



Great Start Compensation Support Payment Program

Annual Report to the Legislature

January 2025

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Minnesota Statutes, Chapter 3.197, requires the disclosure of the cost to prepare this report. The estimated cost of preparing this report is \$8,029.

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Contents

- I. Executive summary.....5
- II. Legislation.....5
- III. Introduction.....5
- IV. Year one implementation.....7
- V. Payment and participation data.....8
 - Table 1. Great Start Compensation Basic Metrics: October 2023 – September 2024.....8
 - Chart 1. Participation Rates: October 2023 – September 2024.....9
- VI. Provider survey results.....9
 - Charts 2 & 3. Participation Rates..... 10
 - Chart 4. Overall Satisfaction 12
 - Chart 5. Application Completion Time 13
 - Chart 6. Ease of Application 14
 - Chart 7. Use of Funds (Family Child Care Programs)..... 15
 - Chart 8. Use of Funds (Centers)..... 16
 - Chart 9. Staff Retention Impact (Centers) 17
 - Chart 10. Staff Reasons for Leaving (Centers)..... 18
 - Chart 11. Staff Hiring Difficulty (Centers) 19
 - Chart 12. Staff Hiring Impact (Centers) 20
 - Chart 13. Community Recognition 21
 - Chart 14. Non-Participant Reasons 22
- VII. Summary 23

VIII. Appendices	24
Appendix A: Great Start Compensation Participation: Family Child Care	24
Appendix B: Great Start Compensation Participation: Licensed Child Care Centers	25
Appendix C: Great Start Compensation Participation: Certified Child Care Centers	26
Appendix D: Great Start Compensation: Overall Participation Rates by County Map.....	27

I. Executive summary

The Great Start Compensation Support Payment Program was signed into law in May 2023. Building on the temporary federally funded Child Care Stabilization Grant Program, which ended in June 2023, this program issues monthly payments intended to strengthen the ability of programs to recruit and retain early educators and improve access to early care and education in Minnesota.

This is the second legislative report for the Great Start Compensation Support Payment Program and includes information from the October 2023 through September 2024 rounds of funding. This report describes the Department of Children, Youth, and Families' (DCYF) efforts to:

- Provide monthly Great Start Compensation payments
- Continue work in 2025 that expands both opportunities and the ability to leverage data to inform learnings related to program outcomes.

The report includes data on Great Start Compensation payments awarded October 2023 through September 2024 and the results of a provider survey.

II. Legislation

Minnesota Statutes 2024, section 142D.21, establishes the Great Start Compensation Support Payment Program. By January 1 of each year, the commissioner must report to the chairs and ranking minority members of the legislative committees with jurisdiction over child care and early learning the number of payments provided to programs and related outcomes since the last report.

III. Introduction

The Great Start Compensation Support Payment Program was established by the 2023 Legislature and was effective October 2023. Building on the Child Care Stabilization Grant Program funded by the federal American Rescue Plan Act that ended in June 2023, this permanent state-funded program is designed to support the child care and early learning industry and workforce. Eligible child care programs receive payments to fund increases in compensation for early educators, moving the early childhood education workforce closer to offering a livable wage. The program is intended to support programs to recruit and retain early educators and improve access to early care and education. In 2024, Minnesota's median wage for early educators in child care programs was \$15.65 per hour,¹ one of the lowest median wages for positions requiring at least a high school diploma.

¹ Minnesota Department of Employment and Economic Development. (2024). Occupational Employment and Wage Statistics, first quarter 2024. <https://apps.deed.state.mn.us/lmi/oes/>

Minnesota is one of the first states to provide direct funding to support compensation of the early childhood education workforce. State funds appropriated for payments to child care programs were \$109.665 million in fiscal year (FY) 2024, \$206.436 million in FY 2025, \$129.887 million in FY 2026 and \$129.887 million in FY 2027. The appropriations in FYs 2024 and 2025 are available until June 30, 2027.

The Great Start Compensation Support Payment Program is a non-competitive payment program that is open to all eligible child care and early learning programs licensed or certified by the State of Minnesota or licensed by a Tribal Nation. Child care centers licensed or certified license-exempt by the state or licensed by a Tribal Nation must use these monthly payments to increase early educator compensation in the form of wages and/or benefits. Family child care programs licensed by the state or a Tribal Nation can use these funds 1) to increase compensation for themselves and any employees, and/or 2) to cover business expenses. On average, over 8,000 early childhood education programs are eligible to apply each month for a Great Start Compensation payment. More information on Great Start Compensation Support Payment Program can be found on [the Great Start Compensation webpage](#).

The Great Start Compensation Support Payment Program also includes payments for legal nonlicensed providers. These payments are one-time \$500 payments to active, registered legal nonlicensed providers. From October 2023 through September 2024, 45 legal nonlicensed providers have applied for and received a \$500 payment. That totals to \$22,500 paid out under this program.

Allowable uses of these funds include:

- Purchasing or updating equipment, supplies, goods or services, OR
- Purchasing training or other professional development.

IV. Year one implementation

The Great Start Compensation Support Payment Program launched October 2023. Implementation efforts in the first full year focused on design and development of processes and tools aimed to support effective, efficient, and equitable implementation of the program. Two actions are highlighted below that illustrate work done in year one that will be built upon in year two.

Year One Provider Survey

A survey of all eligible child care and early learning programs, both those who had applied for Great Start Compensation funding and those who have never applied, was conducted. It should be noted that the survey response size is small in comparison to the volume of data the program will have available for analysis in year two. Many of the questions in the Year One Provider Survey will be included in a Use of Funds Report, which will be completed annually by programs who receive funds beginning in year two. Data from the Use of Funds Report will ensure that the department can identify trends, outcomes and opportunities for continuous quality improvement.

Data visualizations from the Year One Provider Survey can be found in the Provider Survey Results section of this report.

Program Evaluation Plan

An evaluation plan for the Great Start Compensation Support Payment Program was developed with the goals of:

- Informing reporting on the program,
- Engaging in continuous quality improvement, and
- Assessing whether the program is having intended impacts, and whether all providers and families are sharing equitably in the program's benefits.

This plan calls for regular assessments of progress toward these goals. Program outcomes and impacts will be monitored, including:

- Measuring the ways that the program affects the child care sector as a whole,
- Measuring the ways that the program achieves the intended results for participating child care providers,
- Understanding the extent to which Child Access Equity Areas affect the results of this program,
- Measuring the customer service experience for participating child care providers, and
- Understanding to what extent and how much funding is recouped from participating programs.

V. Payment and participation data

This section reports summary administrative data for the Great Start Compensation Support Payment Program for the October 2023 through September 2024 Great Start Compensation monthly payment rounds.

Table 1. Great Start Compensation Basic Metrics: October 2023 – September 2024

Great Start Compensation basic metrics: Oct 2023 - Sep 2024

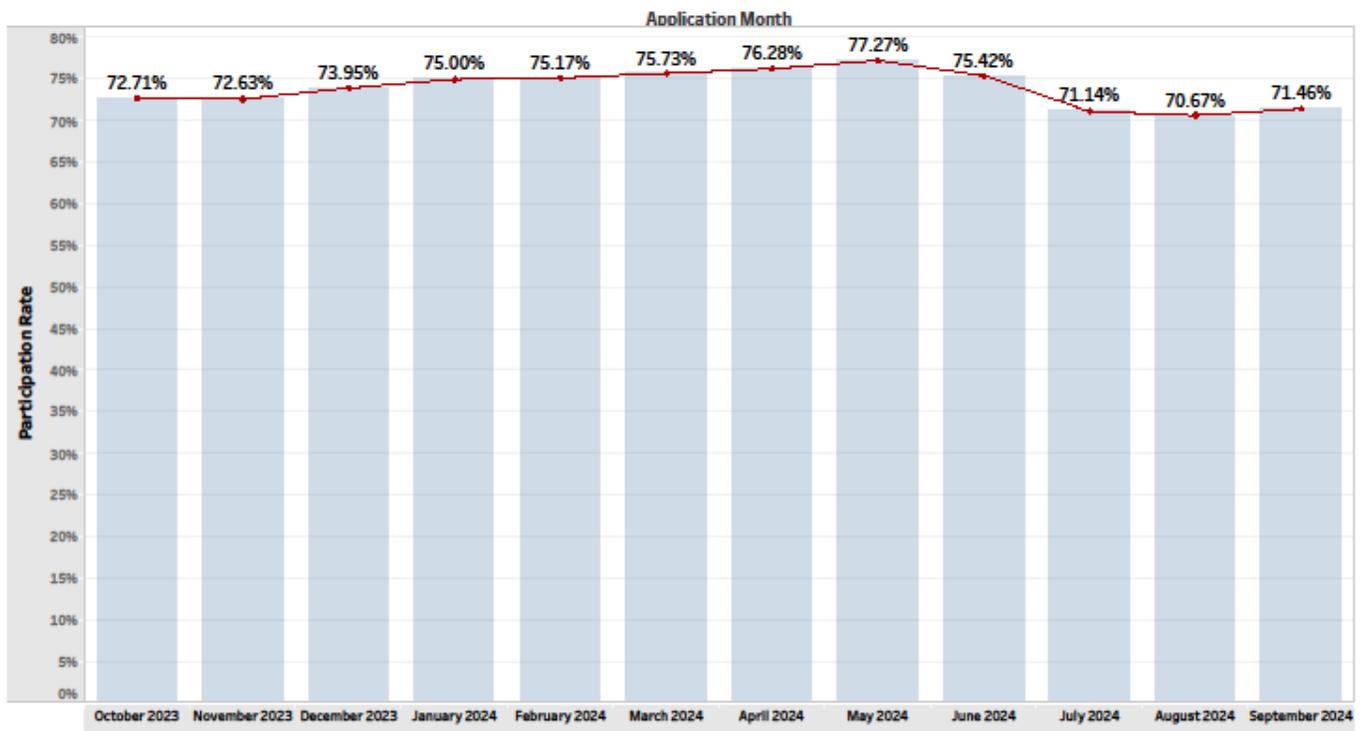
Provider Type	Uniq. Prog. Count	Avg. FTE	Count of Payments	Avg. Payment	Total Payments
Family Child Care	4,966	2	51,037	\$605	\$33,282,019
Tribal Child Care Programs	29	4	287	\$1,683	\$531,832
Licensed Child Care Center	1,608	13	16,547	\$5,350	\$97,027,119
Certified Child Care Center	480	4	4,645	\$1,620	\$11,121,573

The above table shows Great Start Compensation program statistics across all program types, including programs licensed by a Tribal Nation, and across the October 2023 through September 2024 monthly Great Start Compensation rounds.

