



# Raising Wages to Boost Child Care Supply

## Lessons from the Design and Implementation of State and Local Initiatives

*Justin B. Doromal and Erica Greenberg*

*August 2025*

**Early childhood care and education programs are the backbone of working society, providing benefits for families, children, and employers. Sufficient access to affordable, high-quality care depends on a stable workforce, yet early childhood staff—educators as well as directors and owners, administrative staff, instructional experts, and cooking and cleaning staff—have long been underpaid (Lloyd et al. 2021; Sykes and Ostendorf 2022). Low compensation engenders high staff turnover, low supply and quality of care, and unreliable programming that undercuts economic and child development goals. In contrast, raising compensation has the potential to expand and strengthen the early childhood workforce, bolster the supply of open classrooms, and improve families’ access to care.**

State and local innovation can strengthen the supply of early childhood staff and address many of the issues associated with low compensation, though a lack of dedicated federal funding has hampered innovation. Before the COVID-19 pandemic, some states and localities piloted initiatives offering supplemental pay to early childhood staff. In recent years, the prevalence of these initiatives has increased, especially as COVID-19 decimated child care supply and states and localities sought strategies to rebuild the workforce.<sup>1</sup> In 2024, Senators Tim Kaine (D-VA) and Katie Britt (R-AL) introduced a congressional bill known as the Child Care Workforce Act, which, if passed, would have established a pilot program to boost the supply of child care workers through innovations that raised child care wages.<sup>2</sup> Senator Britt then reintroduced the bill in March 2025. Even with proof of concept and political will demonstrated, a pressing question remains: How can states learn from existing initiatives to design sustainable and effective solutions?

This brief synthesizes lessons learned from several state and local wage boost initiatives. We use “wage boost initiative” as an umbrella term to describe the range of approaches states and local jurisdictions have taken to increase early childhood staff’s pay, such as through lump sum bonuses and salary increases. In the “Looking Forward” section below, we touch on other types of compensation initiatives government agencies may be considering.

## Policy Goals Driving Wage Boost Initiatives

Low wages in child care contribute to high rates of staff turnover and make it difficult for child care programs to recruit qualified staff. These are problems a growing number of jurisdictions recognize early childhood programs cannot solve on their own. Increasing revenue by raising tuition is not usually an option for these programs. In 2022, the median annual price range for full-time care for one child was between \$6,552 to \$15,600, or about 8.9 to 16 percent of families’ income.<sup>3</sup> If the cost burden of child care becomes too great, families will unenroll their children, and as a result, programs may lose revenue and face greater difficulties paying their staff or even staying open. Other operational adjustments to offset increased costs of higher staff salaries compromise either access or quality, making such approaches less desirable in supporting the dual goals of improving child care wages and child care supply.

In response, publicly funded wage boost initiatives aim to provide meaningful increases to the wages of early childhood staff while supporting, rather than inhibiting, the supply of affordable quality care. Public investments can support child care programs in offering higher wages, yet wage boost initiatives are not low-cost policy reforms. As an illustrative example, raising a single median worker’s wage by \$4 per hour would cost \$8,320 per year before considering any administrative costs; a workforce with 1,000 workers would yield a price tag of more than \$8 million annually.<sup>4</sup> A lower boost in wages could be more affordable for state and local budgets, but with child care wages already being very low, small boosts may not be sufficient to drive intended changes toward policy goals. Some jurisdictions have offered pilot programs to leverage limited funds, with the goal of demonstrating enough impact to justify greater future investment. But even fully scaled programs do not have infinite budgets, and limited resources will constrain state and local design choices.

## Lessons Learned from Designing and Implementing Wage Boosts

To explore trade-offs and best practices in wage boost design, we draw on our experiences evaluating and advising on the development of multiple wage boost initiatives over the past several years, in both small and large roles as well as in states and localities across the country. We also tie in examples from other state and local initiatives, as they relate to our lessons learned. We consider the ramifications of common choices made in determining not only how additional wages are distributed but also for whom, highlighting possible approaches for mitigating unintended consequences. Although our work has not

focused on public financing for wage boost initiatives, we provide key budget parameters from partner jurisdictions as background for policy design and implementation decisions (see box 1).

---

## BOX 1

### Descriptions of State and Local Wage Boost Partners

Over the years and across multiple roles and organizations, we have had opportunities to interact with state and local government agencies to advise or evaluate wage boost initiatives. We have been fortunate to work closely with four partners, described below. In other cases, our advisory roles were smaller or temporary in nature (e.g., sharing insights to inform ongoing efforts); we do not list those instances here. Throughout the brief, we will refer to wage boost initiatives by their jurisdiction.

#### Virginia Department of Education (VDOE)

In 2019, Virginia received a federal Preschool Development Birth through Five Initial Grant award and used funding from this award to establish **RecognizeB5**.<sup>a</sup> In its pilot year, this program offered up to \$1,500 for staff who worked directly with young children from birth to age 5 for at least 30 hours per week in publicly funded programs (child care businesses accepting public dollars, such as CCDF funding, and preschool programs in public schools). To receive the full amount, staff had to continue meeting these requirements and remain employed at the same site for the full duration of the eight-month program (May 1 through December 31, 2019). However, because funding in the pilot year could not support full implementation, the state used a lottery in one large county to determine which programs could participate.

