naeyc® National Association for the Education of Young Children

“We Are NOT OK”

Early Childhood Educators and Families Face Rising Challenges as Relief Funds Expire

February 2024

In January 2024, more than 10,000 early childhood educators (ECE) from all states and settings—including centers, family child care homes, faith-based programs, Head Start, and public preschool programs—responded to a new ECE field survey from NAEYC. The survey results and accompanying stories illustrate the ongoing challenges facing this field, the exhaustion of providers, the clear benefits of public funding, and the need for additional support following the loss of federal funding that helped stabilize the sector before it expired in September 2023.

Across the country, early childhood educators in this survey reported:

- Staff shortages driven by educator wages, which are still far too low to be competitive, and increased levels of burnout among educators
- Rising operating costs for programs, in terms of rent and insurance, which—in the absence of additional public funds—leads to rising tuition costs for families
- Noticing that more child care programs have closed in their communities than have opened

> *“We don’t bring in enough in tuition to meet salary. Increasing tuition would be a huge hardship on parents. We need to increase wages, but can’t afford to. I can’t find qualified staff and have had to close a classroom. Morale is low, behaviors are challenging. We are NOT OK.”*
> *- Early Childhood Educator, Oregon*

NAEYC is deeply concerned about the impacts of the loss of stabilization funds, and the decreasing supply of available, affordable, high-quality early childhood education across the nation. At the same time, we believe that new state investments in child care are providing reason for hope.

Though they cannot solve the child care crisis on their own, at least 11 states and the District of Columbia have invested new, significant state funding to support early childhood educators and stronger state child care systems.[i]

Our survey asked respondents who (a) said their program had received stabilization funds and (b) said the funds had run out, to describe the impacts of the loss of stabilization grants on their programs.[1] In our analyses, we then compared answers from respondents in the group of states that had made additional investments with answers from respondents in the group of states without additional state investments. In the 11 states and DC, where additional investments have been made, respondents:

- Significantly *less* often reported raising tuition in the last 6 months (35% compared to 45%) and
- Significantly *less* often reported that their program wait list had grown in the last 6 months (24% compared to 31%).

The solution remains clear: Because public funding works, Congress needs to build on the successes of child care funding to prioritize robust, sustainable investments that ensure programs and educators can meet the needs of families, children, and businesses, and states can continue to build toward an early childhood education system that works.

“A Vicious Cycle”—Staffing Shortages, Supply Challenges

When NAEYC last surveyed the field in October 2022, it was clear that federal child care stabilization funding was keeping the sector afloat—more than a third of programs that received funds said their program would have closed permanently without them. Unfortunately, while Congress allowed those stabilization funds to expire at the end of September 2023, structural challenges that have long plagued the sector have not been resolved. The true costs of high-quality care still greatly exceed what families can afford, and absent robust, sustained public investment, early childhood education is instead subsidized by prohibitively low educator wages and prohibitively high parent fees. As a result, the available supply of high-quality child care cannot match demand.

In today’s environment, under-enrollment often signals a lack of staff, not a lack of demand. Indeed, a majority of center directors and family child care owner/operators who responded[2] to the January 2024 survey reported both that they currently are experiencing a staffing shortage in their program (53%), and that they were under-enrolled relative to their current capacity (56%).

- Staff shortages were reported far more by those working in child care centers (68%) than those in family child care homes (19%).

When asked about the reasons for under-enrollment, only 12% cited a lack of parent demand. Staff shortages (89%), low pay (77%), and lack of affordability for families (66%) were, by far, the top three reasons cited.

“My wait list is over 400 kids long and yet I have classrooms I can’t open due to not being able to hire staff. Parents can’t afford to pay more, and the state has decreased subsidy payments. We need state and federal investments to make child care more affordable for families and incentives to raise quality.” —Center Director, West Virginia

“It’s hard to make ends meet, and I don’t want to raise tuition too high for parents but feel like it may end up happening.” —Family Child Care Provider, Idaho

“There is a demand in my area for care, but we can’t enroll more students without more teachers! It is a vicious cycle.” —Center Director, California

