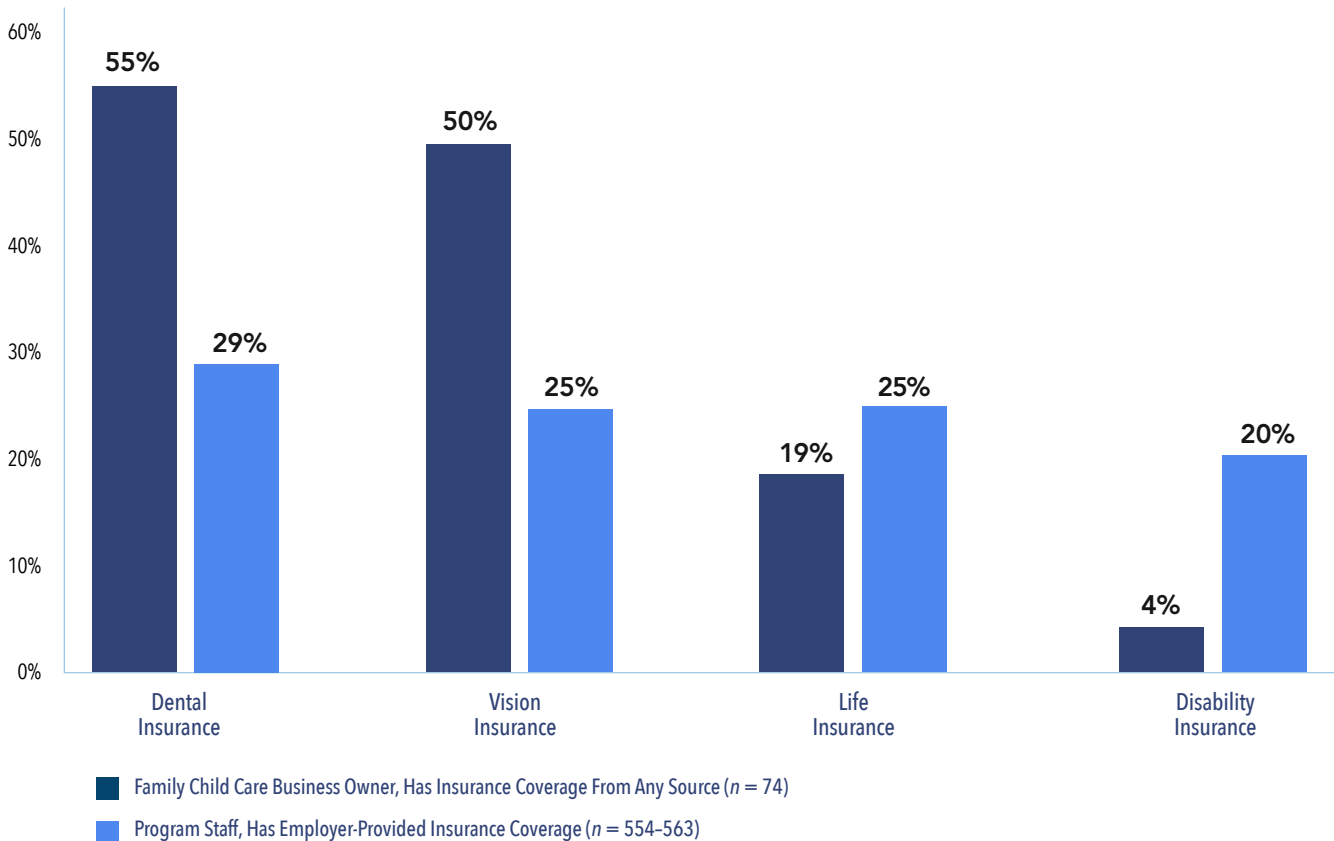
Figure 19. Percentage of Program Staff With Employer-Provided Retirement Plan (n = 564)



FINDING: Less than one third of program staff receive other employer-provided fringe benefits.

Less than one in three survey respondents in program staff roles reported receiving other employer-provided fringe benefits (Figure 20), including dental insurance (29%), vision insurance (25%), life insurance (25%), and disability insurance (20%). Among family child care business owners, approximately half had insurance coverage for dental (55%) and vision (50%), but other types of insurance were less common.

Figure 20. Percentage of Workforce Members With Benefits Coverage

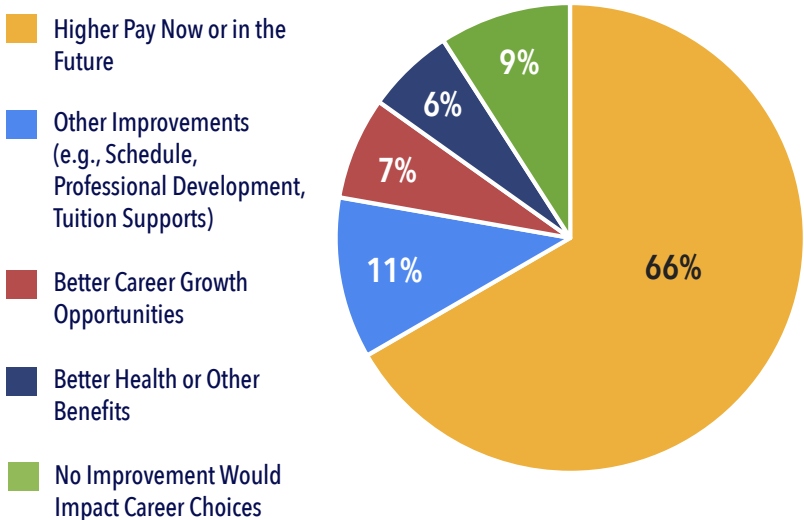


Educator Perspectives: Priorities and Needs

FINDING: Among study participants, pay is the most important factor driving career decisions.

Study participants shared a variety of challenges and opportunities, but ultimately pay was the single most important factor driving career decisions for two thirds of survey respondents (Figure 21). Health insurance and other fringe benefits were a critical gap for many early childhood workforce members, as described previously, and improving access to benefits is an important component of a comprehensive approach to strengthening the early childhood workforce. However, only 6% of survey respondents reported that it would be the biggest factor in their decision to continue working in the field. The qualitative data

Figure 21. Biggest Factor Impacting Decision to Continue Working Early Childhood Education



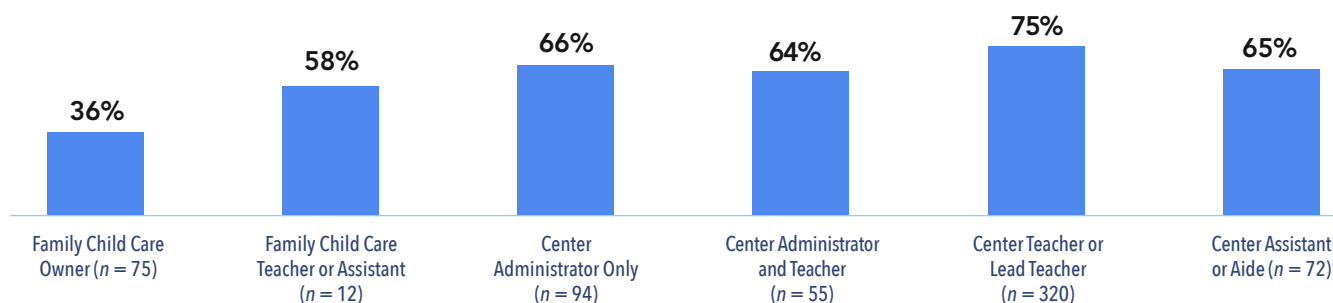
provided additional detail about workforce member perspectives on the most important drivers of retention. While many interview and focus group participants discussed the importance of increasing health coverage and other benefits for workforce members, participants also shared that benefits alone would be unlikely to improve educator retention. For instance, a center administrator said, “I don’t know that [benefits] would be enough because we can’t afford to pay what they pay in the public school either.” This finding emphasizes the importance of first prioritizing improvements in pay in Montgomery County.

The most important factor in career decisions varied by position type (Figure 22; $p = .001$). Among family child care business owners who responded to the survey, pay was still the most frequently cited factor, but it was selected by only 36 percent in comparison to 58 percent or more among respondents in other position types. Family child care business owners determined their own approach to compensating themselves, and many did not pay themselves a salary at all, so increasing pay was a less compelling reason to stay in the field for these business owners. Family child care business owners selected a variety of other factors as most important in their career decisions, including better health or other benefits (14%), better career growth opportunities (13%), and other improvements such as improved schedules, professional development, and tuition supports (18%). Almost one in five family child care business owners (19%) indicated that no specific improvements would impact their decision to continue working in ECE.

Family child care business owners were also much more likely to expect to continue working for the same business in the next 5 years (72%) compared with other position types, including family child care staff (8%), center administrators (55%), center administrators with a teaching role (40%), center teachers (43%), and center assistants and aides (55%). Family child care business owners made an investment and a commitment by opening their own program, and leaving their business would mean closing the program.



Figure 22. Pay Has Biggest Impact on Decision to Continue Working in Early Childhood Education, by Position Type



FINDING: Opportunities and support for career growth and professional learning are an important priority for many educators, particularly among family child care providers.

Among survey respondents, almost one in five (18%) indicated that the biggest impact on their career decisions would come from better career opportunities or career-related supports, such as tuition assistance, professional development, and improved schedules (Figure 22). These factors were even more important among family child care business owners; almost one third (31%) indicated that these career-related factors would have the biggest impact on their decision to continue working in ECE. In interviews and focus groups, participants shared the importance and value of free or low-cost opportunities to improve their education and credentials. Family child care providers and center-based teachers shared particular appreciation for tuition scholarships offered in recent years by the state. For instance, a family child care business owner said, “I signed up for Montgomery College for my associate degree, and actually they [Maryland State Department of Education] pay for me all my classes, sometimes they give me extra money, you know, on top of that, and I got my associate degree in early childhood education too. And I’m thinking and maybe I go for my bachelor soon. Why not?” Although educators and program administrators appreciated tuition assistance, they also shared that time, availability, and exhaustion from their work were barriers to continuing education.

In interviews and focus groups, educators shared that accessing free or low-cost professional development classes outside of a degree program could be challenging, and indicated that the cost of some professional development opportunities was a barrier to participation. For instance, a center-based teacher said, “Maybe the classes can be free instead of out of pocket or it can be an affordable price that goes with our wages and

“Well, I would say the grants through the state are working well. In the past I couldn’t afford to go to school. But now I can go to school, and this is my passion. So I’m going to use that benefit to further my education so that I can continue in this field.”

