



Early Educator Wage Growth Under Massachusetts' C3 Program

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OVERVIEW

Early educators are essential to delivering high-quality early care and education (ECE); yet they are among the lowest-paid workers in the United States. Low wages contribute to high turnover and workforce instability, undermining the quality and availability of care. Strengthening educators' financial well-being is a key first step in building and sustaining the ECE workforce. The stakes are high: when educators leave the field, children lose consistent caregiving relationships, and families lose access to care. Addressing wages is therefore not simply a workforce issue; it is a quality and equity issue as well.

The economic reality for early educators stems from a constrained ECE business model. Most ECE programs rely heavily on private family payments for tuition, yet many families cannot afford the true cost of quality care. This gap between what families can pay and the true cost of care squeezes program budgets, leaving programs with limited ability to invest in their staff or to raise educator wages meaningfully. Pandemic relief funds allowed states to address longstanding challenges in the ECE sector in new ways. In Massachusetts, the Commonwealth Cares for Children (C3) program¹ was launched with federal child care stabilization funds to address challenges faced by programs during the COVID-19 pandemic and is now fully state-funded. C3 distributes funding to eligible licensed providers on a non-competitive, formula basis. Grant amounts are determined by programs' licensed capacity and enrollment, the age distribution of children served, and hours of operation. An equity adjustment provides additional funds to programs serving a larger share of children receiving child care financial assistance and/or are located in a geographic area with fewer resources. C3 grants support a wide range of operational expenses, including quality improvement and workforce investments.

Studying C3 provides an opportunity to understand how flexible, supply-side financing can help support the ECE sector. Understanding the contribution of programs like C3 vis-à-vis other policy interventions, such as targeted wage supplements and child care subsidy expansion, can help inform decisions about longer-term investments and complementary policy solutions to expand ECE access and build the ECE workforce.

STUDY DATA & FINDINGS

This analysis examines wage growth among center-based ECE programs, using monthly application data submitted by 2,907 centers from July 2021 to September 2024. We build on the state's analysis of C3 wage data by examining wages in both current dollars and inflation-adjusted terms and by following the same centers over time, rather than comparing snapshots of centers each month. We also consider how wage growth varies by organizational and program characteristics.² The findings tell a nuanced story: C3 appears to have helped educators weather a period of broad inflation and supported some real wage growth—but meaningful gaps persist, and reaching wage levels that reflect the true value of this work will likely require more than operational grants alone.

KEY FINDINGS

What C3 data reveals about early educator wages, 2022-2025

OVERALL WAGE GROWTH

- ⬆️ Nominal wages rose 11-12% across all staff roles over three years
- ⬆️ Real (inflation-adjusted) wages also grew, but modestly—1-2% for teachers and assistant teachers
- ⬆️ C3 centers outperformed comparable MA occupations, where inflation-adjusted wages declined over the same period

SUBSTANTIAL GAPS AT BASELINE

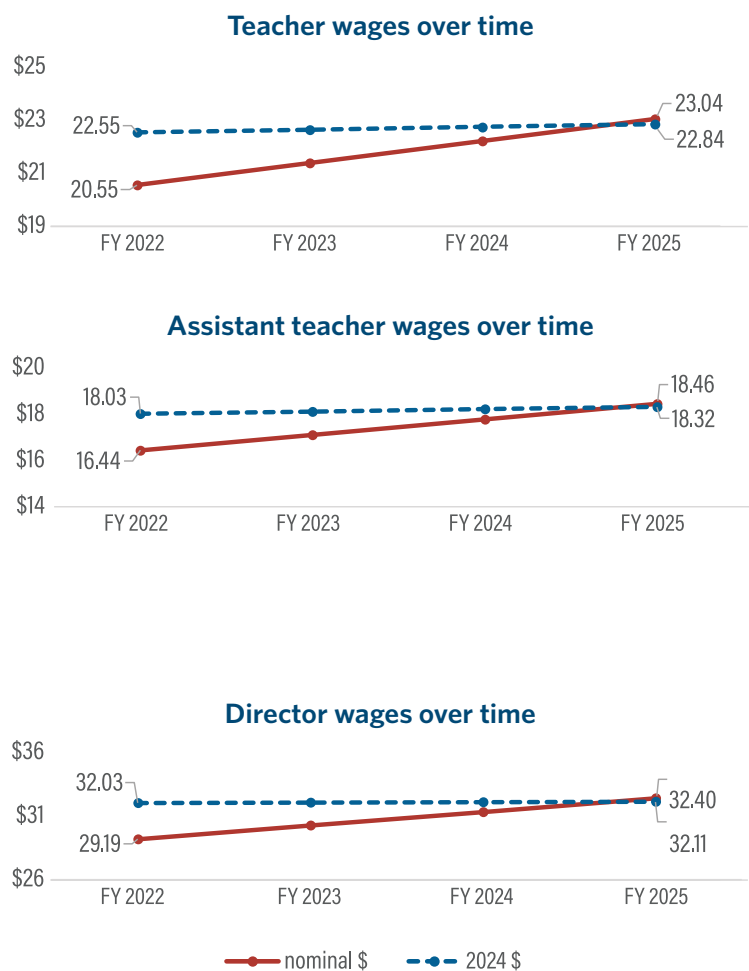
- ⬇️ For-profit centers started with wages \$0.50-\$3.50/hr lower than non-profits
- ⬇️ Centers in high-need communities paid \$0.52 - \$1.35/hr less than centers in other areas
- ⬇️ Subsidy-receiving centers paid \$0.50-\$0.95/hr less than non-subsidized centers
- ⬇️ Centers serving infants and toddlers paid teachers ~\$0.46/hr less at the outset