While licensed family child care programs account for the vast majority of individual programs, licensed centers account for the majority of full-time equivalents (FTEs). Since Great Start Compensation payments are awarded based on a per FTE rate, licensed centers receive the most funding of any program type. Over the October 2023 through September 2024 period, the Great Start Compensation program distributed \$141,962,543 to providers.

Chart 1. Participation Rates: October 2023 – September 2024

Total Participation Rate by Great Start Compensation Round: all Providers



The above chart shows overall participation rates across all eligible program types, including programs licensed by a Tribal Nation, by monthly Great Start Compensation round. See Appendices A, B, and C for separate monthly Great Start Compensation participation rates for licensed family child care programs, licensed centers, and certified centers, respectively. See Appendix D for a map of overall participation rates by county.

Overall, monthly Great Start Compensation participation rates have been building over the course of the 2023-2024 school year, September 2023 through May 2024. The dip in participation rates seen in the July 2024, August 2024, and September 2024 rounds are, in large part, attributed to the seasonality of the industry, as some programs only operate during the school year and do not have hours to report in the summer months of June, July, and August. Each monthly application asks programs to report hours worked directly caring for children during the previous month. This dip in participation rates for rounds that ask for hours from summer months is consistent with participation patterns seen in the predecessor Child Care Stabilization Base Grant program.

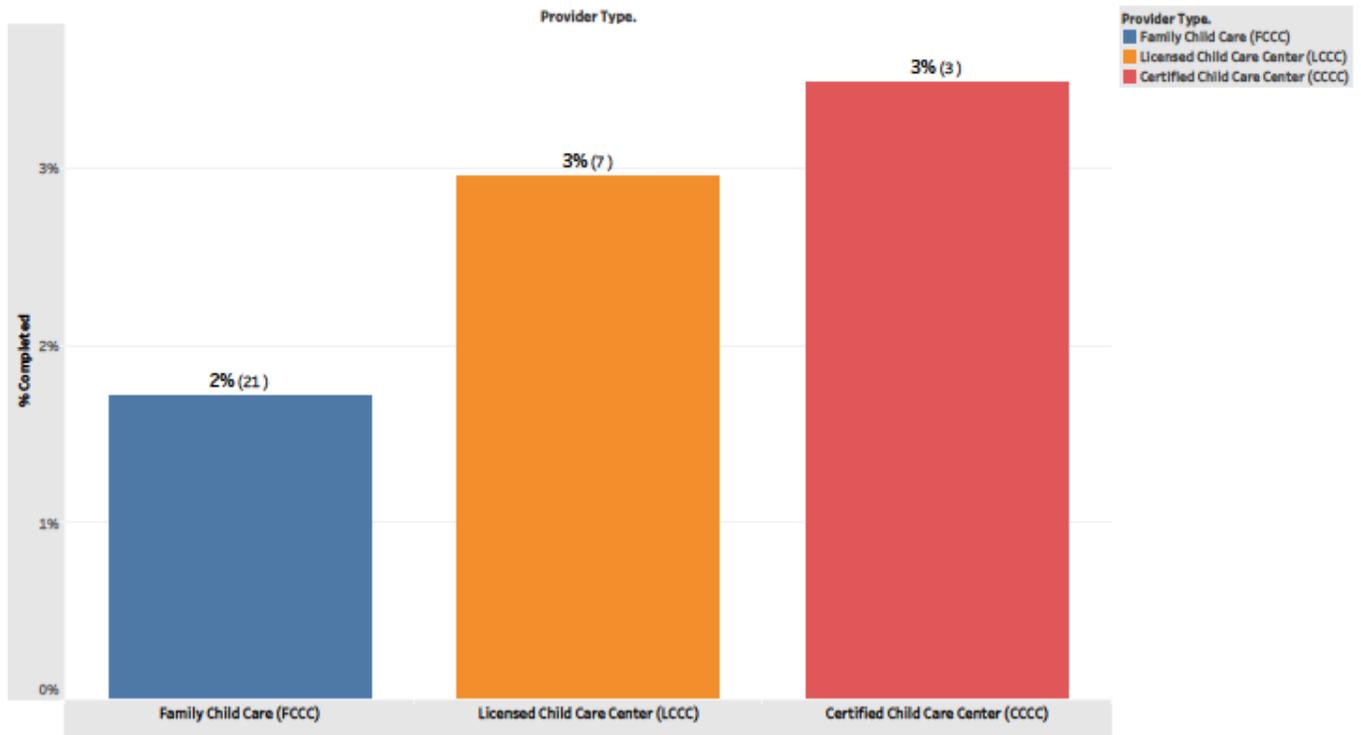
VI. Provider survey results

A Year One Provider Survey of all programs, both those who had applied for and received Great Start Compensation funding and those who never applied, was conducted.

Overall, 1,173 of 9,272 programs submitted a survey response, or 12.7%. The survey was voluntary and anonymous.

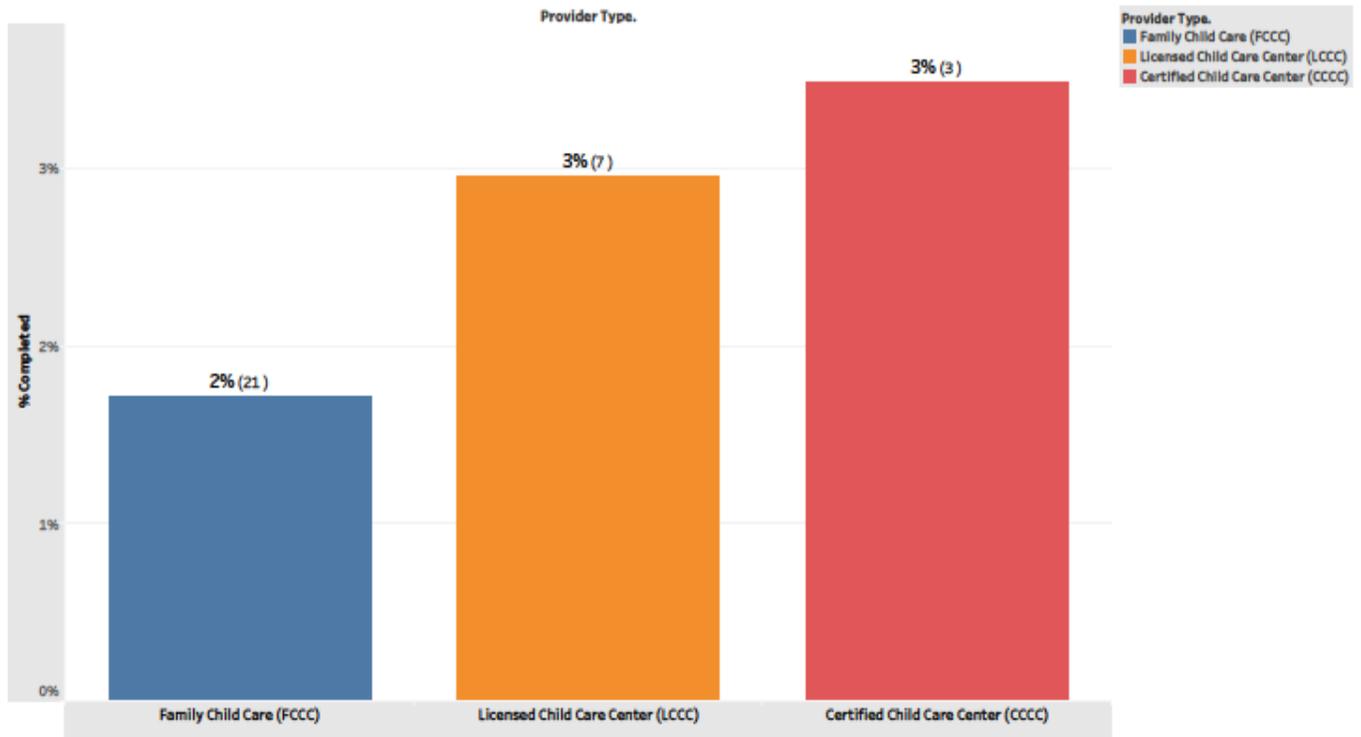
Charts 2 & 3. Participation Rates

Great Start Compensation Year 1 Provider Survey Participation Rates (Never Applied)



The above chart is a breakdown of survey participation rates by program type for programs who have applied for and received Great Start Compensation funds, with counts provided in parentheses. The Tribal child care programs group combines both family child care programs and centers licensed by a Tribal Nation.