– CENTER-BASED TEACHER

“At the beginning, when I was alone, I didn’t know there was help. I didn’t know there was free classes. I didn’t know anything. I didn’t know there was a lot of providers everywhere until somebody introduced me to the resource center. Somebody knocked on my door and said, I have a day care like five houses from your house, and she happened to know everything about child care, so I was lucky. But the first two, three years I had no clue about classes. I had to find the classes by myself and CPR classes and all that. Now I know a lot of people, and I see them. And we talk.”

– FAMILY CHILD CARE PROVIDER

our salaries. Something that is not our whole check. Because sometimes these classes are in the price range of basically a whole check and our check is needed for our personal lives.” Center-based educators had mixed experiences with financial support for training, with some indicating that they had to pay out of pocket for professional development, while others had training paid for by their employers or were able to access free opportunities. Family child care business owners had to seek out opportunities for training, and some shared that networks of their peers were especially helpful in identifying professional development supports.

FINDING: Competing pressures related to program revenue make it challenging for early childhood programs to improve educator pay without additional funding.

In interviews and focus groups, study participants elevated the challenges facing early childhood programs with the competing pressures of both providing fair compensation to their employees and keeping early care and education affordable for families. Program administrators shared that revenue from tuition and child care subsidies (Child Care Scholarships or Working Parents Assistance) was not enough to provide adequate pay and benefits without additional financial support.

Program administrators, including family child care business owners and center administrators, identified competition for educators as a key source of upward pressure on salaries and competition for enrollment spaces as a key source of downward pressure on tuition rates particularly for private-pay families. Competition for educator employees took place within and across sectors in the county and within neighboring communities. Program administrators worried that staff would leave for better pay in public schools, for positions supported by the District of Columbia Pay Equity Fund, or for other family child care or center-based programs that might offer better compensation. Program administrators also shared that minimum wage requirements put pressure on all staff salaries to ensure that staff with more experience or credentials earned more than entry-level staff. For instance, a center administrator said, “The increase of the minimum wage in Montgomery County, that means you need to make a difference between a teacher who has 13 years with the company and somebody without experience, without nothing, already make \$15.50. You need to make a difference between whoever the start and whoever is more senior.” Similarly, a family child care business owner explained that a recent increase in the county’s minimum wage created pressure to raise tuition: “If it just gets raised, we have to raise the tuition, or we have to take some benefits, some perks away.”

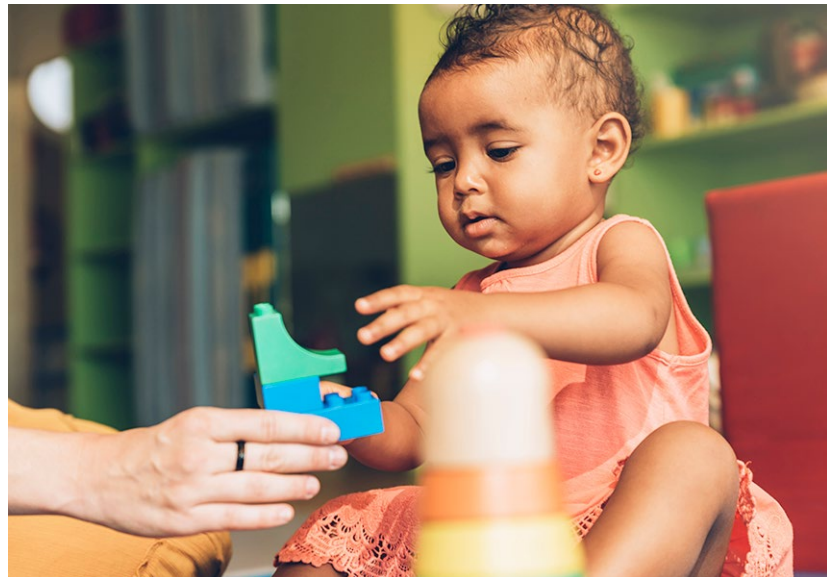
Program administrators shared that it was challenging to raise tuition even when necessary, because of competition between programs to enroll families. This was a particular challenge for family child care programs because the smaller size meant that one empty spot had a big impact on revenue. For instance, a family child care business owner said, “So providers in a certain area, if I’m charging \$400, somebody will say they’re charging \$375, and in order for me to make sure that I’m getting the kind of leads that I need, I’m going to lower my rate so that I am equal to my neighbor who might be lower quality but is having her slots filled up.” Program administrators also emphasized that families were already paying too much for child care given the cost of living in Montgomery County, so raising tuition enough to meet the cost of a living wage for educators was not a feasible solution.

“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

FINDING: Workforce members recognize subsidized enrollment slots as an important support for families, and have identified areas of improvement for these initiatives in order to better align program revenue with the cost of educator compensation.

Most study participants worked in programs that accepted child care subsidies and that participated in Maryland EXCELS, the state's quality rating and improvement system. Among survey participants, 87% worked in a program that enrolled children with the state's Child Care Scholarships or Montgomery County's Working Parents Assistance scholarships, and 94% worked in a program that participated in Maryland EXCELS. In interviews and focus groups, workforce members recognized the importance of these programs to help ensure access to high-quality early care and education for children and families, and they identified challenges and opportunities to improve these initiatives.



In interviews and focus groups, program administrators shared that achieving and maintaining the level of quality for high EXCELS ratings was costly and created pressure to charge higher tuition to private-pay families. They expressed appreciation for bonuses and higher subsidy reimbursement rates based on higher EXCELS ratings, but also shared that they had ongoing challenges with setting higher tuition rates for private-pay families because many families were not willing to pay higher tuition due to EXCELS ratings. For instance, a family child care provider said, "Parent, they don't care about those things. Once you tell them \$300, they run away, and once you say, 'You know, I have Level 5 in EXCELS,' they don't know about it and they don't get." Program administrators shared that participation in EXCELS was most beneficial for programs that were able to primarily enroll families who were eligible for it. Also, center-based teachers expressed disappointment that the financial incentives for higher EXCELS ratings were provided to programs rather than educators, even though educators had to increase their education and qualifications for the program to reach the highest ratings. For instance, a center teacher said, "I think if we get to a 5, they send money to the program which would be nice, we could get maybe different equipment. But if it's based on what our education level is, then I think some of that should come back to the actual workers."

Study participants in a variety of roles identified challenges with participation in subsidy programs, primarily Child Care Scholarships. In key informant interviews, early childhood system experts shared that there was an excessive administrative burden to participate in the state subsidy program. For instance, an early childhood system expert said, "There needs to be some advocacy at the state level to make the Child Care Scholarship program more accessible to the providers and less onerous in terms of the administrative burden. These are small businesses, and I think we put them through a lot to get these dollars."

In interviews and focus groups, workforce members shared that the Child Care Scholarship reimbursement approach did not align with their program needs and was a barrier to participation, especially for smaller programs. Program administrators reported that Child Care Scholarship payments were delayed until the end of each month and were reduced when children missed days of school, which led to significant cash flow issues

for small programs. For instance, a family child care business owner said, “Now with the scholarships, is now discounting the days that the children are not coming and they are charging us, which is something that I found irrational.” Program administrators shared that the subsidy rates were fixed, so if they wished to increase compensation, they had to place the burden of higher tuition only on private-pay families. Several program administrators, particularly in family child care programs, described participation in the Child Care Scholarship program as a burden, and some indicated plans to stop participation because of these challenges.

However, some program administrators mentioned participating in Montgomery County’s EquiCare grant program, which provides payments that help providers cover the gap between subsidy rates and their full tuition costs, and shared that this initiative helped to make it worth the extra effort to participate in Child Care Scholarships or the Working Parents Assistance program because it better aligned revenue with costs, particularly the cost of compensation. For instance, a family child care provider said, “The more money that I bring in, the more money that I make. EquiCare pays a different amount than the child care subsidy. Recently I got a grant, and with that grant I have equalized all of those different payments so that I’m getting paid the same amount, which has increased the money that I’m able to take home. But in the past, the private-pay families really would bear the brunt of any pay increases that I gave to myself.”

“I thought every 2 weeks they pay us, but they don’t pay every 2 weeks. Actually they pay every month, but payment depends on if 30 days or 31 days or 28 days. That’s why the amount is different. Some parents ask to pay difference. That’s why I don’t want to, every week I calculate, ‘OK you have to pay this much.’ That’s why I don’t like it. I’m the Level 5 in EXCELS, but honestly because of those kind of headache and sometimes parents thought is, you know, you lying about the payment or something like this. That’s why I don’t like to deal with those stuff. That’s why I said from now, I don’t want to accept any scholarship kids because I prefer to stay away from this. Honestly, it’s too much.”

– FAMILY CHILD CARE PROVIDER

FINDING: Early childhood workforce members believe that pay parity with public schools would be the fairest recognition of their work, but also recognize the hurdles in paying for it. They also have identified other strategies to improve their compensation, such as bonuses and pooled benefits.

Many study participants indicated that an ideal compensation approach for early childhood educators would involve parity with public schools, supported by adequate public funding. For instance, a center administrator said, “If I had a magic wand, I would say the early educators get the same compensation and benefits as a kindergarten or a first-grade teacher would get. And that would be the most fair thing to do.” Some participants dreamed of combining early childhood programs fully with public schools and treating teachers as public school employees. For instance, an assistant teacher in a center said, “Maybe the county can think to put the early child education with the public school combined together.” Program administrators also identified compensation parity with public schools as an ideal approach to improving retention of early childhood educators. Study participants also shared awareness of significant hurdles to financing and implementing pay parity with public schools at the county level.

Study participants also identified a variety of other strategies that they felt would improve compensation in the early care and education field. In interviews and focus groups, workforce members expressed hope that the Maryland Child Care Credential bonus program would be reinstated. For instance, a center teacher said, “One big thing, and hoping it will come back, is the Maryland credentialing program. Because that was a huge incentive for a lot of early childhood educators.” Educators also indicated that bonuses of any type could be a helpful strategy to encourage educators to continue working in the field. For instance, a center teacher said, “A bonus or, you know, some kind of reward system I think would hold teachers’ interest in staying at one particular place longer.” Study participants suggested other ways that bonuses could be helpful, such as providing bonuses for participation in specific courses, especially if the teachers had to pay for them out of pocket.