Justin Doromal, in his former role at the University of Virginia and in partnership with the VDOE and the Virginia Early Childhood Foundation, supported VDOE in developing projected cost estimates for the program. He also co-led a field experiment leveraging this lottery to measure the causal effects of providing financial incentives on teacher retention.<sup>b</sup> In the following years, the research team developed reports and briefings to support VDOE's planning efforts. As VDOE secured additional funding to expand the pilot, research team helped guide several decisions around how to allocate resources to achieve the most impact for the greatest number of educators. For instance, RecognizeB5 was scaled to a statewide initiative by its third year, offering larger incentive amounts while also targeting the funds to educators for whom it had the greatest impact in the pilot year (e.g., educators in child care programs outside the public school system). RecognizeB5 was discontinued as of July 2025 due to limited funding.

#### Maryland State Department of Education (MSDE)

In 2023, the MSDE launched the **Enhanced Child Care Support and Teacher Retention Award (ECSTRA) program**, which used the American Rescue Plan Act pandemic relief funding to provide eligible child care staff with up to \$3,000 over an eight-month period to help stabilize the Maryland early childhood educator workforce and promote quality care for children.<sup>c</sup> To be eligible, staff had to hold a credential (any level) under the Maryland Child Care Credential Program, be employed at any licensed child care program, and work for at least 20 hours per week in a role that interacts directly with children from birth to age 5. Because of limited funding, MSDE used a lottery to determine program participation. Ultimately, 75 percent of program applicants were invited to participate in ECSTRA. Participants could receive either a \$1,000, \$2,000, or \$3,000 retention bonus and, like in Virginia's RecognizeB5 program, they were required to stay at their employer for the full duration of the program (eight months) to receive the full bonus.

In partnership with MSDE and researchers from the University of Virginia, Justin Doromal co-led a field experiment studying the effects of the bonus on workforce outcomes, including turnover and well-being, and whether higher bonus amounts were associated with more positive outcomes. Though the ECSTRA program has ended, the team is continuing to share findings with MSDE by developing reports and holding briefings to support learning and policy planning.<sup>d</sup>

### **DC Office of the State Superintendent of Education (OSSE)**

Since 2022, the District of Columbia’s wage enhancement program, the **Early Childhood Educator Pay Equity Fund**, has provided significant increases in compensation for early childhood educators working in licensed child care programs.<sup>e</sup> Funded through a tax on earners making more than \$250,000 a year, DC’s wage enhancement program supports child care programs in offering competitive wages to recruit and retain qualified staff and helps early childhood educators build bigger, brighter futures. In its first two fiscal years (August 2022 through September 2024), it provided educators with direct payments: full-time lead teachers received \$14,000 per year, full-time assistant teachers received \$10,000 per year, and part-time teachers received half of those amounts. Beginning in October 2023, the OSSE changed the program’s structure and distributed funding (via a formula) to child care programs that agreed to enhance their educators’ wages to align with minimum salaries established in the District’s statute. In turn, teachers received increased pay through their paychecks rather than through supplemental payments.

The Urban research team, including Erica Greenberg and Justin Doromal, has partnered with OSSE since 2019 on several policy-relevant child care projects. In 2022, the team began a study of the implementation of DC’s wage enhancement program to learn about its opportunities, challenges, and outcomes.<sup>f</sup> Findings from the study have supported internal policy planning and been used as evidence in demonstrating the program’s impact in public testimony. They have also been cited as motivating the Child Care Workforce Act.<sup>g</sup>

### **King County, Washington, Department of Community and Human Services (DCHS)**

The **Best Starts for Kids Wage Boost Pilot** aims to increase the wages of about 1,400 child care workers by about \$4 per hour through 2027.<sup>h</sup> The pilot is supported by Best Starts for Kids, a King County voter-approved initiative that “supports every baby born and child raised in King County to reach adulthood happy, healthy, safe, and thriving.”<sup>i</sup> Motivated by policy goals for promoting workforce retention and continuity of care, this pilot program—informed by community members in its design and implementation—aims to demonstrate how government investments might benefit the child care sector, workers, families, and the community. Licensed child care programs located in King County were invited to apply to the pilot beginning in February 2025. Because of the high number of applications, a lottery was used to determine participation. After programs were selected in March 2025, workers employed by those programs were invited to enroll, with payments beginning after enrollment and as early as April 2025. Programs not selected were placed on a waiting list, which may be used to enroll workers for open slots—for example, there would be open slots if programs did not have all employees elect to enroll, or if any participating programs closed down. The waiting list ensures that all funding is administered and reaches the target of 1,400 workers by the end of the pilot.