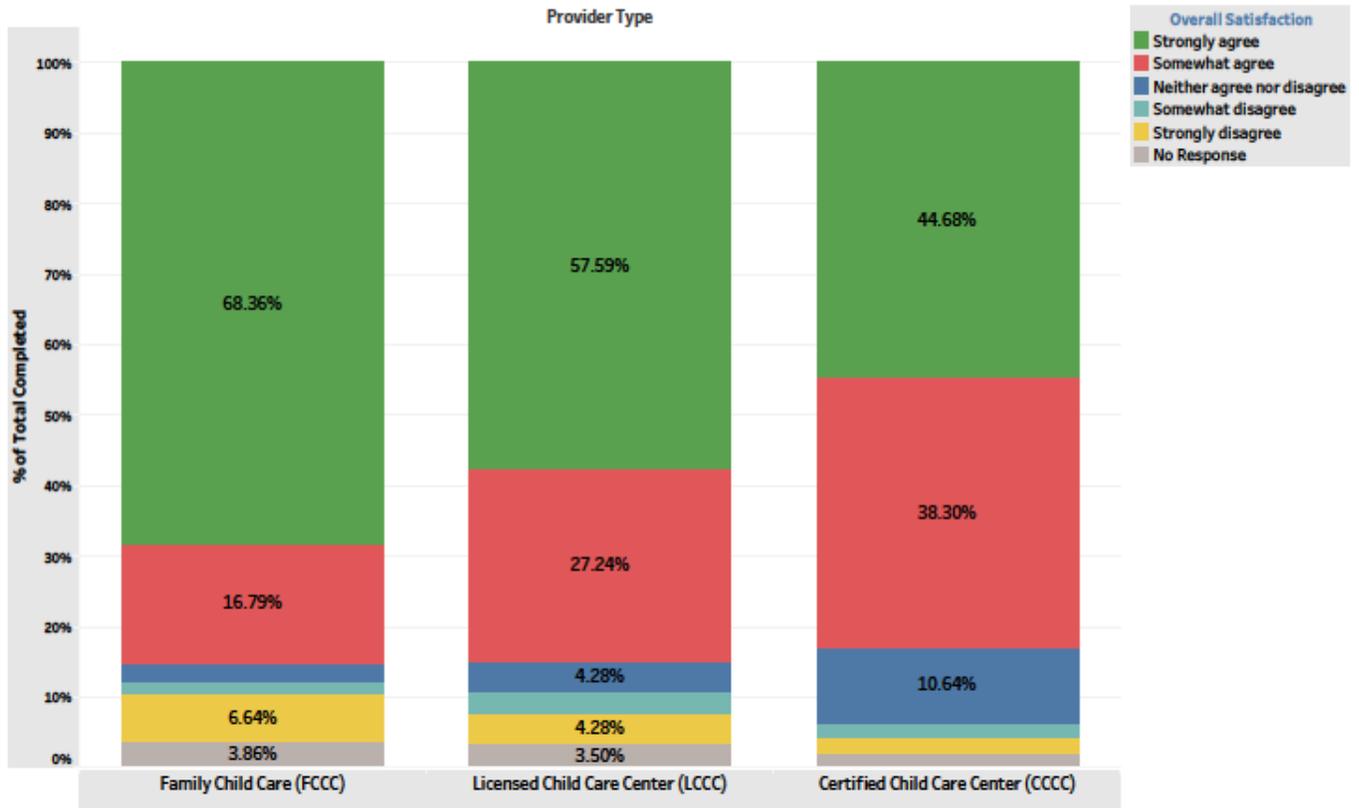
Great Start Compensation Year 1 Provider Survey Participation Rates (Never Applied)



The above chart shows survey participation rates for programs that either 1) have never applied for Great Start Compensation funding, or 2) have not received a Great Start Compensation payment within the past six months. No respondents who fell into either of these categories were programs licensed by a Tribal Nation.

Chart 4. Overall Satisfaction

Overall, I am satisfied with the experience of participating in the Great Start Compensation program.



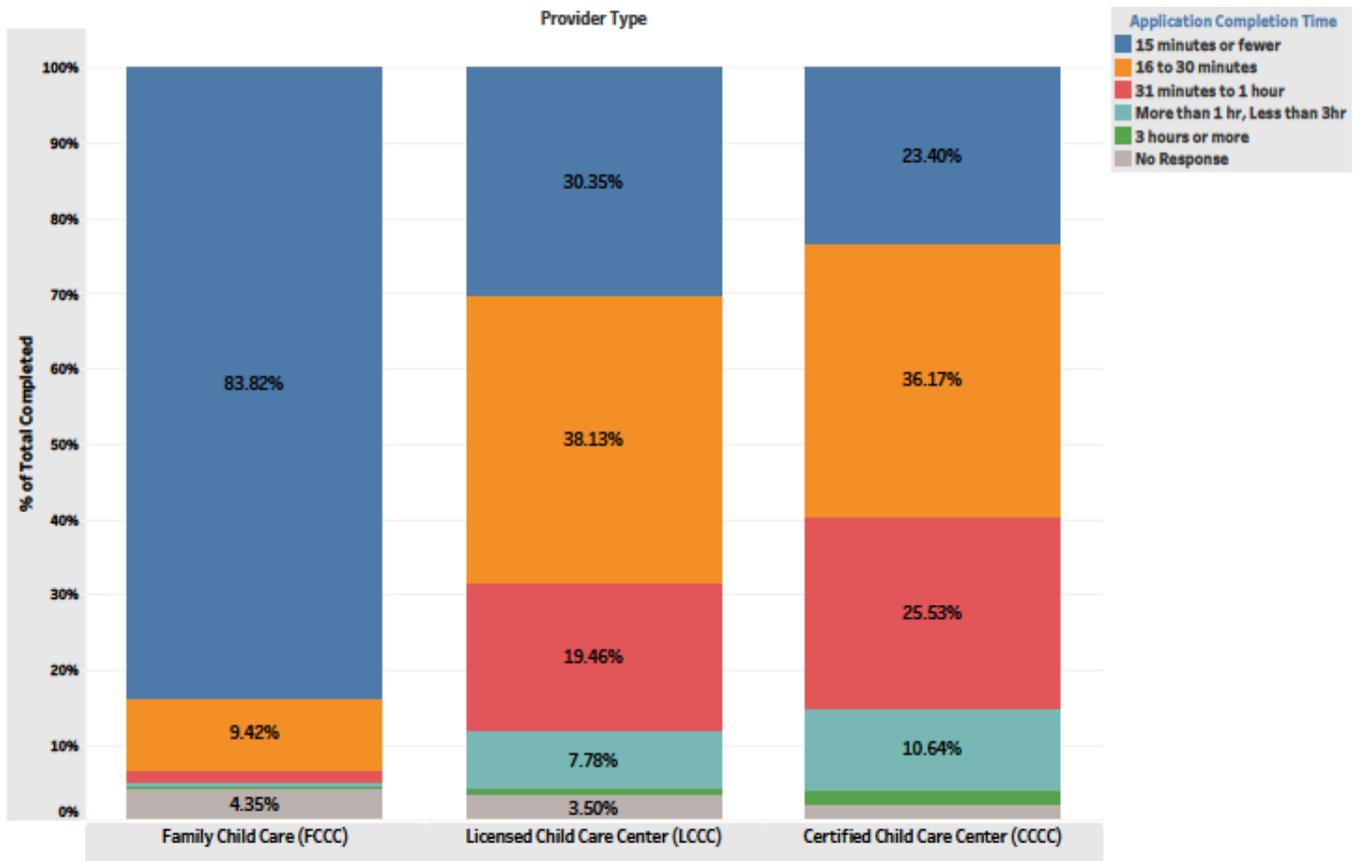
All programs who applied for and received Great Start Compensation funding were asked whether they agreed that they were satisfied with the Great Start Compensation program overall. Programs licensed by a Tribal Nation were included in the family child care and licensed centers program types as applicable.

Survey results show 68% of licensed family child care programs strongly agreed, and 84% of licensed centers and 83% of certified centers either strongly agreed or somewhat agreed. More licensed family child care programs strongly agreed with the statement than the other two program types, with licensed and certified centers 10 and 23 percentage points below licensed family child care programs, respectively.

Overall, the majority of participants are satisfied with the program.

Chart 5. Application Completion Time

On average, how long did it take you to complete a Great Start Compensation application?