Study participants also identified access to pooled benefits and other shared services as opportunities to improve educator compensation and well-being. In interviews and focus groups, workforce members elevated the need for economies of scale to access health insurance and other benefits at affordable rates. Several workforce members shared that their programs did provide health insurance, but the rates were too high and the coverage not as good as the benefits available to teachers in public schools or employees of other large organizations. For instance, a center administrator said, “Being in a small group on insurance, your benefits aren’t nearly anything like the county [public schools].” Several program administrators wondered whether the state could provide access to pooled benefits through the Maryland State Department of Education (MSDE) since early childhood programs are licensed through that agency.

“Sometimes, the staff or teacher need that pat on the back, you are doing a good job, you are doing things properly. And how do you do it, it is also the money side of it. We are not asking to be paid in the range of millions, but at least an incentive, that would help us to not only be prepared, but constantly would be greater and we would even put more into it.”

– FAMILY CHILD CARE PROVIDER



“I think that shared services of some kind would be super helpful because we don’t have to access MSDE’s [Maryland State Department of Education’s] health insurance benefits, but if we had shared-service health benefits for family child care educators, then it might be affordable for me to pay into that instead of paying for private insurance.”

– FAMILY CHILD CARE PROVIDER

Study participants also provided a variety of other suggestions to improve educator compensation, including indirect strategies that reduce overhead expenses to allow more revenue to be used for salaries. Examples of these suggestions include the following:

- Providing free or discounted access to facilities for early care and education programs, particularly in vacant spaces in public schools or other public buildings
- Reducing the tax burden on early childhood programs and providing tax breaks to early childhood educators
- Supporting discounted purchasing of supplies and equipment and access to other shared services and economies of scale
- Increasing access to free or discounted trainings that align with credentialing requirements
- Strengthening opportunities for family child care providers, including access to substitute educator pools and family recruitment services that help match families seeking care with family child care providers with available spaces (such as the Boost program)

The priorities and needs shared by study participants were driven by the economic realities of the early care and education sector in Montgomery County; the compensation needs of workforce members; and the diverse perspectives and experiences of the early childhood educators, administrators, and system experts who participated in the study. Educators' priorities and needs, along with the landscape of pay and benefits in the county, inform the study recommendations.

RECOMMENDATIONS

A strong early childhood workforce is the foundation of a high-quality early childhood system. Findings from this study emphasize the vital role of a well-supported early childhood workforce in delivering responsive care and advancing more equitable outcomes for the young children and families across Montgomery County. At the same time, the findings also highlight the persistent compensation gaps, strains to educator overall well-being, and the clear need to implement sustainable solutions. As the county's early childhood community considers impactful ways to drive change, it is important to acknowledge the broader context within which this work is operating. Shifts in the current political and economic climate nationally continue to shape conditions across Maryland and Montgomery County, presenting both significant challenges and important opportunities to address early childhood workforce compensation. While public investments remain constrained and future policies uncertain, the need to act also remains urgent as early educators continue to face unlivable wages and unstable working environments. There are actionable steps that can be taken now to support the workforce and begin closing compensation gaps. While progress is being made, the county must also envision and advance ambitious, long-term solutions to truly create the lasting change that reflects the value of this profession and fully supports the early childhood workforce. Moving forward with a tiered approach that can both address immediate needs and lay the groundwork for more transformational, sustained solutions will be essential. The following recommendations offer a path forward that pairs pragmatic short-term strategies with more bold and comprehensive systemic reforms.

OVERVIEW OF RECOMMENDATIONS AND POTENTIAL ACTION STEPS

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).

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

WHY IT MATTERS

This study's findings emphasize the real and significant pay gaps that currently exist for the early childhood workforce in Montgomery County.

- Most educators earn wages far below what is needed for a livable income or economic self-sufficiency.
- Many must work multiple jobs or rely on public assistance to make ends meet, which places added strain on their well-being and stability.
- Education level, professional experience, and other differences—like race, ethnicity, and language—may further deepen the disparities that exist.



The combination of these factors makes it challenging to attract and retain educators to support the early childhood system, and ultimately to meet the needs of young children and families across the county. While these findings are important and urgent to acknowledge, they continue to reflect long-standing issues in the early childhood field and unfortunately are not unique to Montgomery County.¹⁷ Across the country, both states and localities are leveraging a range of strategies to achieve both short-term and more comprehensive, long-term financial relief for the early childhood workforce. These approaches could point to key opportunities and lessons learned as Montgomery County works toward ensuring more equitable pay to sustain a strong early childhood workforce.

For shorter-term strategies, **stipends and bonuses** can deliver immediate impact and maximize the use of limited resources. Stipends are typically recurring wage supplements paid overtime to educators, whereas bonuses are usually onetime cash awards. Recent research suggests that these approaches continue to be promising, leading to positive impacts on educator retention and overall child care workforce outcomes.¹⁸ While stipends are currently the most widely used approach to address educator compensation, both options can be beneficial to meet urgent workforce needs and are most impactful when aligned to a longer-term plan for systemic reform.¹⁹

For more comprehensive reform, **salary scales** lay the foundation to address persistent gaps in wages and create the conditions for more equitable, sustainable compensation across the early childhood workforce. Designed to reflect role, experience, qualifications, and regional cost of living, salary scales provide a transparent guide for how wages should function across settings. When effectively implemented, they serve as a tool not only to inform funding decisions and budgeting but ultimately to promote recruitment, retention, and career advancement for early childhood professionals.²⁰ The process of developing a salary scale can spark critical conversations, drive advocacy, and serve as a catalyst for systems-level change.²¹ As the success of related efforts will depend on sustained public investment and aligned funding strategies, the county needs to establish significant and collective commitment to turn wage benchmarks into real, lasting increases in educator compensation.²⁰

WHAT ACTIONS THE COUNTY CAN TAKE

Given the established use of bonuses and stipends along with the growing emphasis on applying these strategies to Maryland's early childhood workforce, the following may be useful to build on and consider when planning for implementation in Montgomery County.

BONUSES AND STIPENDS

Montgomery County could take important steps to begin to close existing gaps in educator compensation and strengthen the stability of the workforce. Depending ultimately on the desired goals, available resources, political momentum, and existing infrastructure, the use of bonuses and stipends may be possible to advance more immediate actions to meet urgent needs and set the foundation for longer-term solutions. Related actions could involve the tasks detailed below.

NOW

Expand educator participation in existing statewide bonus and stipend programs. Maximize the reach and impact of existing statewide compensation initiatives by ensuring all eligible early childhood educators are aware of and able to access available bonus and stipend programs. This can include targeted outreach, assistance with application processes and enrollment, and culturally and linguistically responsive support to help educators navigate the requirements.

What To Build On: Recognizing the link between quality care and a strong early childhood workforce, Maryland has aligned its quality improvement efforts accordingly, such as with the Maryland EXCELS Bonus Payment. The MSDE is distributing \$5 million in bonuses to child care programs participating in Maryland EXCELS as part of the Blueprint for Maryland's Future initiative. The state designed Maryland EXCELS bonuses to recognize and support high-quality programs, allowing providers to better serve young children, families, and the surrounding communities. Providers are able to use these funds to enhance training and resources available to classroom teachers, including increasing salaries and providing benefits (like retirement and paid leave).²² Montgomery County can continue to leverage and maximize existing statewide bonus structures and stipend initiatives such as these to further expand resources that could increase early educator wages.

NEXT

Establish a bonus program to offer a onetime incentive to attract and retain early childhood educators. Give awards to individuals who enter the field, with awards provided after a determined period of employment. To further support retention, also offer bonuses to center-based and family child care providers based on set eligibility criteria (e.g., employment setting, income, years of service, and educational attainment).

What To Build On: The State of Maryland has made progress with showing the impact of bonuses at the state level specifically for the early childhood workforce, which could be a helpful foundation for Montgomery County to point to and build from. For example, the historic influx of pandemic relief funds through the American Rescue Plan Act (ARPA) allowed states to support their early childhood workforce at unprecedented levels.¹⁸ In much the same way, Maryland established the Enhanced Child Care Support and Teacher Retention Award (ECSTRA) Retention Bonus Program to help stabilize the early childhood educator workforce by

directing ARPA funds directly to educators in key child care roles in the form of retention bonuses. This pilot program stands as a strong foundation to build on, especially as emerging research shows promising results. Recent study findings suggest that the bonuses reduced turnover rates, with stronger effects for early career educators and educators with lower wages. The program also proved to be an “overwhelmingly positive experience for educators’ financial and emotional well-being.” Bonus recipients reported meeting basic living expenses with less stress, paying down debts, and buying groceries more comfortably, as well as feeling more valued and excited about their work.²³ To that end, the pilot could potentially serve as a model to drive a more widespread adoption of educator bonuses for early childhood professionals in Montgomery County and across the state.

NEXT

Provide stipends as cash awards that educators receive multiple times over a predetermined timeline. The county can invest in two types of stipends: universal and targeted. Universal stipends would provide a base recurring payment to all early childhood staff across settings to promote broader workforce retention. Targeted stipends would offer additional support (which could be layered along with the universal stipend) to educators who meet specific criteria, such as working with infants and toddlers, acting as multilingual educators, serving in areas with care shortages, or supporting a high proportion of children from underserved communities.

What To Build On: In a more general sense, Maryland continues to focus on employing stipends as an effective approach to boost the education workforce. There is potential for extending the momentum for expanding opportunities for the K–12 sector to the early childhood field. Some recent examples include passage of the [Maryland Educator Shortage Reduction Act](#) that provides a \$20,000 yearly stipend to eligible student teachers to address the state’s educator shortages, pay supplements focused on [Education Support Professionals](#) in public schools, and the [National Board Certified Teacher Incentive Program](#) that provides financial incentives up to \$17,000 to attract and retain teachers throughout the state.

Spotlights in the Field

As of 2023, six states operated programs based on the [Child Care WAGES® Initiative](#), developed by the T.E.A.C.H. Early Childhood National Center in **NORTH CAROLINA**. The program provides salary supplements to eligible educators working in regulated child care settings. The supplements are based on the individual’s level of education and tenure in an early childhood program. Child Care WAGE\$ salary supplements are available in 67 counties in North Carolina. [Evidence is promising and demonstrates positive results](#) across the state with an example of local impact in [Mecklenburg County](#).