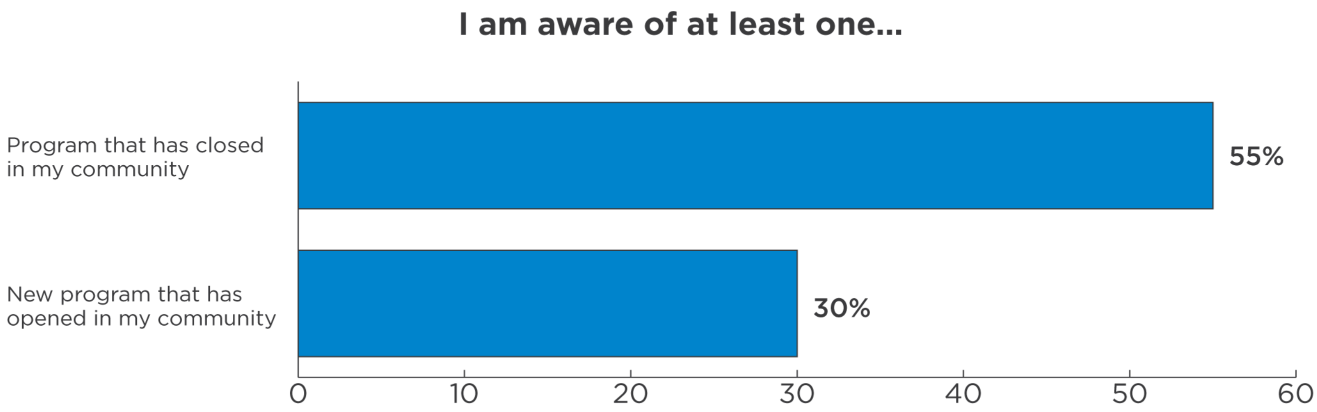
“Are we going to be able to keep serving our community?”—Program Closures

While programs continue to take extraordinary measures to keep their doors open for the families and communities they serve, the end result of operating in a system plagued by so many structural challenges includes fewer spaces, longer waiting lists, increased costs, and ultimately more closures. Programs across the country are being forced to close their doors for good, and there are not enough new programs stepping in to fill the gaps they leave behind in their communities.

- Nearly twice as many survey respondents said they are aware of programs that had closed in their communities, compared to those who were aware of programs that had opened.
- More than half (55%) of respondents were aware of at least one child care program in their community that had closed in the past 6 months. 11% were aware of four or more programs closing in their communities.
- Only 30% of respondents were aware of any new programs opening.

“We have defaulted on our loan and may have to close soon. We are unable to hire qualified staff because our wages are low, so we raised tuition and lost families.” —Professional Development Coach, Kansas

“We have used and exhausted all of our grant money and are now simply hanging on month by month. If changes are not made on a state or federal level, this industry will surely collapse. I have never seen this industry in worse shape than it is right now.” —Family Child Care Owner/Operator, Alaska



"Operating in the red"—Provider Costs are Rising as Federal Assistance Winds Down

At the same time that the support from federal stabilization funds have ended, providers increasingly are reporting that their fixed costs are rising. In the last 6 months alone, among center directors and family child care owner/operators who responded to the survey:

- One-third (36%) reported paying more for rent
- Half reported paying more for liability insurance (49%) and property insurance (53%)

> *"The two areas of most concern are trying to keep tuition rates reasonable while still being able to give necessary raises to staff; and our insurance costs have increased due to economy, not claims."*
> —Director/Administrator, Texas

"We cannot pay our staff enough to live on" —Staffing Challenges Persist

Many programs recognize the need to provide higher staff wages to maintain their staff and their ability to operate—with half (51 percent) of center directors and family child care owner/operators indicating they have increased wages in the last 6 months. Yet staffing challenges have persisted in the sector as child care wages and benefits remain uncompetitive with those in other sectors, do not always account for other increased costs, and still fail to reflect the complex, challenging, and valuable work early educators do.

> *"We haven't been able to raise tuition fast enough to cover wage increases necessary to attract and keep good staff over the last two years. Now, we can't afford to raise wages again and we're unable to hire qualified applicants. We have a budget deficit that makes us worry about our long-term viability."*
> —Director/Administrator, New Jersey

The well-being of the entire ECE field continues to be at risk. **46% of all respondents to the survey report increased levels of burnout since January 2023.** And, despite the overall trend of marginally increasing educator wages—moving from an average of $12.24 per hour in 2020 to $13.71 per hour in 2022—it has not been enough.[ii] Twice as many respondents said their economic situation had worsened (32%) compared to those who said it had improved (16%). An exodus of educators still looms—and among those who were considering leaving the field, higher wages was listed as the top factor that would drive them to stay.

> *"My own salary has been cut along with health insurance. To avoid raising the cost of child care for parents that are already struggling I no longer pay myself and I'm using credit cards to help purchase food, gas and other necessities."* —Family Child Care Owner/Operator, Georgia.

> *"Costs are rising for us, but also our employees. So, our program is taking a negative hit. We haven't increased rates, but will in March. Meanwhile, wages have increased for staff so they can live with the cost of everything increasing. We could use funding in a major way right now."* —Director/Administrator, Arkansas
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> *"My program has been impacted in every negative way possible. I can't pay bills on time, supplies are limited, can't support the children as I did. I am at the point of closing my center after 25 years. I helped all of my employees to get a degree; some have received Masters, and I can't afford to pay them what they are worth or I don't pay myself" —Director/Administrator, Mississippi*

"Families are feeling the burden"—Family Costs are Rising Alongside Provider Costs