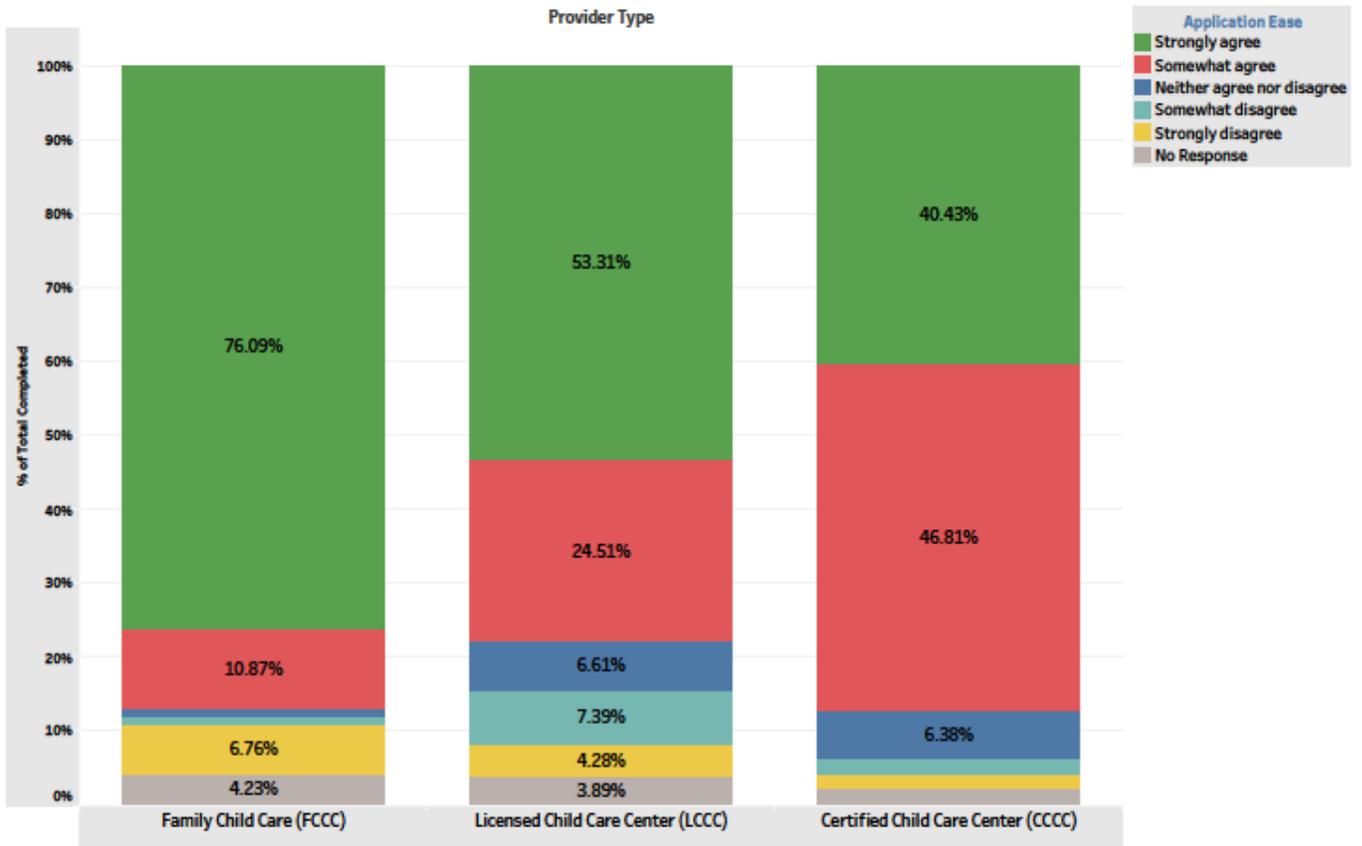
All programs who applied for and received Great Start Compensation funding were asked how long it took them to complete a Great Start Compensation application. Programs licensed by a Tribal Nation were included in the licensed family child care and licensed centers program types as applicable.

Survey results show 83% of licensed family child care programs responded that Great Start Compensation applications took them 15 minutes or fewer to complete. This compares to only 30% and 23% of licensed and certified centers, respectively. This pattern of responses roughly aligns with the patterns found in overall satisfaction responses, noted above. Licensed family child care programs needed less time for applications and were more satisfied with the Great Start Compensation program overall.

The Great Start Compensation application requires programs to report hours worked directly caring for children for themselves and/or their staff. Licensed family child care providers are commonly sole proprietor businesses, so these applications are simple in that context. The number of staff in licensed and certified centers varies widely but generally these types of programs are much larger, which means reporting hours for many more people in these applications.

Chart 6. Ease of Application

The application for Great Start Compensation funds is easy to complete.

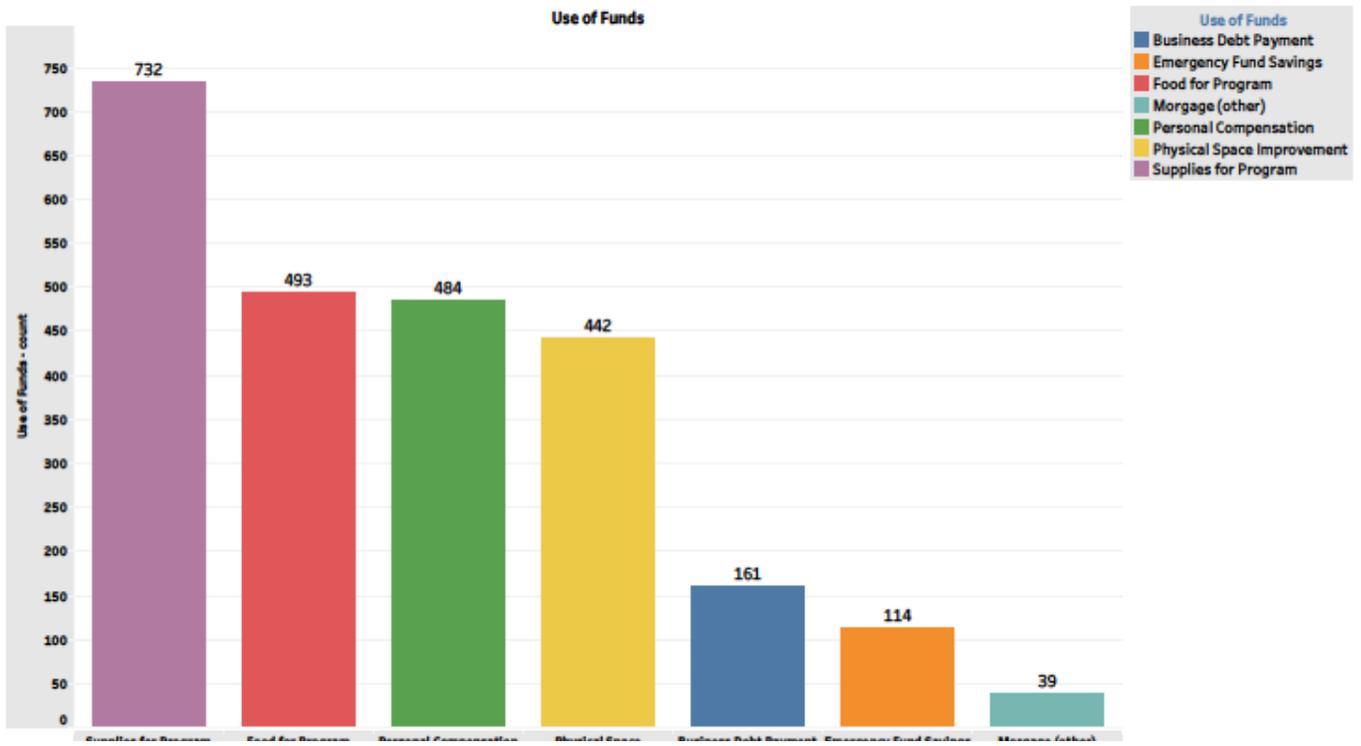


All programs who applied for and received Great Start Compensation funding were asked whether they agreed that the Great Start Compensation application was easy to complete. Programs licensed by a Tribal Nation were included in the licensed family child care and licensed centers program types as applicable.

Survey results show 76% of licensed family child care programs strongly agreed that the Great Start Compensation application was easy to complete. Strong agreement was about 23 and 36 percentage points below that of licensed family child care for licensed and certified centers, respectively. Overall, the majority of respondents of each program type agreed to some degree that the application was easy to complete. This pattern of responses also aligns with the patterns found in overall satisfaction responses.

Chart 7. Use of Funds (Family Child Care Programs)

your program? (Family Child Care providers)

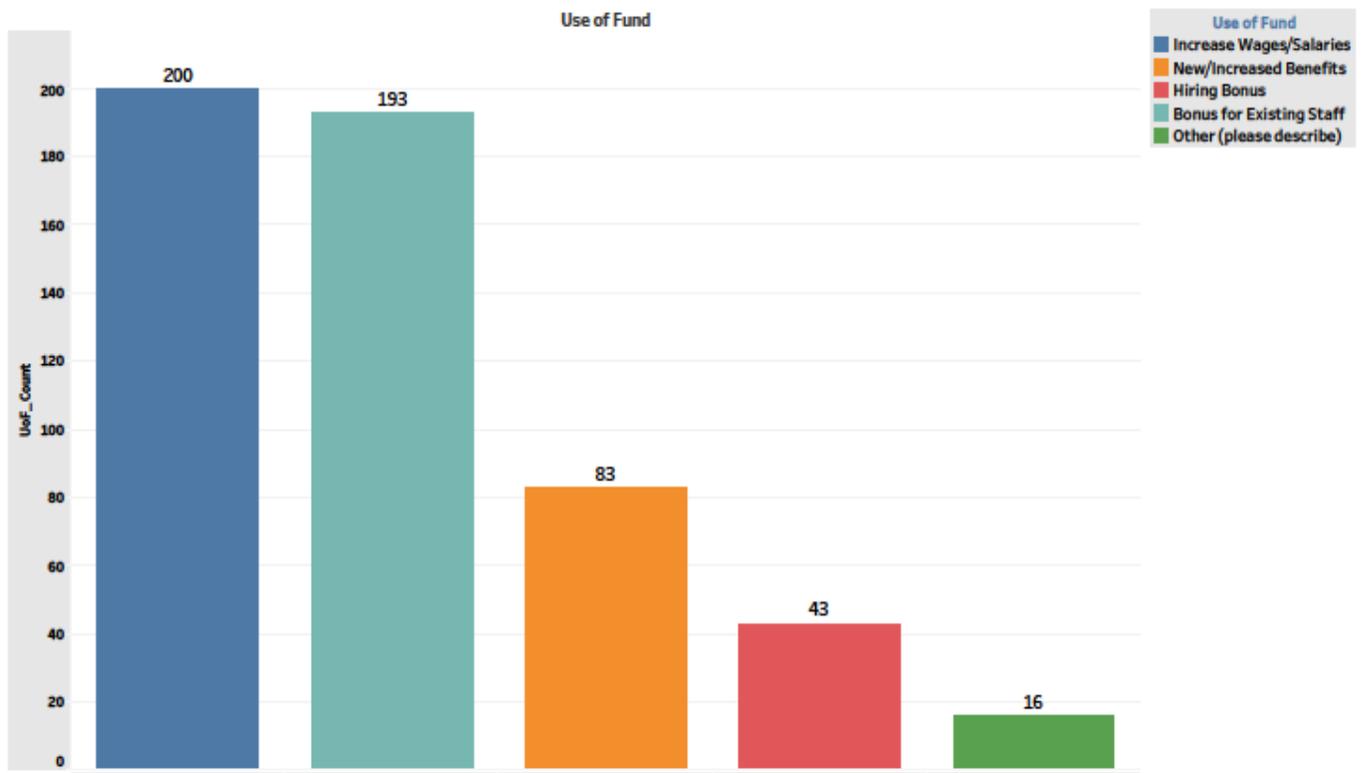


All licensed family child care programs who applied for and received Great Start Compensation funding were asked how they spent their Great Start Compensation funds. Family child care programs licensed by a Tribal Nation were included in these results. Licensed family child care programs have the flexibility to use Great Start Compensation funds for business expenses in addition to increasing compensation, unlike centers. Programs could choose all applicable uses of funds.