LEVEL OF INVESTMENT: \$9.4 million invested in salary supplements in [FY 2023–24](#) and \$29 million in [FY 2024–25](#) for the North Carolina Child Care WAGE\$ program to be expanded statewide

FUNDING MECHANISM: Public funds through state allocation/funding partnership between participating local Smart Start, the North Carolina Partnership for Children, and the North Carolina Division of Child Development and Early Education

Spotlights in the Field

Recent efforts in **COLORADO** represent important early steps in using stipends as part of a comprehensive approach to drive more systemic change. **Colorado's Early Childhood Compensation & Benefits Task Force** led the development of a set of detailed recommendations that include stipends as part of a portfolio of workforce solutions on the way to longer-term compensation reform (that includes tax credits and salary scales). A mix of universal and targeted stipends would offer a layered approach to support retention among early educators. As defined by the task force, all instructional, administrative, and support staff in early care and education settings would receive a base-level, recurring payment as the universal stipend. Targeted stipends would support retention among early educators where there is a particularly acute need. On the local level, Colorado counties are also making important progress. Eagle County created an **Early Childhood Workforce Stipend**, which offers \$500 monthly to early childhood providers. The program was funded by the county's 2% lodging tax approved by voters in 2022.

LEVEL OF INVESTMENT: Estimated to cost between \$1.6 and \$1.8 million per year

FUNDING MECHANISM: 2% lodging tax approved by voters in 2022 (local/county example)

SALARY SCALE WITH DEDICATED FUNDING

Developing a salary scale is a clear goal for Montgomery County to set the stage for more long-term compensation reform. The county has set priorities to boost earnings and achieve pay parity for early childhood educators with public school wages, and developing a salary scale can lay the groundwork to make that possible.²⁴ While there is strong momentum underway to move this work forward and make significant progress, adequate and sustained funding will also be essential to fully ensure success. Determining where and how to secure the significant amount of resources needed to fund such an effort will be a key and critical decision. While adapting existing funding streams (such as raising reimbursement rates for child care subsidies to cover higher educator salaries) may help support early steps, they are unlikely to provide the widespread and long-term support necessary to achieve transformative change).²⁰ The most cutting-edge examples currently in our field are built on foundational funding, an innovative funding mechanism that supports early childhood programs with a stable layer

✓ What a Salary Scale Is

- The scale serves as a general guide for how wages should function in a given market by anchoring to economic indicators
- The scale represents pay floors or the minimum that individuals in these positions should be paid
- The scales should be updated annually to reflect changes in cost of living
- Salary increases should be implemented as funding becomes available

✗ What a Salary Scale Is Not

- The scale doesn't prescribe pay as associated with years of experience in detail
 - » For example, in K-12, employees earn a "step" increase for each additional year of experience in a "step and lane" contract
- The scale is not a ceiling for wages in the field
- The scale does not represent an unfunded mandate for providers to increase the amount families pay

SOURCE: [Wages for ECE Educators Beyond Bonuses](#)

of revenue.²⁵ To that end, an influx of new and substantial funding—whether generated through local momentum or more likely through advocacy at the state level—will be needed to drive lasting impact for the county. Considering the current landscape, related actions could involve the tasks detailed below.

NOW

Align with statewide progress to develop an early childhood career ladder that promotes accessibility, consistency, and clear compensation strategies. Leverage the state’s progress in this area as a shared framework for qualifications, advancement, and recognition across all early childhood settings. Use this alignment to lay the groundwork for a cohesive compensation structure and competitive salary scale that attracts, supports, and retains a strong early childhood workforce.

What To Build On: A notable example of progress in the state is the recent release of the 2025 Call to Action: Early Care and Education Workforce Recommendations by Montgomery Moving Forward (MMF). These recommendations lay out a clear road map for strengthening the early childhood workforce, including developing a comprehensive workforce registry to drive data-informed decision-making; establishing a transparent and unified career ladder that supports advancement for early childhood professionals; and creating a statewide, cross-sector task force to advance policies and guide long-term strategy. If implemented as envisioned, this work could provide the critical infrastructure needed to align qualifications and compensation, support the development of a competitive salary scale, and establish a sustainable funding mechanism that values and invests in the early childhood workforce. As Montgomery County advances its compensation reform efforts, contributing to and aligning with these strategic priorities will be important and timely to drive lasting change locally and statewide.

NEXT

Develop an equitable and transparent salary scale that reflects the skills, experiences, and qualifications of early childhood educators in Montgomery County. The National Center on Early Childhood Quality Assurance created a comprehensive Early Care and Education Workforce Salary Scale Playbook: Implementation Guide that offers concrete steps in developing a salary scale that could be adapted for use in Montgomery County.

- **Articulate the need for and value of a salary scale.** Clearly define why a salary scale should be developed and communicate the intent and benefits broadly. This helps to create shared language, to drive advocacy and build widespread buy-in across the early childhood community, and to serve as a “north star” for decision-makers to anchor implementation in core values and shared goals.
- **Convene key partners to guide salary scale development.** Convene a diverse, multisector group of collaborators to drive the salary scale development process and plan for ongoing engagement. This will ensure an effective decision-making process to produce a salary scale that is responsive to the local context and that incorporates the authentic lived experiences of representative providers, workforce professionals, and families who are impacted by educator compensation. Leveraging already established bodies can also make for a more efficient process, maximize use of time and resources, and limit duplication of efforts (with the range of collaborative bodies that exist in Montgomery County, this could be a key asset).

- **Identify and use data.** Understand the current state of wages and cost of living, the types of data elements that need analysis, and the data sources to consider. This includes examining (a) data on average salaries, benefits, and compensation packages; (b) demographic characteristics of the workforce and program characteristics; (c) trends related to education, credential level, and years of experience; and (d) comparison of other sectors and employers that may be competing for employees with the same skills and qualifications. Best practices utilize diverse data sources to obtain a range of administrative data and gain a comprehensive picture of compensation trends; involve research partnerships with institutions that hold data or can further study compensation; and examine existing models of compensation scales.
- **Develop a salary scale structure.** Create the salary scale, differentiating base and target salaries by role, qualifications, and other factors.
 - » Identify the roles for inclusion in the salary scale (e.g., education staff, program leaders, and other staff and specialists).
 - » Define the qualifications of each role, including aligning the required qualifications, experience, or credentials needed to serve in that role, as defined by current policy, regulation, or any standards set by the system or program.
 - » Identify competitive salaries for each role (e.g., considering pay parity with public schools; the broader labor market; and other factors like geography, program duration, work schedules, etc.).
 - » Build out salary bands for each role, considering minimum, midpoint, and maximum pay ranges.
 - » Model the cost of the salary scale (e.g., estimating program-level costs and cost of implementation).
- **Create an implementation plan.** Identify the next steps and key considerations for implementing the salary scale. This step potentially includes looking at aspects like cost analysis, communication strategy, timeline, training and support, monitoring and evaluation, system ownership, and small-scale pilots.

What To Build On: Clear momentum has been established in Montgomery County that could lead to the development of a robust salary scale. This includes recent studies focused on gaining a deeper understanding of the current status of workforce compensation for early childhood professionals, including this particular study—[Montgomery County Early Care and Education Workforce and Compensation Study](#)—and the Montgomery County Child Care Cost of Quality Study. Across studies there is consistency in the findings elevating the need for wage increases for early childhood educators as well as aligned recommendations that support developing a salary scale and adopting a foundational funding approach as an effective strategy to drive change. Strong support is also demonstrated by the strategic priorities being set by key leaders across the early childhood community that drive countywide collaborative efforts focused on strengthening the early childhood workforce, such as the [Montgomery County Department of Health and Human Services](#) (DHHS) [Montgomery County ECEI](#), the [Children’s Opportunity Alliance](#), and [MMF](#), to name a few. The Montgomery County Early Care and Education Strategic Plan 2017 led by DHHS set a clear and aligned strategic priority whereby the county “should develop guidelines for the appropriate compensation (wages and benefits) by role, education, and experience to reflect increasing levels of quality ... and with parity to public school colleagues/peers.” The ECEI Action Plan FY24–FY27 emphasizes outcomes and activities to “create a compensation framework that ensures a strong ECE workforce,” including applying funding strategies to

create pay parity with public schools. The Common Agenda supported by the Children’s Opportunity Alliance focuses on key actions to “recruit, retain, and expand the number of high-quality educators.” As previously noted, MMF has also been a key leader over the past decade in shaping Montgomery County’s approach to workforce development and early care and education, with its latest recommendations uniting these two work streams and serving as a clear call to action to strengthen the early childhood workforce. Opportunity exists for continued alignment across such efforts and for leveraging these collaborative initiatives as drivers for long-term change. Overall, building on study findings and shared strategic goals can create the foundation for both collective action in designing a comprehensive salary scale and advocating for bold systemic change across local and state levels.

NEXT

Leverage public-private partnerships and philanthropic resources to fund pilot efforts and demonstration projects. Such efforts would help build momentum and provide tangible examples that pave the way for broader investment in educator compensation. Doing so could maximize both private and public funds to achieve targeted impact, provide real-world evidence, and elevate advocacy efforts.

What To Build On: More generally, states across the country have used pilots to implement salary scales as part of their compensation reform ([see examples for Colorado, Illinois, and Arizona](#)); coupled with support from philanthropic partners, this can be a powerful strategy to showcase impact. For an innovative local example, the Bainum Family Foundation has recently launched the [WeVision EarlyEd Solutions Lab](#)—a cohort of 23 child care programs from across the country (with 3 located in Montgomery County)—that serves as a catalyst for reimagining child care and generating solutions. As a part of this effort, Solutions Lab sites are working to demonstrate that adequate compensation for early childhood providers is foundational to a strong and sustainable system. This initiative provides additional funding, which allows child care providers to earn a living wage (comparable to those of K–12 educators) and attend to their personal and professional well-being. As Montgomery County moves forward, such efforts could be important contributors to progress in advancing early educator compensation, especially if leveraged and in alignment with demonstrating the potential impact of a robust salary scale.

NEXT

Expand established local grant programs to increase funding and requirements that directly support higher educator pay. Expanding local grant programs—such as those designed to increase child care subsidy and reimbursement rates—can serve as a targeted strategy to support higher educator compensation. This approach would build on existing funding mechanisms and could direct more public investment where it is most needed. While impact may be limited, as it would likely be restricted to the focal populations served by the local grant programs (e.g., only children, families, and providers receiving subsidy funds), it can be an important step toward more widespread improvements in compensation across the sector.