The Urban research team, including Justin Doromal and Erica Greenberg, has partnered with King County DCHS and Best Starts for Kids since 2022 to plan an evaluation of the Best Starts pilot. Throughout the partnership, the team connected Best Starts staff to informational resources from other wage boost initiatives to support pilot design decisions. Beginning in July 2024, the team, in partnership with Cardea Services, supported the pilot as an external evaluator.<sup>j</sup>

<sup>a</sup> At its launch, RecognizeB5 was named the Teacher Recognition Program, but it was later renamed as the program was scaled up. Since the pilot year, RecognizeB5 has become available statewide and offers a greater incentive amount. See Daphna Bassok, Anna Shapiro, and Molly Michie, “The Importance of Financial Supports for Child Care Teachers: Findings from Year 3 of Virginia’s

Recognition Program” (Charlottesville: SEE-Partnerships at the University of Virginia, 2023), [https://files.elfsightcdn.com/022b8cb9-839c-4bc2-992e-cefccb8e877e/96a49e25-2834-4599-85c1-a737106b8555/RB5-Brief\\_Final.pdf](https://files.elfsightcdn.com/022b8cb9-839c-4bc2-992e-cefccb8e877e/96a49e25-2834-4599-85c1-a737106b8555/RB5-Brief_Final.pdf) and “RecognizeB5 Teacher Incentive,” Virginia Department of Education, Office of Child Care Health and Safety, accessed June 26, 2025, <https://www.childcare.virginia.gov/providers/child-care-as-a-profession/recognizeb5-teacher-incentive>.

<sup>b</sup> See Daphna Bassok, Justin B. Doromal, Molly Michie, and Vivian C. Wong, “Reducing Teacher Turnover in Early Childhood Settings: Findings from Virginia’s PDG B-5 Recognition Program” (Charlottesville: SEE-Partnerships at the University of Virginia, 2020), [https://www.see-partnerships.com/uploads/1/3/2/8/132824390/pdg\\_teacher\\_turnover\\_study\\_summary.pdf](https://www.see-partnerships.com/uploads/1/3/2/8/132824390/pdg_teacher_turnover_study_summary.pdf) and Daphna Bassok, Justin B. Doromal, Molly Michie, and Vivian C. Wong, *The Effects of Financial Incentives on Teacher Turnover in Early Childhood Settings: Experimental Evidence from Virginia* (Charlottesville: SEE-Partnerships at the University of Virginia, 2021), <https://files.elfsightcdn.com/022b8cb9-839c-4bc2-992e-cefccb8e877e/9d4da08c-17f8-4aff-a43a-fa4d5867cbe1.pdf>.

<sup>c</sup> “Enhanced Child Care Support and Teacher Retention Award (ECSTRA) Retention Bonus Program,” Maryland State Department of Education, accessed June 28, 2024, <https://marylandpublicschools.org/about/Pages/OFPOS/GAC/ECSTRA/index.aspx>.

<sup>d</sup> “An Evaluation of Maryland’s Early Educator Retention Bonus Program, ECSTRA,” University of Virginia, School of Education and Human Development, accessed June 28, 2025, <https://education.virginia.edu/research-initiatives/research-centers-labs/edpolicyworks/edpolicyworks-research-projects/early-childhood-projects/evaluation-marylands-early-educator-retention-bonus-program-ecstra>.

<sup>e</sup> “Early Childhood Educator Pay Equity Fund,” DC Office of the State Superintendent of Education, accessed June 28, 2025, <https://osse.dc.gov/ecepayequity>.

<sup>f</sup> “DC Child Care Policy Research Partnership,” Urban Institute, accessed June 28, 2025, <https://www.urban.org/projects/dc-child-care-policy-research-partnership/implementation-study-early-childhood-educator>.

<sup>g</sup> Child Care Workforce and Facilities Act of 2025, S. 169, 119th Cong. (2025–2026), <https://www.congress.gov/bill/119th-congress/senate-bill/169/text>.

<sup>h</sup> “Boosting Support for Child Care Workers: The Best Starts for Kids Child Care Wage Boost Pilot,” Imagine Institute, January 17, 2025, <https://imaginewa.org/bsk-childcare-wageboost-pilot-announcement/>.

<sup>i</sup> “Best Starts for Kids: Providing King County Kids with the Best Start in Life,” King County Department of Community and Human Services, accessed June 28, 2025, <https://kingcounty.gov/en/dept/dchs/human-social-services/community-funded-initiatives/best-starts-for-kids>.

<sup>j</sup> “An Evaluation of the Best Starts for Kids Child Care Wage Boost Pilot,” Urban Institute, accessed June 28, 2025, <https://www.urban.org/projects/best-starts-kids-child-care-wage-boost-pilot>.

---

## Defining Which Early Childhood Staff and Programs Are Included

Given finite resources, states and localities considering wage boost initiatives must first grapple with which early childhood staff to include. These decisions may be determined at least partially by the initiatives’ stated goals. For instance, initiatives motivated by pay parity like DC’s might focus on early childhood staff working in programs outside of public schools, especially in jurisdictions where parity has already been achieved between preschool and K–12 educators working in the same schools. Other initiatives, such as those in Virginia (starting in its second year of implementation) and Maryland, might focus on child care programs that already receive public funding, where either the pay is lowest or wage boosts are expected to have the greatest impact on outcomes.

