



WEBINAR

Shaping the Future of Child Care

Business Insights and Trends for 2025

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Shaping the Future of Child Care

Business Insights and Trends for 2025



Things to Note



DON'T WORRY

We can't see or hear you as we have video and sound off during the presentation.



Q&A?

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**THANK YOU
FOR JOINING US TODAY!**

Learning Outcomes

By the end of the webinar attendees will:



Understand the primary challenges facing the child care industry in 2025, including staff shortages, burnout, enrollment management and limited funding, as well as data - driven insights behind these obstacles.



Gain actionable strategies for advocating for meaningful change in the child care sector such as engaging policymakers, forming partnerships with advocacy organizations and leveraging legislative updates to drive progress.



Learn how to integrate practical, evidence-based approaches into your operations to address pressing challenges, improve staff well-being, enhance enrollment processes, and ensure sustainability in an evolving industry landscape.

Today's Speakers



Jon Pollock

Chief Product Officer



Kathlyn McHenry

*Director of State Government
Relations*

Why did we create the Child Care Business Trends Report?



DISCOVER

Gain insights into child care industry data driving these trends



GROW

Understand key trends to plan for future growth



LEARN

Explore advancements in technology and learn new business strategies



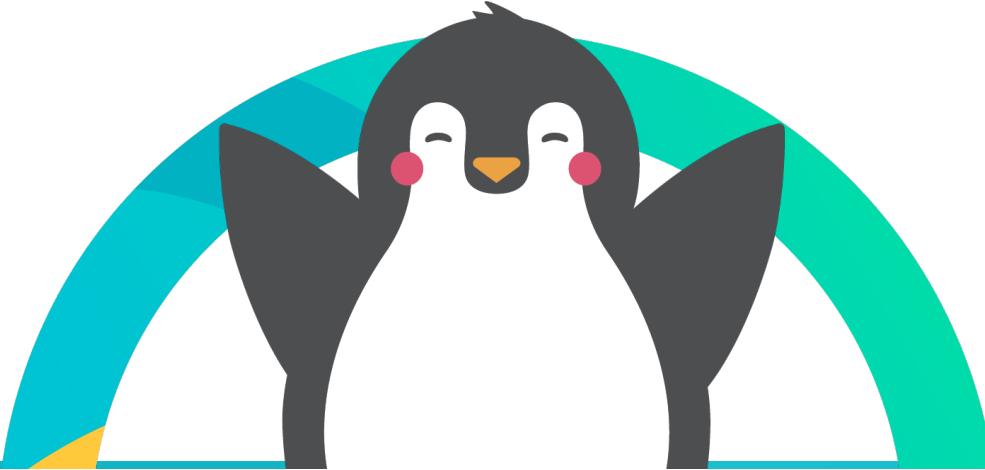
MANAGE

Implement benchmarks and strategies to enhance operations



SUPPORT

Learn from educators' perspectives to better support your staff



Report Highlights

Challenge #1



60.5% of centers
are struggling
with hiring and
retaining staff

60.5%

Challenge #2



47.8% of centers
are experiencing
burnout and concerns
of staff well-being

47.8%

Challenge #3



39.8% of centers
face challenges
with maintaining
consistent enrollment

39.8%

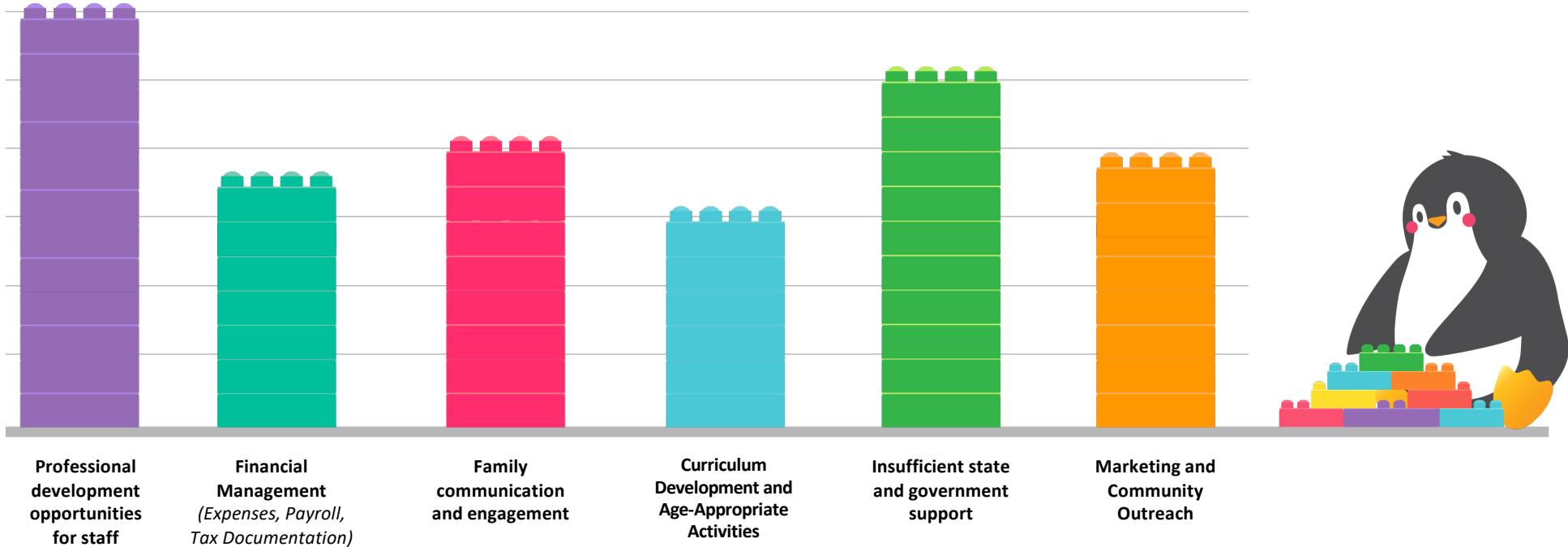
Challenge #4



34.6% of centers
have limited access
to public funding
(grants, subsidies)

34.6%

Other Challenges Faced in Child Care



Hiring and Retaining Staff

Challenge:

Over 60% of centers struggle to hire and retain staff.