The most common use of funds was purchasing supplies. Purchasing food, physical space improvement, and increasing personal compensation were in the next most common grouping of use of funds. The third grouping of uses includes paying business debt, emergency savings, and mortgage/rent payments, after a significant drop off in responses compared to the second grouping.

Chart 8. Use of Funds (Centers)

employees in your program? (Child Care Centers)

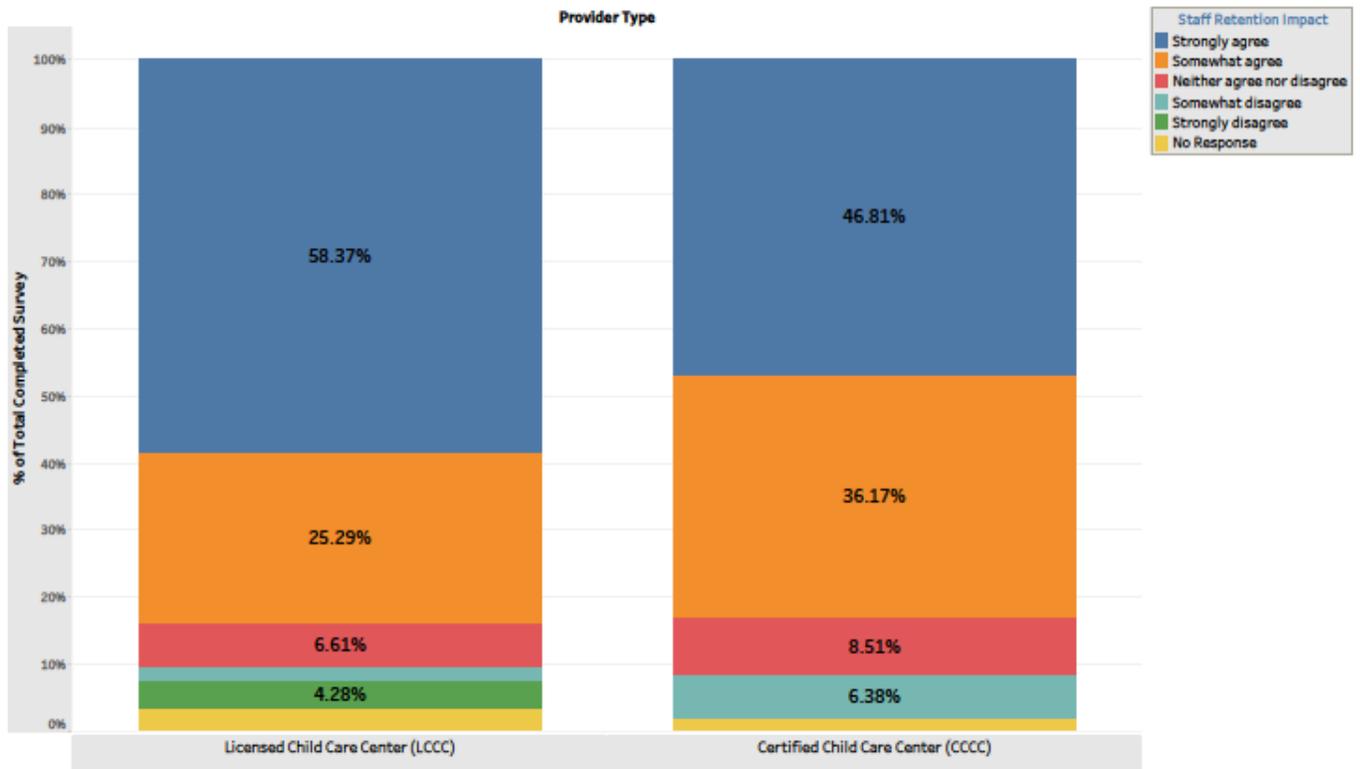


All licensed and certified center programs that applied for and received Great Start Compensation funding were asked how they spent their Great Start Compensation funds. Centers licensed by a Tribal Nation were included in these results. Licensed and certified centers can only use Great Start Compensation funds to increase compensation for staff directly caring for children. Programs could choose all applicable uses of funds.

The most common uses of Great Start Compensation funds among centers were increasing hourly wages/salaries and offering bonuses. The next most common use was adding/increasing benefits.

Chart 9. Staff Retention Impact (Centers)

The Great Start Compensation program has helped with retaining staff in my child care program.

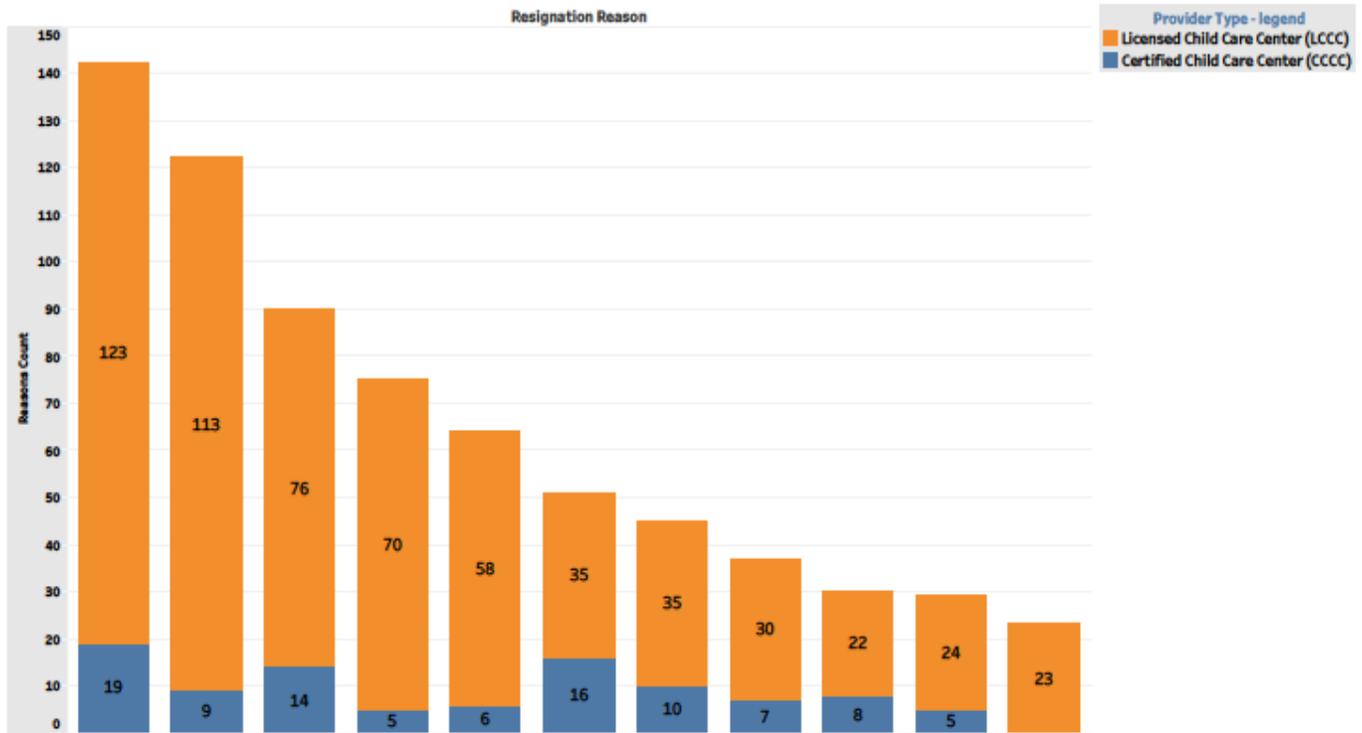


All licensed and certified center programs who applied for and received Great Start Compensation funding were asked whether this funding helped retain staff. Centers licensed by a Tribal Nation were included with licensed centers in these results.

Survey results show 83% of both licensed centers and certified centers agreed that Great Start Compensation funds were helpful in retaining staff, with licensed centers agreeing more strongly. These results suggest that the Great Start Compensation program is largely associated with the desired outcome: increased staff retention.

Chart 10. Staff Reasons for Leaving (Centers)

they gave for leaving?



All licensed and certified center programs who applied for and received Great Start Compensation funding were asked for the top three reasons staff give for leaving their job. Centers licensed by a Tribal Nation were included in these results.

The most common reasons for leaving the job given by staff at licensed centers were higher pay outside the early childhood education field and looking for lower stress work. The next most common grouping was higher pay within the field and better benefits outside the field, followed by moving.

For certified centers, the most common reasons for leaving the job given by staff were higher pay outside the field, pursuing education, and higher pay within the field. The next most common grouping was better benefits within the field and looking for lower stress work.