Jurisdictions might also consider which staff roles are eligible. Considering robust evidence on the important role caregivers play in shaping children’s early development, it is no surprise that wage boost initiatives often prioritize early childhood educators—the people who care for and educate young children on a daily basis. However, early childhood programs are not solely staffed by educators. Programs may also have a director or owner, administrative staff, instructional experts, cleaning staff,

and cooking staff—all of whom are essential for operating a safe and high-quality early childhood program. Moreover, child care occurs in an array of different settings, including caregivers who provide care services in their home and may involve their family members as needed.

Many initiatives like Virginia’s focus exclusively on staff in educator roles, specifying that staff must provide direct care to children for a certain number of hours each week to be eligible. Other initiatives like DC’s (as it is structured beginning October 2023) prioritize early childhood educators by establishing minimum salaries, based on their role and level of education, while conferring child care business owners some flexibility to increase wages for other staff as well. Directors, in particular, often straddle this line, as their inclusion often depends on whether they also take on teaching responsibilities outside of their leadership duties. (We discuss this point further in the “Mitigating Unintended Consequences” section below.) In King County, Washington, any staff member (excluding interns and contractors) contributing to children’s well-being regardless of whether they are formally in an educator role—including, for example, directors, cleaning and cooking staff, and mental health professionals—are eligible for wage increases, so long as their employer was selected to participate in the pilot.

While goals or priorities may define the inclusion criteria for a wage boost initiative, feasibility constraints may ultimately determine participation. Implementing a wage boost initiative requires data to identify who is in the workforce, especially if eligibility is limited to specific programs or roles, as well as data infrastructure to process and monitor payments in a timely and accurate fashion. Indeed, in DC, leveraging existing data structures was one of the key factors for successful early implementation.<sup>5</sup> However, existing data infrastructure varies significantly across jurisdictions. Many states have workforce registries, but they only include specific program types (e.g., licensed programs) and specific staff roles (e.g., those in early childhood educator roles). Because localities are typically subject to their state’s regulations, they may rely on state data infrastructure and not have any of their own. Furthermore, existing data infrastructure may serve broad administrative goals and not meet the up-to-the-minute data needs of a wage boost initiative.

In sum, as states and localities decide on the scope of the initiatives, they may need to balance the goal of identifying the workers for whom they want to improve compensation and stability with what is feasible to implement given existing data systems, technologies, and available public funding.

## **Determining the Size of the Wage Boost**

In addition to defining wage boost eligibility, states and localities will need to decide the dollar amounts early childhood staff might receive. Generally, there are two goalposts policymakers use to guide decisions concerning the size of a wage boost. Some jurisdictions, like DC, cite pay parity with K–12 educators, by role and credential, as an intended goal to enhance workers’ wages. Other initiatives set a goal to elevate wages to a living or thriving wage.<sup>6</sup> Whether wage boost initiatives meet these goalposts depends on public investment.

As states and localities grapple with limited budgets, they often face a trade-off between paying each individual worker more (e.g., setting their wages closer to other industries) or paying more workers but with a smaller wage boost (e.g., increasing accessibility to the wage boost initiative). Decisions around staff and program eligibility may be one way of freeing up resources to offer larger wage boosts to a narrower group of workers. Yet, even after making these decisions, states and localities may still be unable to provide the size of the boost they desire. This trade-off may be especially binding for scaled-up initiatives, where a state or locality cannot withhold payments from workers who are eligible for and have opt in to receiving additional wages.

In King County, program implementers sought to offer the largest wage boost their budget could support, so that the additional wages would be meaningful to staff who receive it and that takeaways generated from the pilot could justify the need for sizeable future investment (rather than presenting findings supporting just a small increase in wages). But the question of whether a larger wage boost creates more positive outcomes than a smaller one has not been well studied. Maryland's wage boost initiative sought to answer this question by offering different award amounts to educators participating in the program. There did not appear to be significant differences in turnover rates by educators' award amount, although there were differences in educators' turnover rates by whether they received no award versus any award. More research is still needed on whether a larger wage boost might be associated with greater benefits on other outcomes, such as worker well-being.

Finally, in some initiatives, such as those in DC and in Maine, the amounts early childhood staff receive are intentionally differentiated based on professional characteristics (e.g., full- versus part-time status, role, experience, or degree attainment).<sup>7</sup> States and localities may choose to do this based on their own motivations and goals for introducing a wage boost initiative—for instance, whether additional wages should be commensurate with skills or experience, whether to prioritize positions that are especially difficult to fill, or whether to target positions that historically have received the lowest pay. These types of decisions are likely to raise a number of implementation questions, including regarding fairness (e.g., are the right characteristics prioritized, are the amounts set correctly) and feasibility (e.g., are the appropriate data systems in place to track characteristics used to differentiate payment amounts). The evidence is not yet clear on how to differentiate payments in ways that maximize benefits for the early childhood workforce or for young children and families.