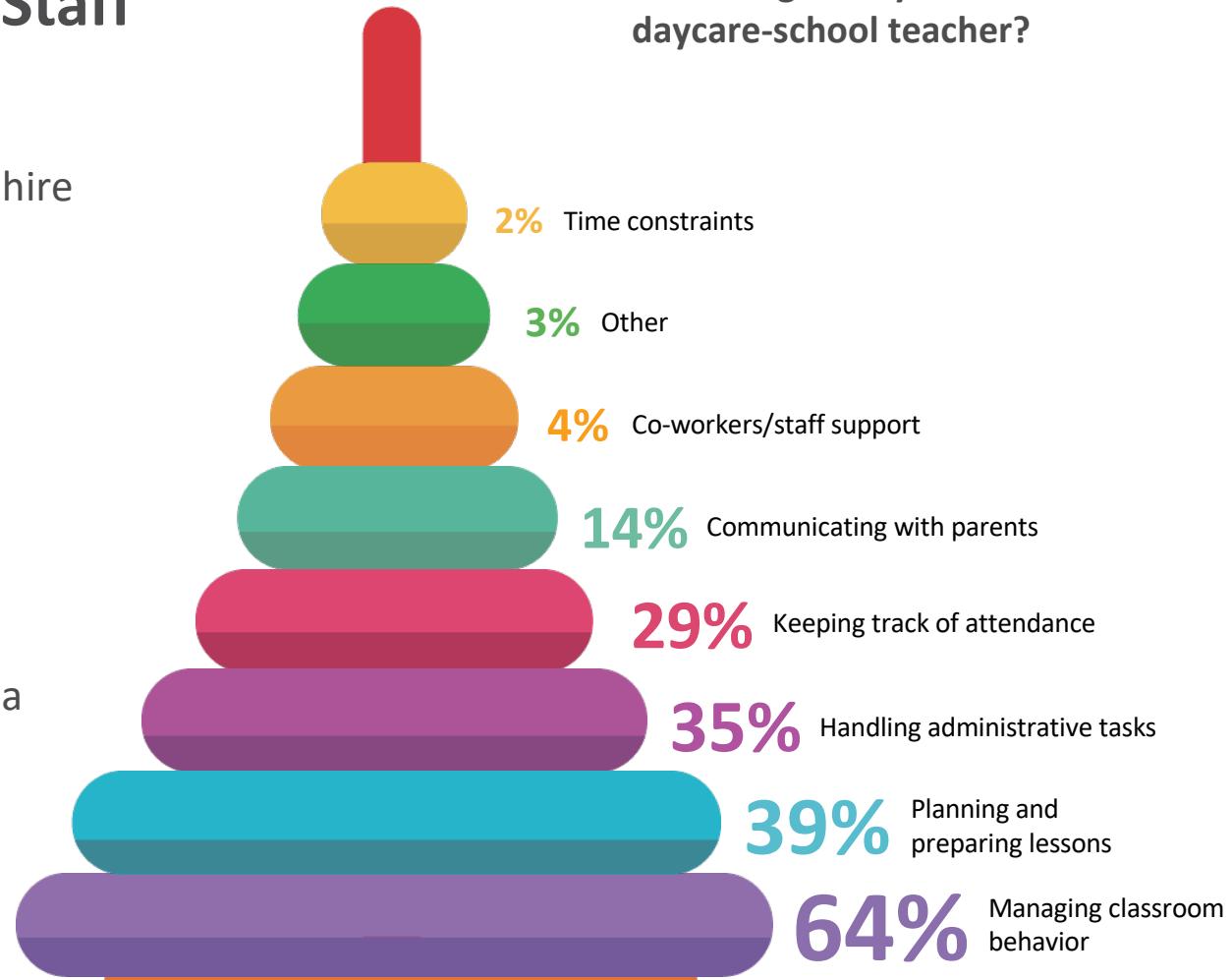
Impact:

- Reduced care quality
- Increased staff workload
- Limited growth opportunities

Key Focus:

Invest in staff development and a supportive workplace.

What challenges do you face as a daycare-school teacher?



Staff Burnout and Well-being

Challenge:

Nearly 48% report staff burnout and mental health concerns.

Impact:

- High turnover disrupts care
- Decline in education quality
- More sick leave strains teams

Key Focus:

Invest in mental health and wellness programs.

Which tasks take up most of your time in managing your daily responsibilities?

59%



Lesson Planning

35%



Parent Communication

30%



Administration and Reporting

25%



Attendance Tracking

23%



Supply Management

8%



Other

Enrollment Consistency

Challenge:

Approximately 40% of centers experience challenges maintaining steady enrollment.

Impact:

- Revenue becomes inconsistent, threatening sustainability
- Under-enrollment leads to wasted resources
- Over-enrollment could compromise quality standards

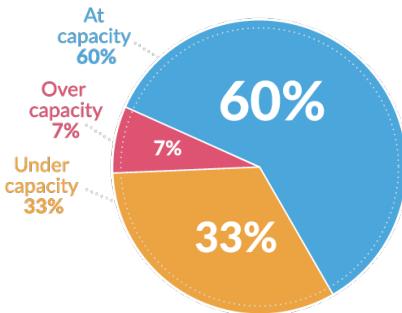
Key Focus:

Actively market your center and highlight unique features such as flexible care options, curriculum, and quality of staff (certifications, tenure, employee awards)

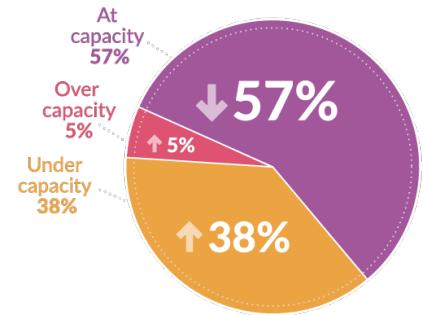
Capacity levels at ECE centers

of children vs. max capacity

2024



2025



Limited Public Funding

Challenge:

Around 35% of centers have limited access to public funding or subsidies.