Providers who responded to our survey understood the burden that high tuition costs place on families, many of whom are struggling with rising costs in their own lives; and some have even taken on additional personal debt to avoid passing higher costs along to the families they serve. However, inevitably, with fewer sources of public support available to draw from and rising operating costs, many programs have been forced to raise already high tuition rates on families who have consistently struggled to pay for the high cost of child care. Our data suggest these higher rates are having a particularly hard impact on families with the youngest children. In the last six months, among center directors and family child care owner/operators who responded to our survey:

- Nearly half (48%) reported increasing their program's tuition
- Respondents in programs serving infants and toddlers more often reported increasing family tuition (46%) than those who did not (35%)

Public Funding Continues to be the Answer

The responses to our January 2024 survey illustrate a child care and early learning field in crisis and outline the ramifications of that crisis on the families and communities they serve. The field greatly benefited from the historic public funding that was available during the height of the pandemic—funding that helped programs cover rising fixed costs, support higher wages and benefits for staff, and remain open to serve families and communities. However, this funding was neither designed nor sufficient to address the core structural flaw that has long perpetuated inequities in the child care system: the vast majority of parents with young children who need access to child care cannot afford to pay the true cost of providing high-quality care.

As federal child care investments have been allowed to expire, educators and families clearly are feeling the strain of those structural challenges even more sharply; yet, those strains have not been felt equally across all states. At least 11 states and the District of Columbia have invested significant state funding in the last two years to support early childhood educators and stronger state child care systems, and providers and families are already beginning to see the impacts of those new investments.

> *"New Mexico increased funding and this has had a profound impact on the way we can serve children. We were able to hire more workers, pay more, and enjoy less frustration, anxiety and resentment among staff." —Director/Administrator, New Mexico*

Policymakers at all levels of government understand that continuing to allow the child care sector to operate in a broken status quo is a recipe for disaster: for programs and educators who love the complex, rewarding work they do but are not recognized and valued for it; for families who rely on child care to support their own ability to work, but are finding it increasingly unavailable and unaffordable; and for young children, who thrive on consistent relationships with their caregivers, but face increased strain themselves when those caregivers are stressed or are leaving for better paying opportunities.

We know from both the positive impacts of recent historic federal investments and the continued impacts of state investments that the answer to fixing this system lies in significant and sustained public funding. Early educators, families, and children in communities across the country need their policymakers to step up and commit to building a stronger and more equitable child care system that helps all of us thrive.

Methodology:

This online survey, created and conducted by NAEYC using SurveyMonkey, represents the responses of a non-randomized sample of 11,154 individuals working in early childhood education settings who completed the survey in English or Spanish between January 8-22, 2024. To generate a more representative national sample from the pool of responses, a probability proportional to size (PPS) methodology was used to pull samples by state that are benchmarked to the share of the total early childhood workforce by state. These shares were calculated by the authors from the Bureau of Labor Statistics May 2022 Occupational Employment and Wage Statistics (Codes: 11-9031, 25-2011, 25-2051, 39-9011—(https://stats.bls.gov/oes/tables.htm)). The final sample size for analysis is 10,128. The respondents represent providers in 50 states as well as Washington, DC and Puerto Rico; 14% report that they work in family child care homes while 50.2% report that they work in center-based child care. Others work in public school preK and Head Start. The survey links were shared widely through email newsletters, listservs, social media, and via partnerships, and 10 randomly selected respondents were provided with a $100 gift card and another 10 randomly selected respondents were provided complimentary registration to NAEYC's February 2024 Public Policy Forum for participation in a sweepstakes. Given the constantly changing and widely varying nature of the crisis, the broad national-level analysis from this survey is intended to present the experiences of the respondents, as captured in the moment that they take the survey, with extrapolations for the experiences of the field and industry at large. Additional focused briefs and state-by-state analysis will be available, along with previous NAEYC survey briefs, at NAEYC.org/ece-workforce-surveys.

Data Notes

1. Data is reported from survey respondents who answered the question, which was not required, and indicated BOTH receipt of stabilization grants AND that the funds had expired (n=2,698).

2. In several places throughout this survey, we reference data specific to "center directors and family child care owners / operators." Where that is the case, we have limited our analysis to only center directors and family child care owner / operators working in child care centers and family child care homes for those calculations (n=3,815).

Endnotes

i. Kashen, J. and Valle-Gutierrez, L. (2024). With Arrival of Child Care Cliff, Some States Have Stepped in to Save the Sector. The Century Foundation. https://tcf.org/content/report/with-arrival-of-child-care-cliff-some-states-have-stepped-in-tosave-the-sector.

ii. U.S. Bureau of Labor Statistics. Occupational Employment and Wage Statistics, 2021-2023. https://www.bls.gov/oes/current/oes399011.htm.

 The primary staff members who contributed to this piece through survey development, data gathering, analysis, writing, and design are: Meghan Salas Atwell, Daniel Hains, Lauren Hogan, and Makayla Johnson.