## **Establishing a Payment Structure**

Current wage boost initiatives typically operate through one of two structures: a revenue stream for child care programs to increase the pay workers receive in their paychecks or a direct payment delivered to eligible staff outside of their paychecks, either by the government agency and intermediary or by child care programs.

A “true” wage boost that increases workers' hourly rate is not common, as it is administratively complex to implement and requires coordination with each child care program that manages its own payroll. DC offers one of the few exceptions: beginning in October 2023, DC moved to a model where programs opt in to receiving a funding stream designed to compensate their workers at a higher hourly

rate. Survey findings from fall 2024 suggest that DC early childhood educators had a slight preference for direct, separate payments over payments received through their paychecks. Directors held a slight preference in the opposite direction, so long as raising wage rates for themselves did not affect their program's bottom line (Early Childhood Educator Pay Equity Fund Task Force 2025).

If states and localities opt to deliver compensation outside of workers' paychecks, they must decide the cadence and mechanisms for distributing the supplemental payments. Among common approaches, lump-sum payments may be administratively easier and could help staff cover large expenses. Alternatively, workers may prefer additional wages disbursed over multiple payments to smooth income. Although research on the cadence of payments is rather limited, in Virginia's first year of implementing its wage boost initiative, we found that educators at child care programs that were randomly assigned to receive wage boosts spread out over three payments had slightly lower rates of turnover than educators receiving a single lump sum at the end of the program (Bassok et al. 2020). In recent years, many jurisdictions—including King County, Washington—have moved to models where staff receive payments on a quarterly basis at most.

Another important question is the payment format. In DC, when given the option to receive payments via a debit card or a direct deposit, 97 percent of early childhood educators indicated a preference to set up a direct deposit to their bank account, whereas 3 percent preferred that their payments be loaded onto a debit card, which could be either mailed or picked up at a physical location (Sandstrom et al. 2024). Although take-up of the debit cards was low, educators using them expressed that it alleviated concerns about sharing their bank account information and gave them more control over their finances. In sum, this indicates that states and localities may wish to offer some flexibility to accommodate diverse preferences.

## Mitigating Unintended Consequences

As with many other policy initiatives, wage boosts for early childhood staff can come with unintended consequences. Below we touch on unintended consequences experienced by wage boost recipients, as well as child care programs.

### TAX BURDEN AND PUBLIC BENEFITS ELIGIBILITY

Additional income from a wage boost is taxable—sometimes in unpredictable ways. This is especially true for direct payments outside of paychecks, from which tax withholdings have not been deducted (Greenberg et al. 2023). Workers may be cautioned to set aside funds for tax season, but the form and amount of taxation may not be clear. For some, this can mean paying larger than usual taxes when they file. For others, additional income may affect eligibility for public benefits, which are usually determined based on income thresholds. Sometimes referred to as “benefits cliffs,” workers who are pushed past these income thresholds may be financially worse off if the additional income received does not outweigh the loss of public assistance. Clearer information, as well as tax and benefits counseling, can help workers understand the implications of participating in these programs and decide if receiving a wage boost is advantageous for them. It can also reduce unexpected surprises down the road.

Allowing early childhood staff to voluntarily opt out even if their program participates in a wage boost initiative—as was done in DC and King County—may be one approach to giving staff the ability to decide for themselves whether the initiative serves their financial goals. Implementing jurisdictions may also benefit from exploring potential exemptions or other solutions to help mitigate benefits cliffs issues. In the case of King County, additional income received would not impact workers' eligibility for the county's locally administered child care subsidy program. In DC, OSSE established a partnership with the District's Health Benefits Exchange to subsidize health insurance purchased by child care staff or child care businesses, which provided educators with an alternative affordable coverage should they lose Medicaid eligibility due to increased income (Sandstrom et al. 2024).

### TALENT DRAIN AND WAGE COMPETITION

Wage boost initiatives may create or exacerbate wage differences between programs that offer the wage boost and those that do not, either because some programs opt out or because the initiative cannot include all programs. Workers may be tempted to shift their employment to participating programs to access the wage boost, thereby creating talent drain at the programs that are unable to participate (Doromal et al. 2025). Some states and localities try to combat this unintended consequence by tying wage boosts to continued retention at a child care program or by not allowing new enrollment into the wage boost initiative until the following quarter or even the following year. This embargo period can help deter talent drain, as workers would not be immediately eligible for the wage boost simply by switching employers.

### WAGE COMPRESSION AND UNINTENDED CHANGES IN WORKFORCE DYNAMICS

Another key issue is potential wage compression between roles included versus roles excluded in a wage boost initiative. Directors of center-based child care businesses, in particular, are a group often excluded from wage boost initiatives because they are not always involved in the day-to-day caregiving and education of children; yet they are critical for the success of both a child care program's operations and the implementation of the wage boost initiative. In contrast, operators of home-based child care businesses are not as subject to workforce dynamics issues because they are included in the initiative and do not employ many other staff.