Overall, centers most commonly lose staff to higher paying jobs outside the early childhood education field and because of stress. Other data sources, such as the 2023 Early Care and Education Workforce Study,² have found

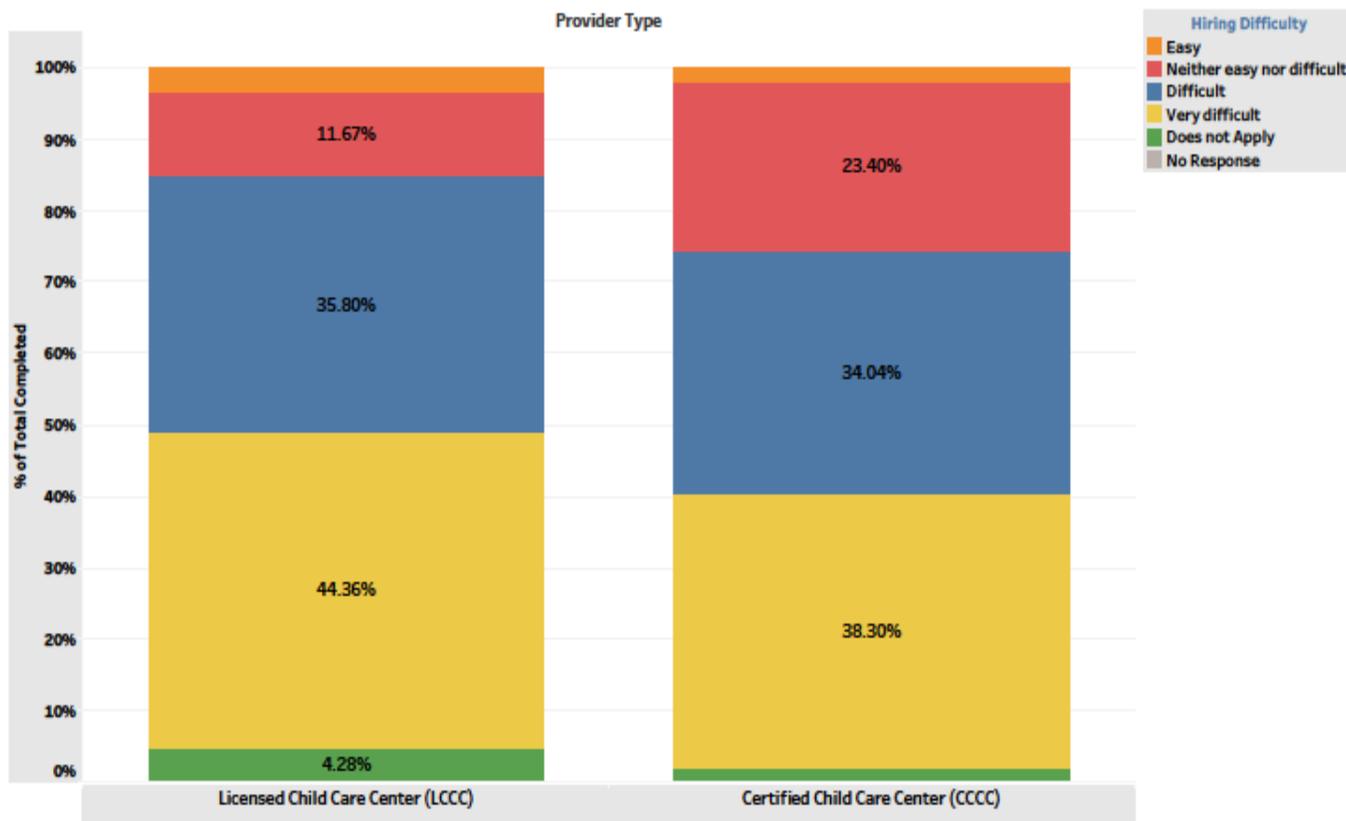
² Valorose, Jennifer, Sera Kinoglu, and Amanda Petersen (2023). "Minnesota's Early Childhood Educators: 2023 Statewide Study of the Demographics, Workforce Supports, and Professional Development Needs of the Early Care and Education Workforce." *Wilder Research*.

https://www.wilder.org/sites/default/files/imports/EarlyCare_EducationWorkforce_Minnesota_Report_12-23.pdf

that these staff departures create significant difficulty for child care programs when it comes to staff hiring and retention; the Workforce Study found turnover rates in child care and early learning programs ranging from 21-38% depending on the position, all of which is higher than a National Survey of Early Care and Education benchmark of 20% turnover being considered “high turnover.” While that study did not ask about child care and early learning professionals’ reasons for leaving their roles, low compensation and high stress levels were the most common themes in the study’s focus groups, which discussed burnout in the child care and early learning field.

Chart 11. Staff Hiring Difficulty (Centers)

How easy or difficult have you found hiring employees to fill vacant positions in the last 12 months?

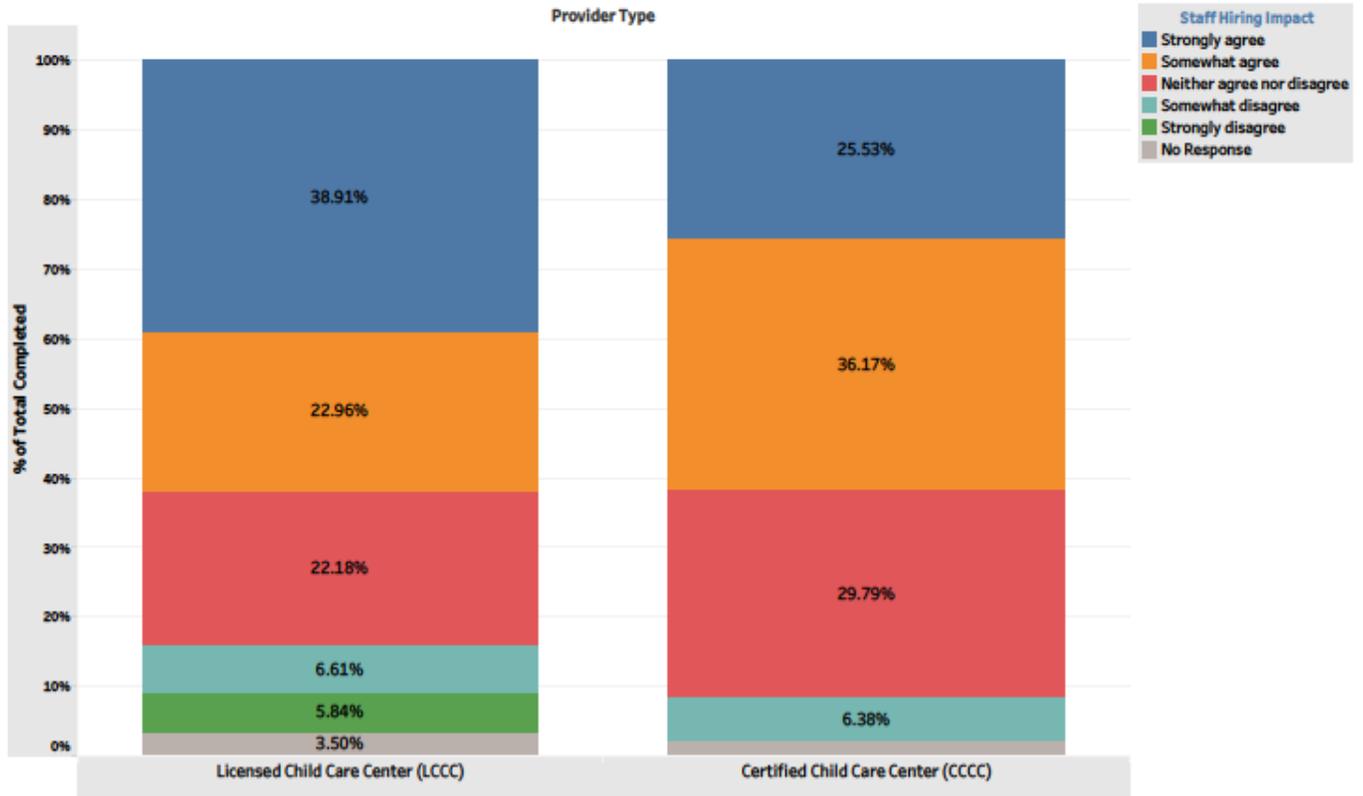


All licensed and certified center programs who applied for and received Great Start Compensation funding were asked how difficult they found filling vacant positions in the past 12 months. Centers licensed by a Tribal Nation were included with licensed centers in these results.

Survey results show 80% of licensed centers and 72% of certified centers found it difficult or very difficult to fill vacant positions in the past 12 months.