GAPS NARROWING OVER TIME

- ⬆️ Wages grew faster in centers serving infants and toddlers—gap with other centers largely closed by FY 2025
- ⬆️ Wages grew faster in subsidy-receiving centers, though a gap with non-subsidized centers remains

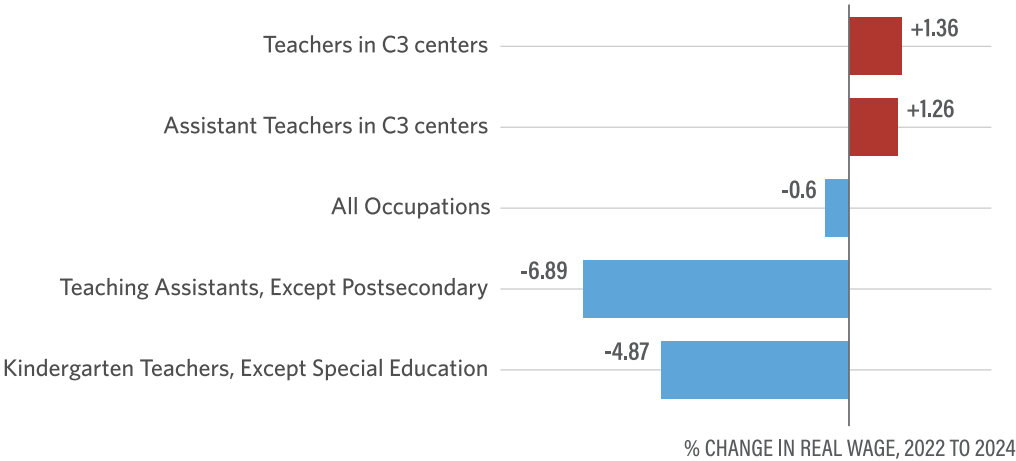
On average across centers, wages increased by 11-12% for all staff roles between FY 2022 to FY 2025: Teachers' hourly wages rose from \$20.55 to \$23.04; assistant teachers from \$16.44 to \$18.46; and directors from \$29.19 to \$32.40.³ However, we see less wage growth after adjusting for inflation: real wage growth was 1.30% for teachers, 1.61% for assistant teachers, and less than 1% for directors. Figure 1 shows wage trajectories for all three staff roles in both current and inflation-adjusted dollars. The gap between the two lines in each panel reflects how much of the observed wage growth was offset by rising prices, illustrating that while financial well-being improved, the gains were smaller than the increases in dollar wages alone would suggest.

Figure 1. Estimated wage trajectories of staff in centers participating in C3



We find suggestive evidence that C3 increased wages and helped them keep pace with inflation. Because data on wages were only collected from centers during their participation in the C3 program, we cannot directly estimate what might have happened to wages in the absence of C3. However, staff in C3 centers experienced more favorable wage growth compared with similar occupations in Massachusetts. Figure 2 shows that between 2022 to 2024, inflation-adjusted wages declined for Massachusetts teaching assistants (-6.89%) and kindergarten teachers (-4.87%), while inflation-adjusted wages for teachers and assistant teachers in C3 centers increased (+1.36% and +1.26%, respectively).

Figure 2. Percentage change in C3 staff real wages compared to similar Massachusetts occupations, 2022 to 2024



Note. Values represent the simple percentage change in average real wages for each occupation. For staff in C3-participating centers, we calculate the difference in average wages in fiscal years 2022 and 2024. Data for other occupations comes from the U.S. Bureau of Labor Statistics.

Although educator wages grew in C3 participating centers, the average wages are still a considerable distance away from ideal wage levels. For example, the average teacher’s hourly wage as of FY 2025 is \$22.84. As Figure 3 shows, this is below a living wage for an adult in Massachusetts with no children (\$28.88) and the hourly wage for a kindergarten teacher in Massachusetts (\$39.80). Taken together, these patterns suggest that C3 has played a meaningful role in supporting the ECE workforce during a period of high inflation—but that reaching wage levels commensurate with the value of this work will require sustained, multi-layered investment.