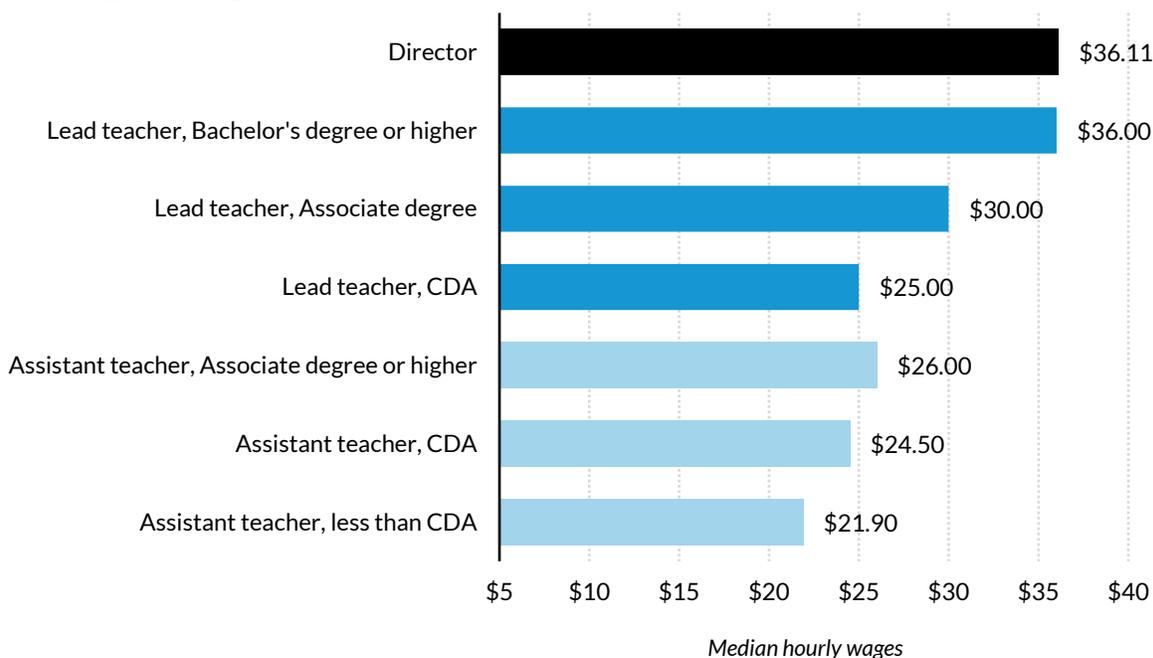
In the first several years DC implemented its wage enhancement program, when directors were excluded from direct payments, one-third of them indicated that they considered changing their roles to be eligible for the payments (Nikolopoulos et al. 2024). When DC began implementing minimum salary schedules, differences in pay between center directors and lead teachers were compressed (figure 1), with 24 percent of directors reporting that educators now made more than them. Note that the program did not prevent directors from using funds to raise wages for noneducator staff, so long as it was meeting the minimum salary requirements for educators. Nonetheless, these dynamics might undermine the pipeline into leadership and create management challenges between directors and their staff. These unintended consequences can be difficult to avoid, yet they may be partially mitigated with careful consideration of which programs and which workers are eligible for a wage boost initiative.

FIGURE 1

### Child Care Centers Participating in DC's Wage Enhancement Program Saw Compressed Wage Differences Between Directors and Lead Teachers

Median Hourly Pay among Educators and Directors

Staff among participating child care centers



URBAN INSTITUTE

**Source:** Urban Institute analysis of the fall 2024 survey responses from DC child care directors and educators.

**Notes:** The figure is based on responses from 87 directors and 854 educators. Analysis weights have been applied to account for survey nonresponse. Because some programs received waivers that exempted them from meeting minimum salary requirements, median wages here may not align with minimum salary schedules set forth in FY 2024.

### ADMINISTRATIVE BURDEN

Wage boost initiatives often entail a great deal of administrative oversight. Implementing agencies may require additional staff or resources to oversee the program administration and payment processing. Indeed, initiatives in Virginia, DC, and King County all used a third-party contractor to administer direct payments to staff (in DC's case, only in its first two years of implementation). While DC benefited from existing data infrastructure to support implementation, other jurisdictions may need to build these systems from the ground up, which could impose significant cost burden on administering agencies. Yet, even when jurisdictions can leverage existing data systems, there may be consequences to tying funds to these systems. For example, it could result in additional administrative burden due to increased efforts to verify entered data (because the stakes of data accuracy are higher) or increased frequency in updating data.

Child care directors and operators may also experience some level of administrative burden, depending on the requirements set forth by the wage boost initiative. In direct stipend programs, for

example, directors may be required to verify employees' employment and eligibility; they may also be asked to provide regular updates to ensure employees remain employed at their facility. Initiatives that implement wage boosts through workers' paychecks are not necessarily more or less complex, as additional administrative effort may be required to implement salary increases. Furthermore, participation in the initiative may require documentation that funding is being used to raise educator wages. These tasks may put strain on programs, especially for smaller programs with limited administrative capacity. DC tries to offset this cost by offering an administrative supplement to cover mandatory employer payroll taxes and an additional supplement for home-based child care providers with fewer financial resources and administrative capacity than larger centers. Offering child care programs technical assistance and shared business services could potentially help programs manage these administrative operations. For example, the DC Shared Services Business Alliance supports child care businesses by providing administrative and business support functions, such as licensing regulation compliance and business training.