What To Build On: Montgomery County has historically been a leader in the field in the creation of innovative early childhood grant programs to address and close gaps in the field. For example, the [Working Parents Assistance Program](#) was designed to increase access to financial assistance to families with young children who fall just outside the state eligibility income guidelines for receiving child care subsidies. As a result, additional eligible families are able to receive child care subsidy vouchers so they can access high-quality care for their

children, while working or attending school. This expansion has bolstered the public funds available to support families in accessing care for their children, while also channeling resources into early childhood programs. And more recently, the [EquiCare Subsidy Seats Grant Program](#) was designed to support Montgomery County families with children ages 0–3 enrolled in high-quality child care. The program intends to alleviate the financial burden on child care programs, covering the entire tuition cost so qualified families do not bear any expenses toward tuition. In FY 2025, the program plans to disburse a total of \$2.2 million to fund awards to eligible providers across the county. The grant not only uses funds to cover the expenses of the child care seat but also dedicates a percentage of the funds to support program implementation and professional development for staff. These efforts could serve as promising examples of existing local grant programs that the county can potentially build on to direct greater resources toward increasing wages for early childhood educators. While not a final solution, this approach could represent a strong first step. However, as the most effective models in the field are grounded in establishing robust foundational funding, ultimately a sustained and dedicated funding stream will be essential to achieving lasting impact.²⁶

FUTURE

Identify a sustainable and dedicated funding mechanism for more comprehensive compensation reform. Examine a range of funding mechanisms—including local, state, and federal sources—with a focus on identifying revenue streams that can be reliably allocated to early childhood educator wages. Identified sources should include dedicated funds or explicit directives to earmark a portion of new or existing funding specifically for compensation, to ensure enactment and long-term impact. This stable, predictable layer of revenue, or foundational funding, would serve as a critical lever to support sustainable improvements in educator pay.

What To Build On: As previously highlighted, the recent [Montgomery County Child Care Cost of Quality Study](#) offers an important grounding to understand (a) contextual factors that influence child care costs and affordability, (b) estimated costs for providing quality child care, (c) gaps between costs and funding for quality child care, and (d) actionable fiscal strategies to support high-quality, sustainable child care. In terms of specifics related to compensation, the study provides deeper insight into achieving pay parity between educators in community-based and public school child care programs, and makes a data-driven case for the need to secure substantial additional revenue to reach this goal. Additionally, in connection with the study, the county is developing a customized and interactive cost-modeling tool as a practical and action-oriented resource. This tool will provide transparency in calculating true operating costs and help to identify the funding levels required to offer competitive, livable compensation for educators and staff.⁸ Also, as with bonuses and stipends, there could be potential to extend the momentum being used to expand opportunities for the K–12 sector to the early childhood field. A key effort could be building on the [Blueprint for Maryland's Future](#)—the promise of higher salaries is the cornerstone of this statewide initiative. Under this initiative, all Maryland public school teachers will earn a salary of at least \$60,000 beginning in 2026. And as the [Blueprint's Pre-K Expansion Grant](#) seeks to expand access to high-quality, full-day pre-K programs for 3-year-olds and 4-year-olds through a mixed delivery system, it highlights another key aspect of the initiative that links early childhood resources and progress to public school improvement efforts. Overall, this could present a powerful opportunity to advocate for public support and advance significant statewide compensation reform for early educators as part of a more unified, birth-to-12 education system.

Spotlights in the Field

Likely one of the most relevant and significant examples across the field is the **DC Early Childhood Educator Pay Equity Fund**. The approach to early educator compensation in **WASHINGTON, DC**, reflects a coordinated, multiphase strategy anchored in legislative action, dedicated funding, and inclusive planning. Major milestones included the following:

- Landmark legislation that established pay parity for early childhood educators and DC Public School (DCPS) teachers with similar roles, credentials, and experience (2018 Birth-to-Three for All DC Amendment Act)
- Tax increase passed in 2011 on high-income residents (those making more than \$250,000 per year) to fund what is now known as the Pay Equity Fund
- Established a task force to develop key strategic recommendations to Office of the State Superintendent of Education (OSSE) and the DC Council about the design and implementation of the Pay Equity Fund, including refining the compensation scale
- Phased implementation that involved supplemental payment leading to direct payment based on salary scale to child development facilities and incorporated into educator salaries (see the “DC Early Childhood Educator Pay Equity Fund Strategy” table below for an overview of the funding strategy)

Recent estimates show the fund supports more than 3,600 early educators who serve up to 19,300 children across the district. Multiple studies ([here](#) and [here](#) and [here](#), for example) illustrate the impact of this transformative initiative as it has become a national model for how states and localities can address low wages and better meet the needs of the workforce.

LEVEL OF INVESTMENT: Funded at \$70 million for FY 2026 (prior FY mandates)

FUNDING MECHANISM: Tax increase on high-income residents (those making more than \$250,000 per year) in the districts

Led by the **SAN FRANCISCO** Department of Early Childhood (DEC), the **Early Educator Salary Support Grant** is a landmark initiative designed to significantly increase compensation for over 2,000 city-funded early childhood educators and staff. The initiative establishes a minimum hourly “living wage” of \$28, raising each early educator’s salary by approximately \$8,000 to \$30,000 annually. Backed by a 2018 Commercial Rent Tax and investing up to \$60 million annually, the grant program mandates ongoing wage increases, prioritizes equitable pay distribution, and sets a precedent for addressing wage disparities and supporting professional growth in the field. Similar to the Pay Equity Fund, this effort also leverages and builds on DEC’s stipend program, Compensation and Retention Educator Stipend (CARES 2.0), which has provided over \$30 million in stipends to early educators across the city.

LEVEL OF INVESTMENT: Funded at \$60 million annually

FUNDING MECHANISM: Supported by a Commercial Rent Tax that was passed by voters in June 2018 with funds dedicated to serving early child care programs in San Francisco

DC Early Childhood Educator Pay Equity Fund Strategy

Summary of Recommendations for Two-Phase Strategy

FISCAL YEAR 2022–2023 Short-Term Mechanism: Supplemental Payment (direct to educator) + Infrastructure Development	FISCAL YEAR 2023–2024 AND BEYOND Long-Term Mechanism: New Salary Scale (via program-level funding) + Infrastructure Development
<ul style="list-style-type: none">• Supplemental payments, direct to educator through Office of the State Superintendent of Education (OSSE)-granted intermediary, separate from salary• Individual eligible educators opt in (with extensive outreach)• Supplemental payment gradation based on role only (lead teacher vs. assistant teacher)• Fixed annual stipends to all eligible educators opting in (\$10,000 for assistant teachers; \$14,000 for lead teachers), spread over multiple installments to the extent feasible• Focus on infrastructure development, including updating OSSE data systems and financial planning technical assistance for providers, in prep for long-term mechanism• Data collection for purpose of spending accountability and to inform development of long-term payment mechanism	<ul style="list-style-type: none">• Funds flow through child development facility (CDF) and are reflected in educators' regular salaries• OSSE-licensed child development homes and centers opt in (with extensive outreach)• Salary scale implemented, with gradation based on role, credentials, and experience• Program-level funding formula accounting for a base amount reflecting number of teacher and assistant teacher FTEs, along with an equity adjustment, disbursed through regular payments from OSSE to CDF• Focus on infrastructure maintenance, including ongoing technical assistance for providers• Data collection for purpose of spending accountability and to inform impact assessment of Pay Equity Fund

SOURCE: [Final Report of the ECE Equitable Compensation Task Force](#)



Considerations for the Salary Scale in Montgomery County

As Montgomery County plans for next steps in developing a robust salary scale, key decision points will be critical to consider. Each aspect is complex, and choices must take into account the regulatory and economic context within both the state and county. The decision points are as follows:

- **Eligibility:** The county must consider who qualifies for participation. This can include decisions within roles (e.g., *all or some educators?*), across roles (e.g., *will other staff or administrators be included?*), and setting (e.g., *will family child care providers be eligible?*). These key decisions will determine eligibility and will influence how far-reaching the impact of the salary scale will be.
- **Levels or Steps:** The county must identify the criteria it will use to define the levels or steps. Rather than developing something new, the county can base the salary scale on an existing early childhood career lattice or on levels used in the state’s quality rating and improvement system (EXCELS). It will be useful to consider how this work may align with the progress being made to establish a career ladder for Maryland’s early childhood educators.
- **Benchmarking:** The county must consider how to determine the wage amounts on the scale. A salary scale can take several forms—some setting a floor above minimum wage and others focused more on living wage, parity, or self-sufficiency to meet basic needs. Typically, wages are benchmarked against these considerations:

- » A wage or salary floor above the state’s or county’s minimum wage, particularly considering the recent increases set for Montgomery County to reflect the region’s inflation rate²⁷
- » A living wage, which can be calculated at the state or county level (e.g., as used to inform this study); “self-sufficiency standards” for Montgomery County have been developed by the Center for Women’s Welfare in partnership with the Maryland Community Action Partnership²
- » A public school teacher’s salary or pay parity as emphasized across countywide strategic priorities, including considerations for benchmarking against kindergarten teachers, elementary teachers, or all public school teachers (e.g., see the “MCPS FY 2025 Salary Schedule” chart)
- » Similar localities or occupations, which could include comparisons for how salaries align with Washington, DC, and the larger DC-Maryland-Virginia region (e.g., see the “OSSE ECE Pay Equity Fund FY 2025 Minimum Salaries” chart)

Montgomery County Public Schools FY 2025 Salary Schedule
MCEA: Teacher/Other Professional 10-Month Positions*

	BA	MA/MEQ	MA/MEQ+30	MA/MEQ+60
STEP	A	B	C	D
1	\$62,558	\$67,944	\$69,658	\$71,210
2	\$63,375	\$68,923	\$71,449	\$73,003
3	\$64,988	\$71,207	\$73,831	\$75,444
4	\$66,651	\$73,207	\$76,303	\$77,979
5	\$68,362	\$76,044	\$78,872	\$80,614
6	\$70,091	\$78,065	\$81,005	\$82,813
7	\$72,441	\$80,723	\$83,776	\$85,654
8	\$74,879	\$83,483	\$86,653	\$88,602
9	\$77,414	\$86,349	\$89,639	\$91,664
10	\$80,046	\$89,323	\$92,741	\$94,844
11		\$92,414	\$95,962	\$98,147
12		\$95,624	\$99,309	\$101,577
13		\$98,957	\$102,785	\$105,140
14		\$102,418	\$106,393	\$108,837
15		\$105,212	\$109,393	\$111,832
16		\$108,104	\$112,322	\$114,916
17		\$111,074	\$115,419	\$118,091
18		\$114,134	\$118,610	\$121,364
19–24		\$117,290	\$121,987	\$124,732
25		\$119,725	\$124,438	\$127,334

*Effective July 1, 2024

SOURCE: MCPS FY 2026 Salary Schedules

- **Parity (or Equivalency):** Defining parity can also be multifaceted and may vary depending on the goals and intent of the scale. The county will need to clarify if parity means equivalent with a starting salary and based on certain criteria (e.g., education), similar (but not exactly the same) wages, encompassing to include both wages and benefits, limited based on certain settings or age groups (e.g., focused on pre-K educators), etc.
- **Implementation Strategies:** The county will need to consider how to integrate the scale into existing systems. This includes deciding if the scale will be phased in or implemented immediately, which is often influenced by corresponding decisions the county will need to make about how available funding will be distributed to programs and on what basis.
- **Professional Growth:** Decisions for how individuals will progress across the scale are important to consider. The county must determine what criteria educators must meet, at what intervals, and what documentation individuals must provide to advance in the scale and increase earnings.

