



Increasing Workforce Compensation Implementation Guide

Immediate Relief for the Workforce

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The [American Rescue Plan \(ARP\) Act of 2021](#) includes \$14.99 billion in supplemental Child Care and Development (CCDF) Discretionary funds to help states, territories, and Tribes recover from the coronavirus disease 2019 (COVID-19) pandemic and rebuild a better child care system.

[Guidance from the Office of Child Care \(OCC\)](#) strongly recommends CCDF Lead Agencies use funds to expand access to high-quality child care by implementing strategies to increase provider compensation.

The COVID-19 pandemic highlighted how essential child care is to the economy. Without the early childhood education (ECE) and school-age care provider industry, families cannot work, and employers cannot run successful businesses. Given this, workforce compensation and benefits are an important issue. States, territories, and Tribes have an opportunity to help rebuild its early childhood and school-age care workforce with ARP Act funding. The [Office of Child Care's guidance](#) has also highlighted the importance of this strategy in rebuilding a stronger child care system.

The State of the Workforce

Why is hiring and keeping child care staff so difficult? According to a recent *New York Times* article titled "[Can't Compete: Why Child Care Hiring Is a Huge Struggle](#)," low pay and little job stability are key reasons. One provider, Ms. Mossefin, who offers care for children from infancy through age 12, stated the following: "I can't compete with sign-on bonuses and paying \$20 an hour at the amusement park. Even fast-food places are hiring at \$12 to \$15 an hour here. I can't because I can't raise prices on my parents because we are all hurting."

According to Lea J. E. Austin, Director of the [Center for the Study of Child Care Employment at the University of California Berkeley](#), "You have a situation where workers were already struggling, and then they're placed under just immense pressure to work, with not only a lack of resources but a lack of concern and respect people have for child care workers' well-being."¹

Strategies in this guide, such as providing immediate relief to the workforce, are focused strategies and activities that are critical and timely.

In this guide, the term compensation is used to include wages, salaries, stipends, and benefits.

Immediate Relief for the Workforce

Take immediate action to supply relief to your existing workforce and address the crisis of turnover. Federal funding can be used to recruit, keep, and sustain the local child care market. Turnover is a major obstacle in the delivery of quality child care due to low pay and no benefits.

¹ Miller, C. (2019, September 21). Can't compete: Why child care hiring is a huge struggle. *The New York Times*. <https://www.nytimes.com/2021/09/21/upshot/child-care.html>

Focus on Retaining the Workforce

- Allocate a portion of ARP Act funding for grants to pay retention bonuses or wage increases to child care workers.
 - [Colorado](#) is awarding sustainability grants focused on workforce retention, which will affect more than 24,000 current professionals.
 - Use your professional development registry, subsidy, or licensing data systems to identify and pay retention bonuses directly to all staff, including aides, cooks, and other support staff.
 - Use existing payment vendors for other existing statewide initiatives, such as a quality rating and improvement system (QRIS) or subsidy initiative, to get financial relief to providers at once, either as monthly stipends or bonuses.
 - Use existing partners, such as child care resource and referral agencies, to distribute bonuses to all providers, including those who may not take part in quality initiatives. Provide programs with funds to set up and distribute bonuses.

Focus on Recruiting New Providers

- Focus on recruiting new providers with grant packages covering hiring bonuses or the fees for becoming a licensed program.
 - [Iowa](#) offered start-up funding for new child care programs. The [Awards Summary](#) shows their investment in child care programs across the state.
 - Encourage programs to offer competitive hiring bonuses to attract new staff.
 - Offer start-up grants for new providers and technical help to support program openings, including providing supplies and equipment.
 - Consider working with other partners in the community [Child and Adult Care Food Program \(CACFP\)](#) sponsors, to recruit and support new family child care providers.
 - Highlight recruitment awards as an allowable grant expenditure.
 - Work locally and regionally to identify child care deserts, and focus funding on developing capacity and programs in those areas.
 - Consider working with local businesses to develop employer-sponsored care programs. This can include employers directly providing child care, contracting with a provider for onsite or near-site care, or offering payments or vouchers to families who select their own providers. Employer participation in any child care cost sharing has historically been low. On-the-job child care is only available to 7 percent of employers and limited primarily to large companies.