Chart 12. Staff Hiring Impact (Centers)

The Great Start Compensation program has helped with hiring new staff for my child care program

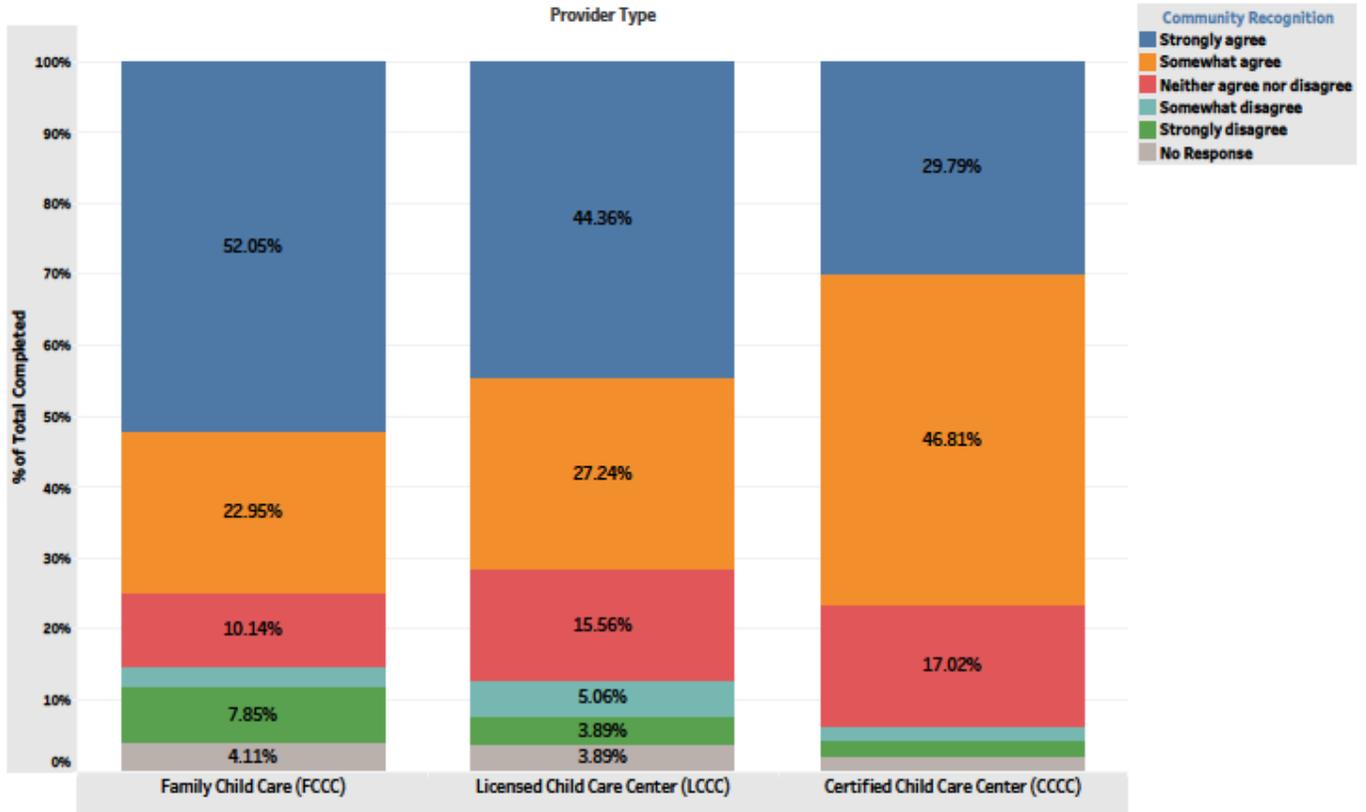


All licensed and certified center programs who applied for and received Great Start Compensation funding were asked whether they agree that this funding has helped with hiring staff. Centers licensed by a Tribal Nation were included with licensed centers in these results.

Just over 60% of both licensed and certified center respondents agreed that Great Start Compensation funds helped them attract and hire new staff. Notably, centers saw Great Start Compensation funds as less helpful for recruiting/hiring new staff compared to retaining existing staff (see Chart 9 for retention survey results).

Chart 13. Community Recognition

The Great Start Compensation program makes me feel my program's contributions to the community are recognized and valued.



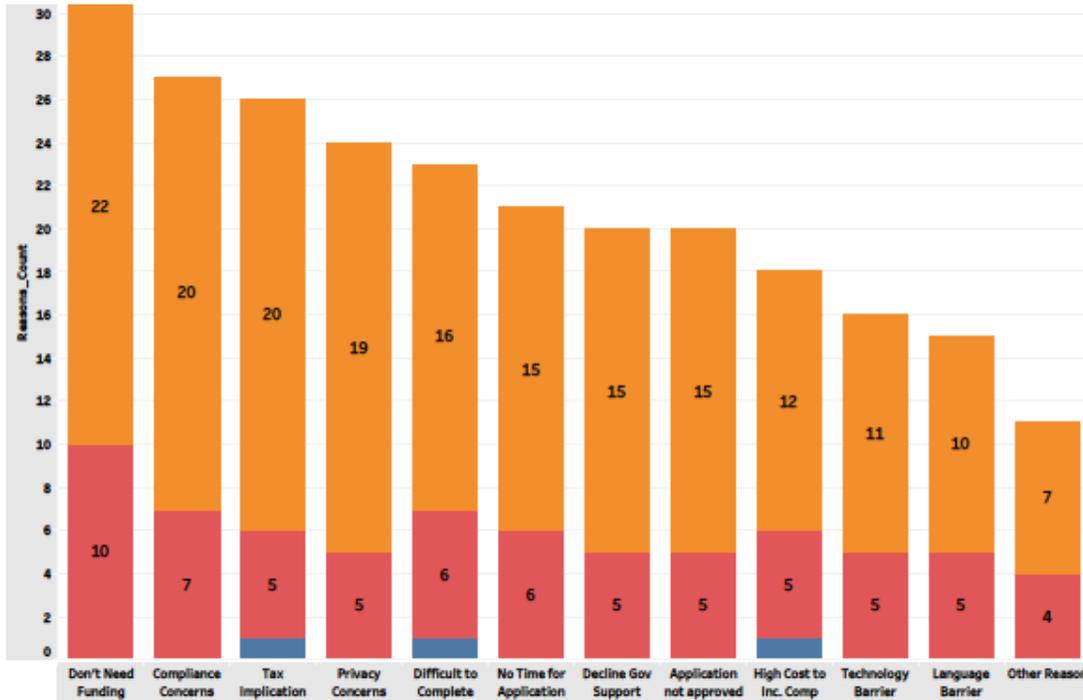
All programs who applied for and received Great Start Compensation funding were asked whether they agreed that the Great Start Compensation made them feel like their contributions to the community were recognized and valued. Programs licensed by a Tribal Nation were included in the licensed family child care and licensed centers program types as applicable.

Survey results show 75% of licensed family child care programs, 71% of licensed centers, and 76% of certified centers strongly or somewhat agreed that the Great Start Compensation program makes them feel their contributions to the community were recognized and valued. Just over half of licensed family child care programs strongly agreed with this statement.

The 2023 Early Care and Education Workforce Study found that a top reason early educators experience burnout in their work is a “perceived lack of importance of their work by society more broadly,” and a desire for others, from program administrators to other educators to the general public, to acknowledge the crucial role they play

in early care and learning.³ The finding that most Great Start Compensation participants feel the program contributes to community recognition of their work is an indication that this program may help address the ways that lack of recognition leads to more burnout in the field.

Chart 14. Non-Participant Reasons



All eligible programs who never applied for Great Start Compensation funding were asked for their top three reasons for not participating. Programs licensed by a Tribal Nation were included in the licensed family child care and licensed centers program types as applicable.

For non-participant licensed family child care programs, the most common reasons for not participating in the Great Start Compensation program included: feeling the funds were not needed, concerns about meeting compliance requirements, impact on taxes, and privacy concerns. The next grouping of reasons included

³ Valorose, Jennifer, Sera Kinoglu, and Amanda Petersen (2023). "Minnesota's Early Childhood Educators: 2023 Statewide Study of the Demographics, Workforce Supports, and Professional Development Needs of the Early Care and Education Workforce," page 33. *Wilder Research*. https://www.wilder.org/sites/default/files/imports/EarlyCare_EducationWorkforce_Minnesota_Report_12-23.pdf

difficulty of the application, time needed to complete the application, rejecting government support, and worry that their application would not be approved.

Among non-participant licensed centers, the most common reasons for not participating in the Great Start Compensation program included: feeling the funds were not needed, concerns about meeting compliance requirements, difficulty of the application, and time need to complete the application.

Non-participant certified centers cited tax implications, difficulty of the application, and the belief that the cost of implementing compensation increases exceeded payment amounts as reasons for not participating.