Overall, developing a salary scale for Montgomery County will require making multiple critical decisions, which will ultimately influence the direction of the work. As in other states and localities, bringing together a cross-sector group to set shared goals and intentions, make decisions, and guide the process will be essential to creating a salary scale that is most responsive to the surrounding community. And as emphasized previously, it is also important to keep in mind as decisions are being made that implementation of any wage scale is predicated on increased and dedicated funding. Estimates from the Montgomery County Child Care Cost of Quality Study suggest that achieving pay parity between educators in community-based and public school child care programs would require wage increases of up to 57% for community-based educators. In the absence of additional resources, it is unlikely that a wage scale can be implemented without putting programs out of business and making care unaffordable for families. While a salary scale can serve as a valuable tool to guide decision-making and drive advocacy, its success will depend on how well it reflects the local context, is backed by sustainable funding, and fits within a broader and more comprehensive strategy for systemic reform.

SOURCE: Adapted from <https://www.nationaleceworkforcecenter.org/wp-content/uploads/2024/02/A-Look-at-Salary-Wage-Scales-for-the-Early-Childhood-Educator-Workforce.pdf>.

OSSE ECE Pay Equity Fund Minimum Salaries for Fiscal Year 2025

Role	Credentials	Minimum Salaries for FY25 (annual salary)	Minimum Salaries for FY25 (annual salary)
• Assistant Teacher	CDA or equivalent	\$51,006	\$24.52/hour
• Associate Home Caregiver	Associate degree or high or 60 hours of college-level coursework in any field	\$54,262	\$26.09/hour
• Lead Teacher • Expanded Home Caregiver	CDA or equivalent	\$51,006	\$24.52/hour
• Home Caregiver	CDA or equivalent	\$54,262	\$26.09/hour
• Lead Teacher • Home Caregiver • Expanded Home Caregiver	Associate degree in ECE; associate degree with greater than or equal to 12 credit hours in ECE; or 60 hours of college-level coursework with greater than or equal to 12 credit hours in ECE	\$63,838	\$30.09/hour
	Bachelor's degree or higher in eCE or bachelor's degree or higher with greater than or equal to 12 credit hours in ECE	\$75,103	\$36.11/hour

Minimum Salary Requirement for Child Development Facilities Receiving CDF Payroll Funding Formula Awards, FY25

SOURCE: OSSE ECE Pay Equity Fund Minimum Salaries for Fiscal Year 2025

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

WHY IT MATTERS

Improving compensation ideally means addressing both wages and benefits. In addition to addressing wages, there is growing recognition that comprehensive compensation must also include essential benefits such as health insurance, paid sick leave, retirement contributions, and more. These benefits are central to supporting the well-being, stability, and long-term sustainability of the early childhood workforce. Without access to basic supports, educators are more likely to face burnout, turnover, and financial insecurity, which will impact the quality and continuity of care for young children and families. Findings from this study suggest that, like many educators across the country, Montgomery County's early childhood professionals are facing significant gaps in access to critical benefits. Efforts to improve compensation must therefore go beyond salary alone and take a holistic approach that ensures educators receive the benefits necessary to best support themselves as individuals, their families, and the communities they seek to serve.²⁸

WHAT ACTIONS THE COUNTY CAN TAKE

While most educators are facing significant barriers, findings from the study reveal that experiences may vary somewhat across type of benefit and across role. While paid leave is more commonly available (though still with room for improvement), expanding access to health insurance and retirement plans represent high-leverage opportunities to strengthen support for the workforce in Montgomery County.

HEALTH INSURANCE

Study data suggest that only one in four early childhood workforce members has health insurance from their employer and another quarter must rely on a family member for insurance. Moreover, uninsurance rates are high, particularly for staff in assistant roles and those with less experience. This means many educators are left without the basic security of health coverage, further putting their physical and mental well-being at risk and exacerbating workforce instability. Expanding access to health insurance presents a vital opportunity to improve job quality, support retention, and affirm the value of those caring for our youngest children. Potential actions could involve the tasks detailed below.

NOW

Support participation in and maximize utilization of health plans through the state's online marketplace. Building on recent state progress to promote access to health insurance for child care professionals, this could include maximizing and extending existing outreach efforts. This could also include providing local liaisons or health care navigators (who understand both health care and child care systems in Montgomery County) to help early childhood educators to access and secure the health insurance plans that best meet their needs.



What To Build On: Maryland has made recent progress on the state level on increasing participation in and expanding access to health insurance for the state's early childhood workforce. Beginning October 1, 2025, a new legislative requirement mandates the Maryland Health Benefit Exchange (responsible for the administration of [Maryland Health Connection](#), the state's online health insurance marketplace) to promote access to health insurance for early childhood professionals. This initiative, established by [Maryland House Bill 859 \(HB0859\)](#) and [Senate Bill 611 \(SB0611\)](#), requires the Health Benefit Exchange to collaborate with the MSDE, pre-K provider hubs, child care associations, and relevant nonprofit organizations. The outreach efforts are designed to support the early childhood workforce in obtaining health insurance through Maryland Health Connection or Medicaid, assist those who lose Medicaid coverage, and ensure health plans meet their needs. Informational resources such as flyers, webinars, and events will support this effort. The legislation also requires a survey to assess health care access in the child care community to inform future outreach. Building on statewide advances and in alignment with ongoing community-based outreach efforts in Montgomery County, a more local navigator program could also enhance support for the early childhood workforce to apply and enroll in Medicaid or other health care coverage through the platform. Establishing dedicated outreach and enrollment supports tailored to the needs of Montgomery County's early childhood workforce could reduce barriers and improve overall coverage rates.

NEXT

Expand local resources to increase access to medical care for uninsured early childhood educators.

Increase investment in established local programs that provide community-based health care to eligible residents of Montgomery County, including those in the early childhood workforce.

What To Build On: [Montgomery Cares](#) was highlighted and discussed by study participants as an example of a local resource in the county that could be elevated. The program involves a group of community-based health care providers that provide medical care to uninsured adults across Montgomery County. The program offers medical checkups and sick visits by a doctor/nurse, medications, lab tests, X-rays, access to specialists, access to oral health care, and connections to other health services. While likely a more targeted and short-term solution, this program and/or similar initiatives focused on addressing gaps in health care could be leveraged as an interim support, while the county establishes more comprehensive strategies to ensure adequate health insurance coverage.

NEXT

Support health benefit consortiums and insurance pools via shared-service models. Build on insurance pools and shared-service opportunities among child care providers to allow for providers to pull together resources to minimize costs and for more buying power to provide health care benefits.

What To Build On: Another clear opportunity is building on the [Shared Services Business Alliance \(SSBA\)](#) the county is currently establishing. Study participants repeatedly emphasized the benefits of creating a "collective pool" to increase access to health care, dental care, and more. The county created the SSBA for child care centers and homes to come together to form a network or "hub" and share the costs of important business functions. The alliance will provide a system through which programs can lower costs associated with supply procurement, technology support, accounting, training and technical assistance, human resources, and billing support. This could also include expanding access to health insurance, retirement savings plans, and other important benefits. By pooling resources, programs can save money, reduce administrative burdens, and focus more time and energy on providing high-quality services for young children and their families. This approach is particularly valuable for small providers to operate more efficiently and stay financially sustainable, while being able to extend essential supports and benefits to their staff.

FUTURE

Offer targeted online marketplace subsidies for early childhood professionals to cover health insurance costs. Make direct subsidies categorically available to early childhood professionals to subsidize or cover the costs of health insurance premiums.

What To Build On: While progress has not yet been made in Maryland in this specific way, Washington, DC, in addition to providing a model for compensation innovation, is a helpful local exemplar for offering marketplace subsidies. Leveraging the Pay Equity Fund, the district began providing free health insurance for its early childhood workforce in 2022. (Of the approximate \$70 million annual appropriation for the Pay Equity Fund, \$18 million has typically been set aside as a commitment to fund this benefit.²⁹) HealthCare4ChildCare provides free health insurance premiums through DC Health Link for district residents (and their families) who are employees of licensed child development centers and homes. According to eligibility, the initiative also provides free or lower premiums for early childhood employees who reside outside of the district and who choose to participate in HealthCare4ChildCare. Support is additionally provided to center- and home-based providers to offer affordable group health insurance for their employees through DC Health Link's Small Business Market. This local example could be a useful guide for Montgomery County to envision a bold and systemic approach to ensuring health care coverage is accessible to its early childhood workforce.

RETIREMENT SAVINGS

Study findings suggest that there is currently moderate access to retirement plans, with almost half of program staff participating through their employer. Recent state-level innovations position Maryland as a leader in the field by expanding access through state-sponsored retirement plans. This progress presents a key and timely opportunity to extend this benefit to more of the early childhood workforce in Montgomery County. At the same time, early childhood program administrators report that due to low compensation, some employees often prefer to receive all their earnings rather than contribute to retirement savings. This reinforces that while increasing access to retirement plans is important, it is only one piece of the puzzle. Expanding access to this benefit must advance alongside broader compensation reform to ensure wages are adequate to support saving for the future and long-term financial security. Potential actions could involve the tasks detailed below.