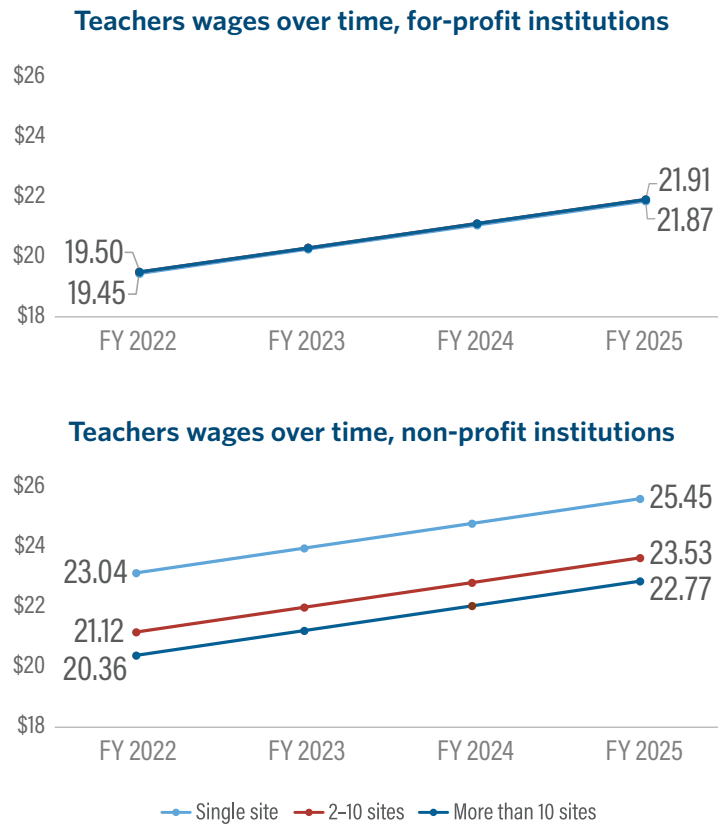
Figure 3. Comparison of average teacher hourly wage to other Massachusetts benchmarks



Note: Living wage data sourced from the Living Wage Institute via <https://livingwage.mit.edu/states/25>. Data for kindergarten teachers comes from the U.S. Bureau of Labor Statistics.

Average wage growth across all centers obscures important variation. C3 centers differ by for-profit and multi-site status, and substantial wage differences across these characteristics predated the start of C3. Although wages grew at similar rates across these centers, the wage gaps observed at baseline persisted through FY 2025. Figure 4 shows how wage trajectories for teachers differed by for-profit status and organizational size. For-profit centers paid lower teacher and assistant teacher wages at baseline, even after accounting for differences in multi-site status. Compared with non-profit centers, teacher wages in for-profit centers were about \$0.50 to \$3.50 lower per hour, and assistant teacher wages were about \$0.30 to \$1.40 lower.

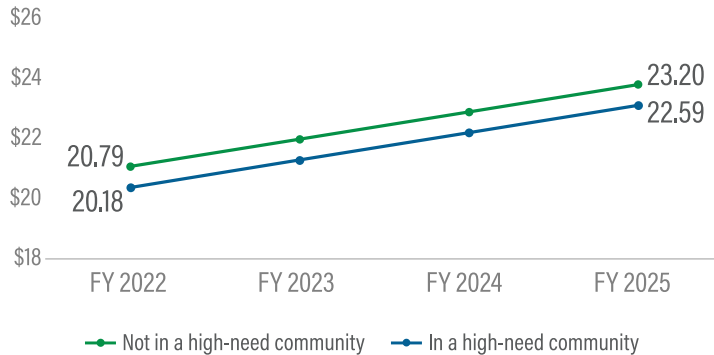
Figure 4. Estimated wage trajectories for teachers, by for-profit status and number of sites



Note: The figure displays estimated wage trajectories (not adjusted for inflation) derived from multilevel models with organization- and center-level covariates. Predicted wages are calculated while holding all other covariates at their mean values.

Beyond organizational characteristics, the communities in which centers operate also shape educator compensation. Centers in high-need communities often serve families with the fewest child care options, yet these centers themselves tend to operate with more limited financial resources. Figure 5 shows teacher wage trajectories by community need, illustrating how geography intersects with compensation. Centers in high-need communities paid staff \$0.52 to \$1.35 less per hour than those in other areas.