More broadly, implementing public wage boost initiatives in a mixed-delivery (but predominantly private market) early childhood care and education system may require policymakers to reflect on the appropriate level of involvement for both governments and operators of child care programs. As noted in the introduction, many operators of child care programs do not have the resources to increase wages for their workers; they also lack administrative capacity to implement extensive program requirements outside their numerous ongoing responsibilities. Public investments in compensation have the potential to address child care supply issues, but they should not overburden child care programs or else they risk deterring participation altogether.

## Looking Forward

The goal of wage boost initiatives is clear: create a stable workforce that is fairly paid and well positioned to support working families and children's development. As we show in this brief, the *how* is just as important as the *why* for reaching that vision, as well as avoiding unintended negative consequences. While states and localities may not be able to control some aspects of the program design, they may be able to adapt other aspects.

We have demonstrated different possibilities for the design and implementation of a wage boost initiative and evidence on their trade-offs and implications, where available. In our experience, successful decision-making might be guided further by engaging community members to ensure that the vision and feasibility of a wage boost initiative align with the needs of child care programs and the workforce. King County is one prominent local example. It has uplifted community voices at multiple points throughout its design, implementation, and evaluation to ensure it centers community priorities in achieving public policy solutions. In DC, the Early Childhood Educator Compensation Task Force—comprising child care providers, advocates, and community leaders alike—was convened over an extended period to inform implementation.<sup>8</sup>

These takeaways may extend well beyond wage boosts to address total compensation. Complementary efforts to provide health insurance (e.g., DC’s HealthCare4ChildCare initiative and the Health Benefits Exchange), child care subsidies for early childhood staff, and other forms of compensation might benefit from similar considerations, though decisions on these efforts may differ from those made for wage boost initiatives (e.g., definitions of worker eligibility). Partnering with organizations implementing these initiatives can help identify additional implementation considerations that may be unique to efforts that raise compensation outside of wages.

Now is the time to learn from wage boost leaders and create a playbook for effective policy design and implementation. Policymakers, advocates, and researchers alike can benefit from opportunities to learn from peer initiatives and to better understand how policies can maximize and sustain impact for early childhood staff and the children and families they support. Driving innovation with evidence can help address pressing challenges in the early childhood workforce—and allow early childhood staff, children, and families to thrive.

## Notes

- <sup>1</sup> Anna Lovejoy, “States Are Taking Action to Address the Child Care Crisis,” Center for American Progress, February 21, 2024, <https://www.americanprogress.org/article/states-are-taking-action-to-address-the-child-care-crisis/>.
- <sup>2</sup> On July 31, 2024, Senators Tim Kaine (D-VA) and Katie Britt (R-AL) introduced both the Child Care Availability and Affordability Act and the Child Care Workforce Act in the 118th Congress. The bill was then reintroduced by Senator Katie Britt on March 4, 2025, in the 119th Congress. “Kaine & Britt Introduce Bold Bipartisan Proposal to Make Child Care More Affordable,” news release, Tim Kaine, US Senator from Virginia, July 31, 2024, <https://www.kaine.senate.gov/press-releases/kaine-and-britt-introduce-bold-bipartisan-proposal-to-make-child-care-more-affordable>; and Child Care Workforce 2025, S. 846, 119th Cong. (2025–2026), <https://www.congress.gov/bill/119th-congress/senate-bill/846/text>.
- <sup>3</sup> Georgia Poyatzis and Gretchen Livingston, “NEW DATA: Childcare Costs Remain an Almost Prohibitive Expense,” US Department of Labor Blog, November 19, 2024, <https://blog.dol.gov/2024/11/19/new-data-childcare-costs-remain-an-almost-prohibitive-expense>.
- <sup>4</sup> We use a wage boost of \$4 per hour to mirror the level of additional compensation provided by the Best Starts for Kids Wage Boost Pilot in King County, Washington (see box 1). In May 2023, median pay for child care workers in Washington was \$18.59, according to the US Bureau of Labor Statistics, so a wage boost of \$4 per hour would represent about a 22 percent increase in pay.
- <sup>5</sup> Erica Greenberg, Victoria Nelson, and Heather Sandstrom, “What Are the Keys to Improving Early Childhood Educator Pay Equity?” *Urban Wire* (blog), July 31, 2023, <https://www.urban.org/urban-wire/what-are-keys-improving-early-childhood-educator-pay-equity>.
- <sup>6</sup> A living wage is the minimum income necessary for workers to meet their basic needs, typically food, housing, clothing, and other essentials. A thriving wage is used to describe income that not only covers basic needs but also allows workers to save for the future, pay off debt, and pursue personal goals or experiences.
- <sup>7</sup> For information on Maine’s Early Childhood Educator Workforce Salary Supplement System, see “ECE Workforce Salary System,” Maine Department of Health and Human Services, Office of Child and Family Services, accessed June 28, 2025, <https://www.maine.gov/dhhs/ocfs/provider-resources/early-childhood-educator-workforce-salary-supplement-program>.
- <sup>8</sup> “Early Childhood Educator Equitable Compensation Task Force,” DC Office of the State Superintendent of Education, accessed July 1, 2025, <https://osse.dc.gov/page/early-childhood-educator-equitable-compensation-task-force>.