NOW

Provide outreach and technical assistance to increase access to state-sponsored retirement programs. This includes ensuring early childhood educators across settings are aware of, understand, can navigate, and can participate in existing statewide retirement savings opportunities.

What To Build On: MarylandSaves was created as an innovative statewide program to support Maryland workers whose employers do not offer a workplace retirement plan, self-employed individuals, and others who want to save in a Roth Individual Retirement Account. As a first step, this could provide a useful pathway for early educators who may not otherwise have access to retirement benefits through their place of employment. Overall, Montgomery County and the state as a whole have a strong infrastructure that the county can tap into to support greater benefit expansion for the early childhood workforce by improving access to information, fostering stronger connections to resources, and enabling more coordinated delivery of benefits through the state-sponsored retirement program.

FUTURE

Strengthen incentives for early childhood employers to actively support staff participation in retirement savings programs. This could include providing dedicated public funding to help employers to offer matching contributions and create more sustainable retirement pathways for staff. It may also involve ensuring that early educators have access to clear, relevant information about the importance of long-term economic security and participation in available retirement savings options offered by their employer (or aligned government-administrated programs), so they can make informed decisions about their financial future.

What To Build On: Maryland has made some incremental progress. The legislation (SB0611) mentioned earlier to promote health insurance access for child care professionals originally included a proposal that would allow qualifying child care providers who receive state, local, or federal funding to participate in the State Employee and Retiree Health and Welfare Benefits Program as satellite organizations.³⁰ While not ultimately included in the final passage of the bill, this might have expanded access to other important benefits upon retirement for child care professionals—and it points to important momentum happening in the state to include the early childhood workforce as recipients of broader public-sector health care and retiree benefits. Other states have also utilized more flexible public funds to increase access to retirement savings for the early childhood workforce. Connecticut, for example, explicitly named contributions to retirement funds as an allowable use of stabilization grants appropriated under ARPA. The state additionally created legislation that requires employers to enroll in MyCTSAVINGS, a state-sponsored retirement plan (similar to MarylandSAVES). While these plans are voluntary for employees, they provide a free or low-cost entry into retirement programs and create an opportunity for child care employers to help their staff access retirement benefits.²⁸ Overall, these efforts signal growing recognition of the need to strengthen retirement benefits for both employers and staff and provide important opportunities for Montgomery County to leverage and advocate for better support as part of the plan to help retain the early childhood workforce.

Spotlights in the Field

LOUISIANA launched an Early Childhood Navigator Partnership as part of the **Navigators for a Healthy Louisiana** initiative to support educators and providers in securing health insurance coverage, making sure the chosen plan meets their budget and health care needs and serving as a referral source to offer guidance. Since the program launched and as of February 2024, it has held 91 outreach events and engaged over 120 centers and 2,000 educators to provide support.

LEVEL OF INVESTMENT: Supported as part of a financial assistance award totaling \$1.96 million

FUNDING MECHANISM: Totally funded by a federal grant from the Centers for Medicare and Medicaid Services of the U.S. Department of Health and Human Services

Similar to the Washington, DC, HealthCare4ChildCare, the **Premium Assistance Program for Employees of Child Care Facilities** in **WASHINGTON STATE** provided employees of licensed child care facilities access to health insurance for \$0 monthly premiums through the end of 2023. Those working in licensed centers, homes, school-age programs, or nature-based programs who met income and other program requirements

received enrollment support and could access specific health plans through the state's online marketplace, Washington Healthplanfinder. In its first year, the program served 624 center-based employees who received free or low-cost health insurance.

LEVEL OF INVESTMENT: \$30 million was set aside for the premium assistance program during the 2021 legislative session

FUNDING MECHANISM: State funding allocation via the Washington State Legislature

CONNECTICUT has taken steps to support retirement security for educators by explicitly allowing stabilization grants to be used for retirement fund contributions. The state also passed legislation requiring employers—including those with as few as five employees—to enroll in the state-sponsored **MyCTSavings retirement plan** (other states with similar legislation include Maine, Virginia, and Maryland). While participation in the plan is voluntary for employees, it offers a free or low-cost way to access retirement benefits. This creates an opportunity for child care employers to support their staff's long-term financial well-being. Recent partnerships between Connecticut and Rhode Island have helped to launch a similar retirement plan program called RISavers.

LEVEL OF INVESTMENT: RISavers launch is estimated to cost \$155,393, with comparable programs in Maine and Delaware costing approximately \$300,000 over a timeline of 14 months; a much higher level of investment is likely if there are supporting or matching retirement fund contributions

FUNDING MECHANISM: Funded by state allocation

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

WHY IT MATTERS

Reducing financial strain can be an effective strategy to free up resources that support educator well-being and boost workforce stability. To strengthen the overall value of compensation, states and localities are investing in strategies that lower financial burdens. This includes providing ways to reduce out-of-pocket costs for educators, such as offering child care assistance, tax credits, and housing support.²⁸ Together, these strategies can make early educator roles more sustainable and attractive, particularly for those historically excluded from such opportunities. Progress continues to be made in Montgomery County and across the state to advance strategies that lead to cost savings for early childhood educators. The following are current initiatives that might be important to build on and consider when planning for implementation.



WHAT ACTIONS THE COUNTY CAN TAKE

Levers to support this recommendation are most likely tied to shifts at the state level. To that end, Montgomery County has the opportunity to lead the way by piloting efforts to demonstrate impact and by advocating for clear policy and programmatic improvements in the state that could open up local opportunities. Two major actions could include the tasks detailed below.

NEXT

Enact tax credits that are specifically designed for members of the early childhood workforce.

Enact tax credits that are specifically designed for members of the early childhood workforce. Financial credits could be delivered through the local or state tax system that provide monetary support to early childhood educators and programs, typically in the form of credits on their annual tax return.

What To Build On: Momentum is building collectively in the state and Montgomery County to enact tax credits in support of the early childhood workforce. During the 2025 Maryland legislative session, the General Assembly passed [House Bill 389](#), which allows for Maryland jurisdictions to expand the amount and eligibility of property tax credits to child care providers. This tax credit covers registered family child care homes, licensed child care centers, licensed day care centers for the elderly, and licensed day care centers for adults. And under the state's new guidance, the Montgomery County Council recently introduced [Bill 21-25](#), which seeks to expand eligibility for child care property tax credits (to include large family child care homes) and increase the maximum tax credit from \$3,000 to \$10,000. This movement reflects important progress being made in strengthening tax reform benefits for early educators and programs. Building on this effort, further considerations could be given to extending tax credits to educators and other individual members of the early childhood workforce and to developing more comprehensive tax reform for early childhood employers.

FUTURE

Increase access to child care subsidy assistance by implementing categorical eligibility for educators. This would position those working in licensed or registered child care programs, regardless of income, to qualify for additional support that would increase access to care for their own children.

What To Build On: In Maryland, as in many other states, categorical eligibility generally applies to families already receiving public benefits, such as SNAP, Temporary Cash Assistance, Supplemental Security Income, and the Temporary Disability Assistance Program. These families are not required to meet separate income eligibility requirements and are considered automatically eligible for additional supports, such as child care subsidy assistance. This approach helps streamline the application process and makes access to child care support more readily available. Currently, families in these categories are prioritized in Maryland's Child Care Scholarships program, but more formal categorical eligibility has not yet been established.³¹ While other public assistance programs like SNAP already use categorical eligibility in the state, there is an opportunity to extend this structure to child care and to advocate for policy change that would broaden access for both families and the early childhood workforce.³²

Spotlights in the Field

LOUISIANA has been a leader in the field with establishing the **School Readiness Tax Credits** in 2007. This represents a broad-based effort that includes five tax credits that cover child care expenses (for parents); provider tax credits (for programs); tax credits for child care directors and staff (for child care personnel); tax credits for business-supported child care; and donations to child care resource and referral agencies. Together, these tax credits represent \$16 million in state investment in child care.

LEVEL OF INVESTMENT: Represents \$16 million in state investment

FUNDING MECHANISM: State-supported tax credits

While a range of other states—including, but not limited to, Arkansas, Arizona, Maine, Massachusetts, Oklahoma, Nebraska, Rhode Island, and Washington state—are pursuing similar approaches, **KENTUCKY** was the first to enact categorical eligibility for those working in child care settings. In October 2022, the state allowed for individuals in licensed child care centers and family child care homes to qualify for child care assistance because they belong to this “category”—or what Kentucky calls a “protected population”—regardless of their income. Although some providers were already income eligible for child care assistance, the new category of eligibility increased awareness of the benefit, and after one year, 3,200 early childhood employees and 5,600 children of early childhood employees benefited from child care assistance. Further, recent progress is being made in the neighboring state of Virginia with lawmakers proposing bills that would establish categorical eligibility for both families and early childhood providers (HB 627).

LEVEL OF INVESTMENT: In FY 2025, the Kentucky executive budget included \$11 million from the state general fund and approximately \$3 million from the remaining federal funds, and the state appropriated \$15 million for FY 2026; on a smaller scale, Rhode Island committed \$4 million in Child Care and Development Block Grant (CCDBG) funds to operate a one-year pilot of this model

FUNDING MECHANISM: Originally funded using federal supplemental COVID relief funds and transitioning to CCDBG funds and state general funds

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

WHY IT MATTERS

For many early educators, access to professional advancement opportunities is essential to achieving fair compensation and career stability. While strategies to advance this objective might not provide direct stipends or immediate pay increases, advancing qualifications that lead to career opportunities can boost wages in the long term and result in lasting benefits. About two out of three educators in the study named higher pay—now or in the future—as the most important factor influencing their decision to continue working in the early childhood field. Expanding apprenticeships, paid training, and degree pathways that allow educators to grow professionally without taking on additional debt can all help build toward higher compensation and more stability for the early childhood workforce.²⁸

WHAT ACTIONS THE COUNTY CAN TAKE

Montgomery County and the state as a whole already offer a range of professional development opportunities for the early childhood workforce. This provides a strong and scalable infrastructure to build on. Continuing to expand and increase access to these opportunities will be an important next step to foster career advancement that will lead to higher and more stable compensation. Potential actions can include the tasks detailed below.