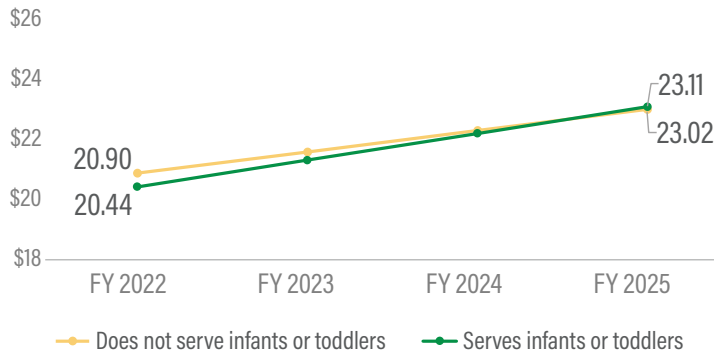
Figure 5. Estimated wage trajectories for teachers, by community need



Note: The figure displays estimated wage trajectories (not adjusted for inflation) derived from multilevel models with organization- and center-level covariates. Predicted wages are calculated while holding all other covariates at their mean values.

Wages grew faster in centers serving infants and toddlers, narrowing the pay gaps observed at baseline. Caring for infants and toddlers is among the most demanding—and most poorly compensated—work in early childhood settings, in part because the lower child-to-staff ratios required raise program costs without a corresponding increase in revenue. Figure 6 illustrates that, when C3 began, teachers in centers serving infants and toddlers earned about \$0.46 less per hour than those in centers that did not serve these age groups. By FY2025, however, average wages for teachers and assistant teachers in these centers were similar to those in centers that did not serve infants and toddlers.

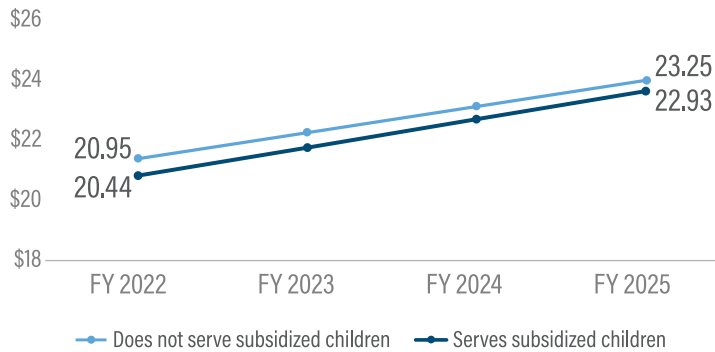
Figure 6. Estimated wage trajectories for teachers, by ages of children served



Note: The figure displays estimated wage trajectories (not adjusted for inflation) derived from multilevel models with organization- and center-level covariates. Predicted wages are calculated while holding all other covariates at their mean values.

Wage growth was also steeper among centers participating in Massachusetts’ child care financial assistance program. Centers that accept subsidies typically serve families with limited ability to pay out-of-pocket, which constrains revenues and contributes to lower staff wages. As shown in Figure 7, centers receiving child care subsidies paid staff \$0.50 to \$0.95 less per hour at baseline than centers not receiving subsidies. Faster wage growth led to some convergence over time; however, wages in subsidized centers remained lower on average by FY2025.

Figure 7. Estimated wage trajectories for teachers, by subsidy receipt



Note: The figure displays estimated wage trajectories (not adjusted for inflation) derived from multilevel models with organization- and center-level covariates. Predicted wages are calculated while holding all other covariates at their mean values.

POLICY IMPLICATIONS

Flexible supply-side grants are necessary but not sufficient to achieve the level of wage growth needed to substantially improve educator compensation or close persistent equity gaps. For policymakers seeking to meaningfully raise educator wages in ECE, this analysis suggests that flexible operational funding like C3 may provide an important foundation—stabilizing programs and creating conditions for wage growth—rather than a complete solution. Building on that foundation may require layering additional, targeted wage support on top of core operational funding to ensure both broad improvements and reductions in pay disparities.

Equity-weighted wage supplements may be especially useful for programs where gaps have been most persistent, such as those serving subsidized children or those in high-need communities. Our findings show that many of the wage gaps present at C3’s launch have persisted or not fully closed, suggesting that direct wage investment in these contexts may be needed to complement flexible operational funding. At the same time, broader wage growth across all programs is fundamental to ensuring compensation keeps pace with the demands placed on educators.

Finally, strengthening data systems to capture educator-level information on employment, wages, and turnover would improve the ability to evaluate how compensation policies affect not only pay but also workforce stability over time. As the state continues to invest in modernizing data infrastructure, it is also important to consider opportunities for cross-agency data sharing, such as with agencies maintaining wage and employment records, to further enhance understanding.

ENDNOTES

- 1 www.mass.gov/info-details/commonwealth-cares-for-children-c3-grants
- 2 Because the composition of centers changes over time, examining the data longitudinally allows us to examine wage growth setting aside changes in wages coming from changes in the composition of centers.
- 3 The category “teachers” includes lead teachers.

ACKNOWLEDGMENT

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