## References

- Bassok, Daphna, Justin B. Doromal, Molly Michie, and Vivian C. Wong. 2020. "Reducing Teacher Turnover in Early Childhood Settings: Findings from Virginia's PDG B-5 Recognition Program." Charlottesville: SEE-Partnerships at the University of Virginia.
- Doromal, Justin B., Rachel Lamb, Erica Greenberg, Heather Sandstrom, and Laura Jimenez Parra. 2025. "Wage Enhancements Reduce Educator Turnover in DC's Child Care Centers: Findings from Staff Records and Interviews with Center Directors." Washington, DC: Urban Institute.
- Early Childhood Educator Pay Equity Fund Task Force. 2025. "Learning from the FY24 Implementation of the DC Early Childhood Educator Pay Equity Fund." Presentation given at the Early Childhood Educator Equitable Task Force January 2025 virtual meeting.
- Greenberg, Erica, Victoria Nelson, Justin B. Doromal, Heather Sandstorm, Soumita Bose, and Eleanor Lauderback. 2023. "Toward Pay Equity: A Case Study of Washington DC's Wage Boost for Early Childhood Educators." Washington, DC: Urban Institute.
- Lloyd, Chrishana M., Julianna Carlson, Hannah Barnett, Sara Shaw, and Deja Logan. 2021. "Mary Pauper: A Historical Exploration of Early Care and Education Compensation, Policy, and Solutions." Rockville, MD: Child Trends.
- Nikolopoulos, Elli, Justin B. Doromal, Erica Greenberg, Heather Sandstrom, Victoria Nelson, and Eve Mefferd. 2024. "Center Directors View Teacher Wage Supplements as Benefiting the Child Care Field: Reflections on the DC Early Childhood Educator Pay Equity Fund." Washington, DC: Urban Institute.
- Sandstrom, Heather, Eve Mefferd, Laura Jimenez Parra, Victoria Nelson, Justin B. Doromal, Erica Greenberg, Elli Nikolopoulos, Rachel Lamb, and Alicia González. 2024. *Early Educators' Reflections on the DC Early Childhood Educator Pay Equity Fund*. Washington, DC: Urban Institute.
- Sykes, Maurice and Kyra Ostendorf. 2022. *Child Care Justice: Transforming the System of Care for Young Children*. Teachers College Press. <https://www.tcpres.com/child-care-justice-9780807767580>.

## About the Authors

**Justin B. Doromal** is a senior research associate in the Family and Financial Well-Being Division at the Urban Institute. His research focuses on policy initiatives aiming to stabilize, build, and strengthen the availability of high-quality child care and early education, and he is particularly interested in workforce stability and compensation issues. Doromal also studies how policies and systems can support families' search for and use of early childhood care and education programs that meet their needs.

**Erica Greenberg** is a senior research fellow in the Family and Financial Well-Being Division. Her research spans early childhood policies, focusing on preschool and child care access, quality, and outcomes. Greenberg is particularly interested in policy innovations that expand opportunity for children, families, and educators.

## Acknowledgments

This brief was funded by the Urban Institute.

The views expressed are those of the authors and should not be attributed to the Urban Institute, its trustees, or its funders. Funders do not determine research findings or the insights and recommendations of Urban experts. Further information on the Urban Institute’s funding principles is available at [urban.org/fundingprinciples](https://urban.org/fundingprinciples).

We would like to thank our state and local partners, both for the work they do in elevating the pay of child care workers across the country and for providing thoughtful feedback on this brief. We also appreciate our research collaborators for supporting continuous learning from wage boost initiatives. We are grateful for insightful comments from Justine Davenport, Lauren Dinsmore, Kalayaan Domingo, Erin Fenner, Kathryn Kigera, Signe-Mary McKernan, Molly Michie, and Walker Swain; as well as broader thought partnership from Allison Atteberry, Daphna Bassok, Avanthi Jayasuriya, Elly Miles, Heather Sandstrom, and Amanda Winters. We thank Sujin Hong, Liza Talisman, and Alex Dallman for their editorial support.



500 L’Enfant Plaza SW  
Washington, DC 20024

[www.urban.org](https://www.urban.org)

## ABOUT THE URBAN INSTITUTE

The Urban Institute is a nonprofit research organization founded on one simple idea: To improve lives and strengthen communities, we need practices and policies that work. For more than 50 years, that has been our charge. By equipping changemakers with evidence and solutions, together we can create a future where every person and community has the opportunity and power to thrive.

Copyright © August 2025. Urban Institute. Permission is granted for reproduction of this file, with attribution to the Urban Institute.