NOW

Increase access to business training for early childhood leaders that leads to cost efficiencies and opens up resources to improve staff pay. Increase connections to training and expand opportunities that focus on strengthening skills in budgeting, financial planning, and operations to support more efficient program management and reinvestment into higher employee compensation.

What To Build On: Ample resources are available to support widespread training across the state for early childhood professionals. For example, the [Maryland Child Care Training Calendar](#) showcases the range of MSDE-approved trainings, trainers, and organizations to meet the professional development needs of the workforce. While some availability exists for training specifically focused on strengthening business practices, early childhood administrators in the study shared the need to bolster connections to what exists and expand opportunities for more professionals. More localized initiatives exist as well; for example, the Maryland Women's Business Center (MWBC) [Family Child Care and Pre-K Child Care Business Incubator Program](#) provides tools, information, and training to support new and aspiring child care providers. Through partnerships with Family Child Care Networks in Maryland, MWBC's Incubator Program helps providers strengthen the business knowledge needed to start and scale their program. Whether through leveraging more broad statewide support or targeted local strategies, there are potentially important opportunities for Montgomery County to increase access to resources that will improve business practices for early childhood providers, leading to greater cost efficiencies and ultimately supporting higher staff pay.

NOW

Support development of a statewide workforce registry to improve data-driven decisions and create a stronger career pipeline for early educators. The workforce registry can enhance understanding of the early childhood workforce and help map clear pathways to professional development and advanced qualifications, which can lead to increased compensation.

What To Build On: As previously noted, important statewide priorities have been set with the release of MMF's [2025 Call to Action: Early Care and Education Workforce Recommendations](#), which represent collective strategies to strengthen the early childhood workforce. Central to these recommendations is the establishment of a workforce registry as an integrated approach to (a) address the lack of comprehensive early childhood workforce data; (b) identify current capacity and enable data-driven decisions through a clearer understanding of the workforce; (c) provide educators with a resource for professional development, regulatory requirements, and information sharing; and (d) track individual career progress, credentials, and competencies to support expanded pathways to advancement and retention.³³ As Montgomery County moves forward with its compensation reform efforts, this statewide registry could serve as a critical foundation for making informed decisions, strengthening access to professional development opportunities, and setting clear pathways that connect advancement to improved and more equitable compensation.

NEXT

Expand apprenticeships and scholarships designed to support educators in growing professionally without taking on additional debt. Increase access to programs that provide financial assistance or paid, on-the-job training to support early educators in obtaining credentials, degrees, or professional advancement in the field.

What To Build On: Key opportunities continue to be available to expand professional pathways for early educators. A county-specific example is the [Early Care Education and Initiative Pathway](#), a partnership between Montgomery County, Montgomery College, and Montgomery County Public Schools. This effort awards tuition scholarships to support the child care workforce in completing a career or degree pathway in ECE with funding provided through the Montgomery County ECEI. Philanthropic support has also been an important driver of support aiming to strengthen the local workforce and to address the county's child care shortages. [A local foundation](#) recently pledged \$1 million over 5 years to support scholarships and academic coaching for ECE students at Montgomery College. Apprenticeships and "grow your own" (GYO) models are also being adopted as effective strategies to reduce teacher shortages, promote diversity, and improve retention.³⁴ For example, Maryland created a noncompetitive, \$48 million grant, referred to as [Maryland LEADS](#). This grant program provided funding to all local education agencies, in which all but one chose to pursue GYO programs with the funds. Using the Maryland LEADS grant funding, Montgomery County Public Schools launched their effort by partnering with Towson University (TU) to offer the [TU Teacher Scholars Summer Institute](#). The institute supported high school students, leading them through learning activities and other opportunities to inspire them to consider careers in education. On the state level, study participants emphasized that the [Maryland Child Care Credential Program](#) was a "huge incentive for a lot of early educators." While currently on pause since 2024 due to lack of funding, the program was designed to recognize individual child care providers who increased their qualifications beyond the requirements of state licensing and registration regulations. The program included achievement bonuses for credentialing and reimbursements for training (or training vouchers) to support professional development. The [Child Care Career and Professional Development Fund](#) is also available as a tuition assistance program for child care providers to obtain postsecondary education at participating colleges and universities in Maryland. Continuing to grow state and local efforts such as these that offer multiple pathways for advancement is both an effective strategy and a concrete step toward a stronger, more stable workforce.

Spotlights in the Field

Among the many local and state exemplars that exist, the **T.E.A.C.H. Early Childhood® Initiative** is often named as an important example of progress in the field. This national model provides comprehensive scholarships tied to compensation increases to expand access to higher education for teachers, directors, and family child care providers working with young children. [T.E.A.C.H. Early Childhood Florida](#) provides a strong example of a coordinated approach that supports providers with their professional development goals related to credential attainment and pursuit of higher education, alongside and in alignment with the statewide Child Care WAGE\$ program to offer bonuses and stipends.

LEVEL OF INVESTMENT: Funded at \$9.6 million to support scholarships via the program in [FY 2023 and FY 2024](#)

FUNDING MECHANISM: State-funded and supported program by the [Florida Division of Early Learning](#)

MORE IMPLEMENTATION CONSIDERATIONS

As Montgomery County moves forward planning for action, it can distill key lessons learned from other states and localities taking on similar efforts. These cross-cutting or overarching ideas may be useful considerations as the county plans its next steps.

Public education campaigns elevate the value of early childhood educators and emphasize the urgency for improved compensation. A well-designed public education campaign aligned with next steps for compensation reform can shift mindsets, build broad support, and help to drive necessary policy change. By clearly communicating the connection between early educator well-being and the needs and strategic goals of the wider community, this can highlight how strengthening the early childhood workforce contributes to economic growth, family stability, and better outcomes for children—building a stronger future for all.

Dedicated and intentional outreach promotes access and engagement. Expanding access to compensation improvement opportunities is only effective if early childhood providers are aware of and able to participate in them. Ensuring that eligible educators know about and take advantage of income support programs requires intentional outreach strategies. This includes planning for proactive, multichannel communication (e.g., newsletters, email lists, and social media), partnerships with trusted leaders and networks in the early childhood community, and culturally and linguistically responsive approaches that reflect the diversity of the workforce.

Administrative supports remove barriers and expand access to available opportunities. Clear and inclusive administrative processes ensure that more early childhood educators can benefit from existing or newly developed supports. Employing streamlined strategies—such as extending application windows, accepting rolling submissions, and ensuring accessible information and guidance—can increase participation, reduce inequities, and strengthen the reach and impact of compensation initiatives.

Financial impact considerations strengthen equity. Compensation improvements must be adopted with attention to their broader financial effects on early educators, especially those at the lower wage levels. Upon increasing wages and access to benefits, these considerations will be important to ensure compensation gains lead to real improvements in financial stability and do not unintentionally reduce eligibility or access to critical public supports (often referred to the “benefits cliff”). Prioritizing equitable design helps maximize impact and avoid widening disparities within the workforce.

Engaged local and state leadership fosters alignment and sustained commitment. Strong support and buy-in from both local and state leaders can be critical to sustaining momentum and ensuring meaningful policy and funding change. Regular engagement and advocacy with decision-makers creates opportunities to share progress, address challenges, and align on strategies to close compensation gaps. By cultivating champions at every level of government, these efforts build the political will and long-term commitment needed to improve conditions for the early childhood workforce.

Continuous feedback and improvement ensure shared accountability and responsiveness. Ongoing input from early educators and community leaders is essential to understand what’s working, what’s not, and where adjustments are needed. Engaging those closest to the work—through surveys, listening sessions, and implementation reviews—helps build trust, promote shared ownership, and ensure efforts remain aligned with the real needs and priorities of the workforce.

RECOMMENDATIONS SNAPSHOT

RECOMMENDATION	POTENTIAL ACTION	PHASE	ESTIMATED INVESTMENT	LEVEL	IMPACT
#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	Low	Local + State	Low
	Establish a bonus program to offer a onetime incentive to attract and retain early childhood educators	NEXT	Medium	Local	Medium
	Provide stipends as cash awards that educators receive multiple times over a predetermined timeline	NEXT	Medium	Local	Medium
	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	Low	Local + State	Low
	Develop an equitable and transparent salary scale that reflects the skills, experiences, and qualifications of early childhood educators	NEXT	Low	Local	Low
	Leverage public-private partnerships and philanthropic resources to fund pilot efforts and demonstration projects	NEXT	Medium	Local	Medium
	Expand established local grant programs to increase funding and requirements that directly support higher educator pay	NEXT	Medium	Local	Medium
	Identify a sustainable and dedicated funding mechanism for more comprehensive compensation reform	FUTURE	High	State	High
#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	Low	Local + State	Low
	Expand local resources to increase access to medical care for uninsured early childhood educators	NEXT	Medium	Local	Low
	Support health benefit consortiums and insurance pools via shared-service models	NEXT	Medium	Local	Medium
	Offer targeted online marketplace subsidies for early childhood professionals to cover health insurance costs	FUTURE	High	State	High

RECOMMENDATION	POTENTIAL ACTION	PHASE	ESTIMATED INVESTMENT	LEVEL	IMPACT
#2. Increase access to essential benefits to promote the well-being of early educators	RETIREMENT SAVINGS				
	Provide outreach and technical assistance to increase access to state-sponsored retirement programs	NOW	Low	Local + State	Low
	Strengthen incentives for early childhood employers to actively support staff participation in retirement savings programs	FUTURE	High	State	Medium
#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	NEXT	High	Local + State	High
	Increase access to child care subsidy assistance by implementing categorical eligibility for educators	FUTURE	High	State	High
#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	Low	Local	Low
	Support development of a statewide workforce registry to improve data-driven decisions and create a stronger career pipeline for early educators	NOW	Medium	Local + State	Low
	Expand apprenticeships and scholarships designed to support educators in growing professionally without taking on additional debt	NEXT	Medium	Local + State	Medium

DEFINITIONS:

"Phase" 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).

"Estimated Investment" indicates the estimated range of resources likely required to implement the potential action to include **low** (<\$1 million); **medium** (between \$1 million and \$15 million); **high** (>\$15 million).

"Level" refers to where the work might be best positioned to take place: local (Montgomery County), state (Maryland), or alignment between both.

"Impact" suggests the potential reach of an action step and its capacity to shift conditions for the early childhood workforce and ranges from **low** (more targeted) to **medium** (broader reach) to **high** (widespread change).

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