Focus on Changing Policy

- Require a percentage of any quality grant or award funding be used to support compensation. For example, [Oregon](#) is requiring 20 percent of stabilization grant funding to be used for increasing compensation. [Minnesota](#) is requiring 70 percent of stabilization grant funding to be used for increasing compensation.
- For immediate support, incorporate a requirement in the existing QRIS to explicitly address compensation and benefits as part of the incentive package for participants, regardless of program rating.

- Include pay and salary increases as an expectation for all QRIS participating programs. [Montana](#) offers quarterly incentives to participating programs. A percentage must be directed to staff salaries.

The need is immediate. So, expectations like completing a scholarship program or a quality activity that require time and expense may not be considered immediate relief.

Create Access to Health Insurance, Retirement, Paid Time Off, and Other Benefits

While your primary focus should be on increasing wages, benefits like health insurance, retirement benefits, and paid time off are other important pieces of the compensation puzzle. Some immediate steps can improve access to benefits.

- Allow existing quality improvement grants to include opportunities that support employee compensation, health benefits, and retirement contributions.
- Offer paid care for the providers own children if needed.
- Work with a workforce board or commission to promote a comprehensive benefits package
- Use, revise, or expand existing family child care networks or shared services alliances to reduce the economic burden of administrative costs, supplies, and equipment. Offer access to resources that promote health and wellness and provider well-being.

Compensation Strategies: State Spotlights

Illinois Wage Supplements

Illinois' [Great START \(Strategy to Attract and Retain Teachers\)](#) is a wage supplement program. It acknowledges child care practitioners who have completed college coursework and who stay with their current employer. Great START recipients receive a check every 6 months (based on continued eligibility), which supplements their income. [The Great START Wage Supplement Scale](#) provides eligibility and supplement amounts available to assistants, teachers, family child care providers, family group child care providers, directors, and those who work in programs licensed by the Illinois Department of Children and Family Services.

Washington Health Care Benefits

[Washington](#): As a result of the Collective Bargaining Agreement (CBA) between Service Employees International Union (SEIU) 925 and the State of Washington, licensed family home child care providers may be eligible for health care and dental care benefits beginning July 1, 2021. Eligibility is for licensed family home child care providers in Washington State who provide care for at least one child whose participation in care was funded by Working Connections Child Care (WCCC), Seasonal Child Care (SCC), or the Child Welfare subsidy program and who were paid through the Social Service Payment System (SSPS). [Child Care Aware Washington scholarships](#) offer several options for providers to increase their education and receive stipends or other supports for active participation. This includes a bachelor's degree pathways scholarship and a coaching certificate scholarship.

Maine Invests in Family Child Care

As of July 1, 2021, a newly licensed family child care provider in Maine is eligible to receive a one-time \$2,000 stipend from the Office of Child and Family Services. At time of initial contact, providers are told about the available funding and quality improvement opportunities. They also receive a child care subsidy program provider agreement.

The following is an example. One family child care provider recently awarded the stipend is located in the county identified as having the highest need ([Bipartisan Policy Center's Child Care Gap Analysis Project](#)). The provider started out accepting subsidies and already had eligible families enrolled in the program. In addition, they had the all the information they needed to apply for the ARP Act child care stabilization grants for the first installment of payments.

Resources

- [Early Childhood Workforces Index – 2020](#)
- [Early Care and Education Workforce Wages and Retention: Annotated Bibliography](#)
- [Equitable Compensation for the Child Care Workforce: Within Reach and Worth the Investment](#)
- [Local Workforce Development Boards and Child Care: Insights from Five States](#)

Requesting Technical Assistance

CCDF Administrators from states, territories, and Tribes can request additional technical assistance on any topic related to ARP Act funding. Administrators can contact their regional office or State Systems Specialist, who will coordinate with the Office of Child Care national technical assistance centers to provide support. Technical assistance services are funded by the Office of Child Care.