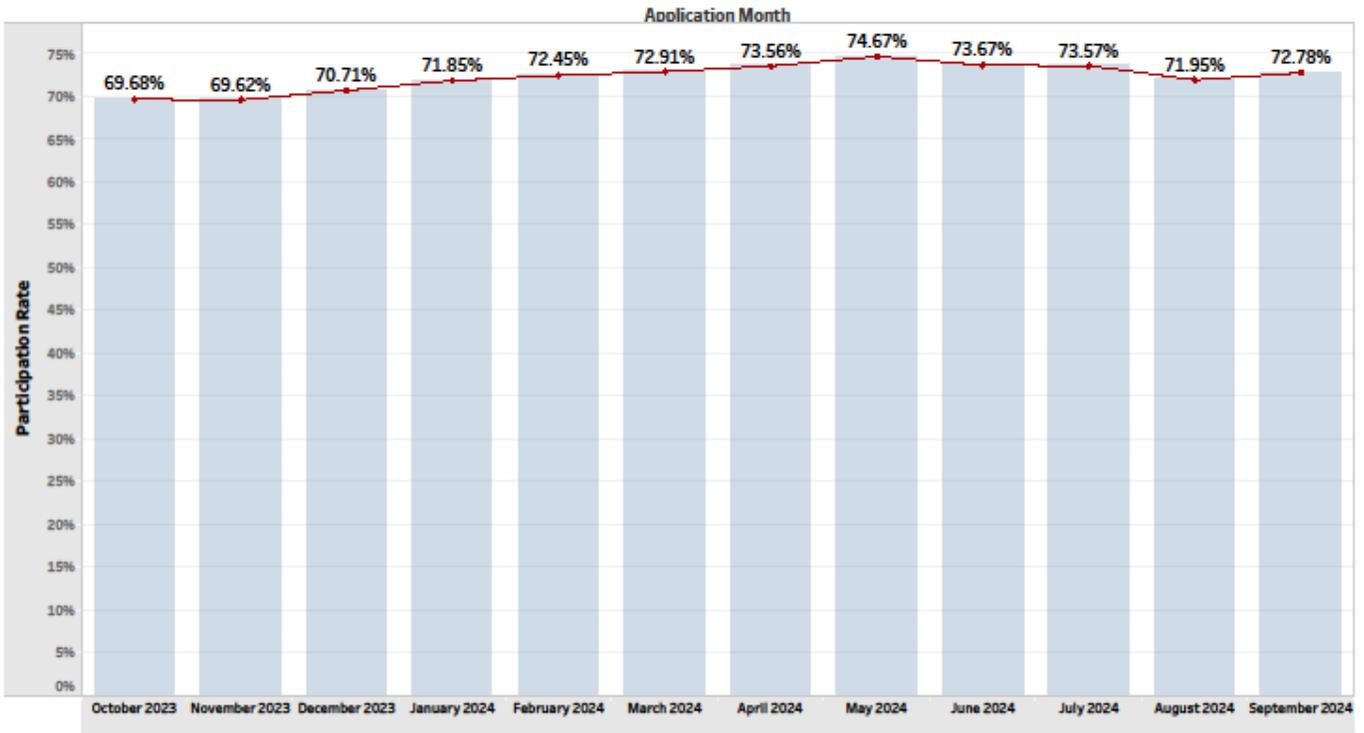
VII. Summary

New programs take time to design, build, implement and evaluate. In its first year, the Great Start Compensation Support Payment Program made payments of almost \$142 million to over 70% of Minnesota's eligible child care and early learning programs. Significant progress has been made in the first full year of this program. Areas of future learning will use data to glean insights on the effectiveness, efficiency and equity of the program. Initial data gathered through the Year One Provider Survey suggest positive outcomes, though the survey response size was small in comparison to the volume of data that will be available for analysis over the second full year of implementation.

VIII. Appendices

Appendix A: Great Start Compensation Participation: Family Child Care

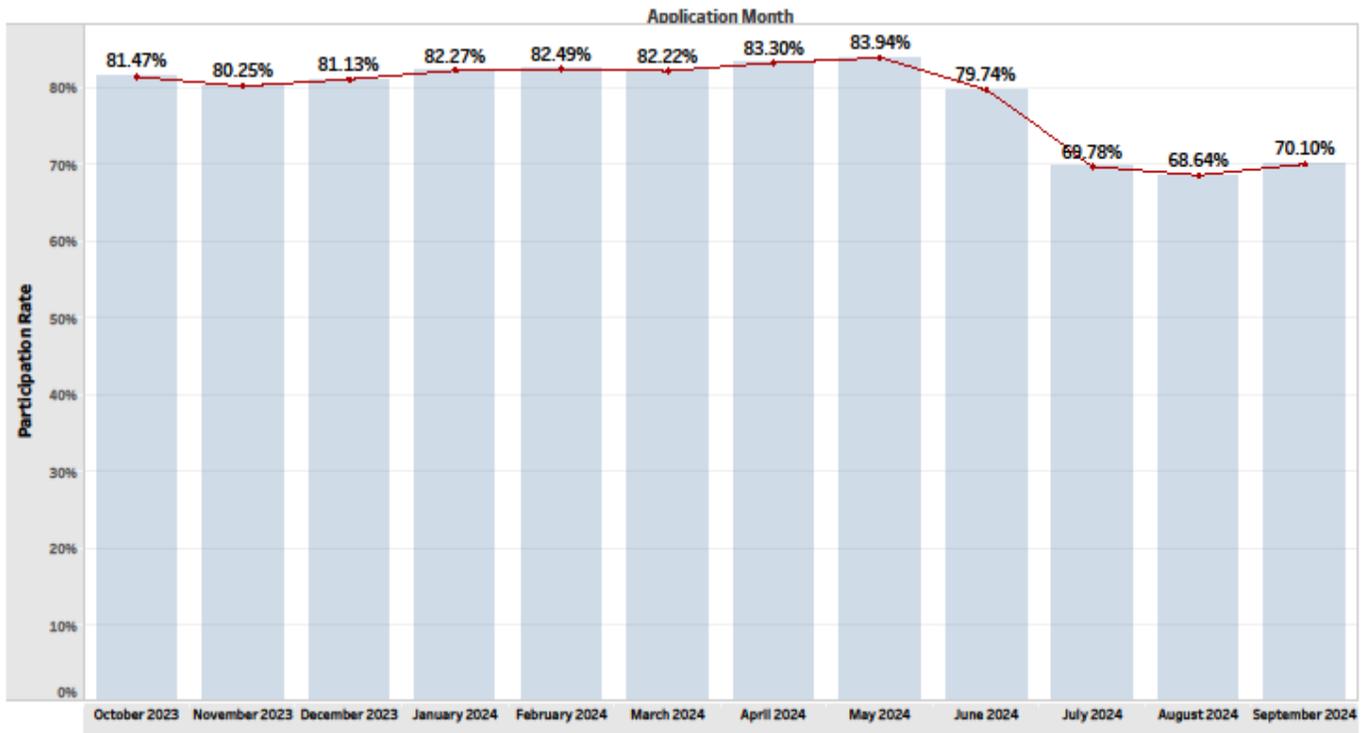
Participation Rate by Great Start Compensation Round: Family Child Care Providers



The above chart includes family child care programs licensed by the state or a Tribal Nation, showing participation rates by monthly Great Start Compensation round.

Appendix B: Great Start Compensation Participation: Licensed Child Care Centers

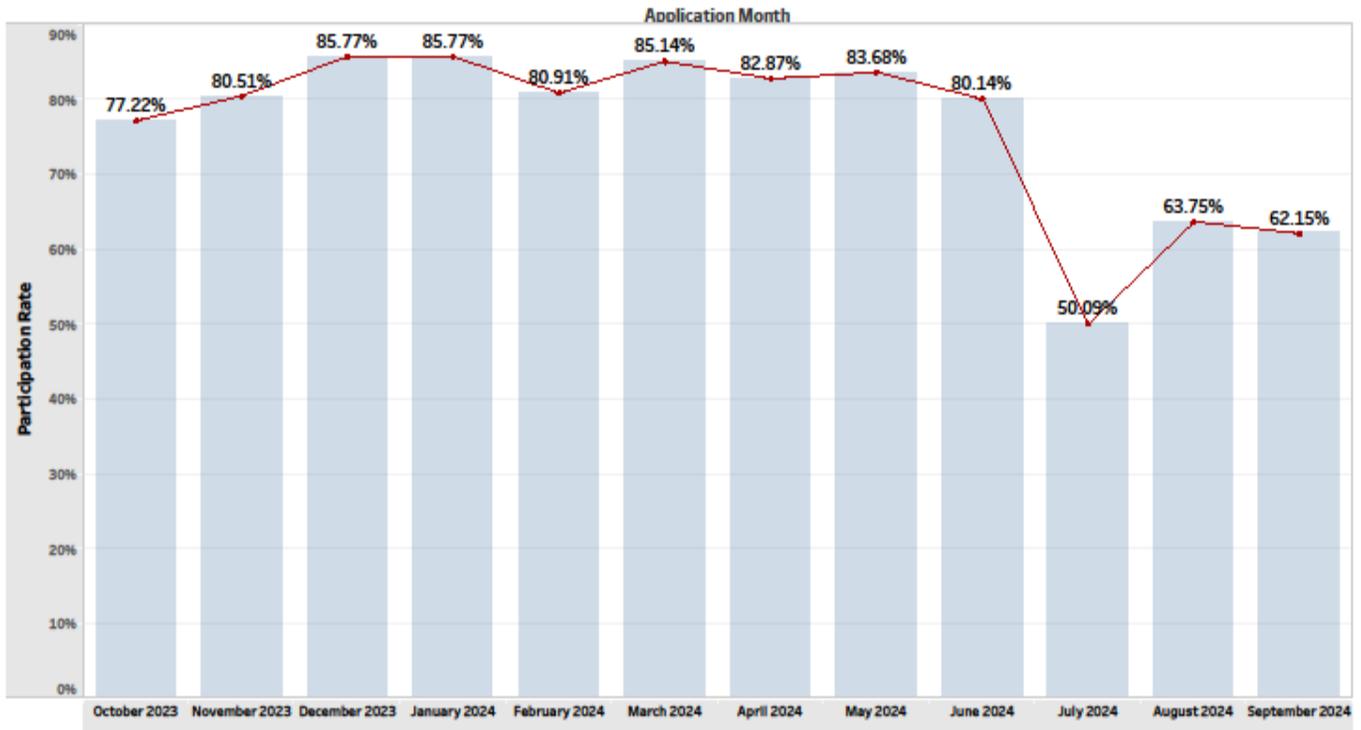
Participation Rate by Great Start Compensation Round: Licensed Child Care Center Providers



The above chart includes child care centers licensed by the state or a Tribal Nation, showing participation rates by monthly Great Start Compensation round. The dip in participation in the July, August, and September 2024 rounds is most likely primarily due to seasonality, i.e., school year only programs closing for the summer months. Note that the application asks for hours worked in the previous month, the dip represents hours for June, July, and August 2024, which are the traditional summer programming months.

Appendix C: Great Start Compensation Participation: Certified Child Care Centers

Participation Rate by Great Start Compensation Round: Certified Child Care Center Providers



The above chart includes child care centers certified (license exempt) by the state, showing participation rates by monthly Great Start Compensation round. The dip in participation in the July, August, and September 2024 rounds is most likely primarily due to seasonality, i.e., school year only programs closing for the summer months. Note that the application asks for hours worked in the previous month, the dip represents hours for June, July, and August 2024, which are the traditional summer programming months.