Impact:

- Struggles to cover costs
- Less investment in staff and facilities
- Higher tuition reduces accessibility

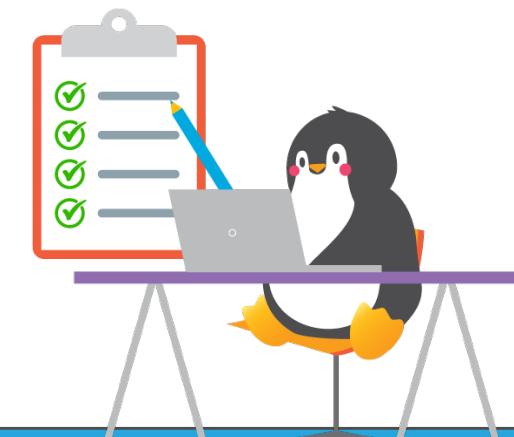
Key Focus:

Advocate for increased federal and state funding.

Source: American Progress

1/3

of respondents to the
Procare Solutions survey
say they rely on grants to
run their business.



2025 State Trends



Staffing



Enrollment Declines

- Mixed Delivery Pre-K
- Affordability
- Tax Policy Solutions



Public Funding

Staffing: State Trends in 2025

Child Care Assistance For Early Educators

- Although this was a major trend over the last few years, it has slowed as states face realities with budget priorities
- Arizona is pursuing the policy

Wage Supplements and Increases

- Illinois, Massachusetts, and Minnesota have all invested state funding to support providers in covering their staffing expenses and efforts to recruit and retain a high-quality workforce. The governors in these states have proposed maintaining or increasing this funding in 2025
- Pennsylvania is considering a wage supplement program, and Colorado passed tax credits for teachers in 2024.
- Recipients of IL's Workforce Grants are required to pay teachers and assistants a wage floor
- A bill has been introduced in Washington that would establish a child care workforce standards board that would set mandatory compensation standards

Other Supports

- Extending the deadline to meet educational requirements associated with licensing standards (proposed legislation) (Washington)

Additional Staffing Highlights

- **Washington:** HB 1128 and SB 5062 – companion bills that would create a Child Care Workforce Standards Board to set minimum compensation and other employment standards. These bills have strong legislative support
- While other states have not adopted compensation standards, as staffing issues in the industry persist, it is an important issue to watch. Some state policymakers believe this is a potential solution to ongoing staffing issues



Enrollment Trends — Mixed Delivery Pre-K and Affordability

Policy reasons for declines in enrollment

- Increase in public pre-K programs
- Families facing issues with affordability



Mixed Delivery Pre-K

Several states continue to implement pre-K. However, public only pre-K reduces choice for families and results in closures for community-based providers.

Mixed Delivery Pre-K. Two states to watch are:

- **Texas** - Inclusion of Pre-K in Education Savings Accounts (ESA) Program to ensure that community-based providers can serve any families with a Pre-K student who receives an ESA
- **New Jersey** - Solutions to expand mixed delivery preschool partnerships include:
 - Changing preschool classroom space requirements
 - Allowing multi-year preschool contracts
 - And developing a funding set aside for mixed delivery preschool partnerships.

Affordability: State Trends in 2025

Family Co-Payments

- 35 states cap copayments at 7% of a family's gross income based on their CCDF State Plan
- To comply with new regulations, states are going to have to reduce copayments to 7% of income in the next few years. This will require additional funding or will require the state to serve fewer children
- In Virginia, families currently pay an average of 3.3% of their income on copayments. The Governor and the Senate have introduced proposals to raise copayments to 7% of family income in order to help pay for new child care spaces. ECEC urged Budget Conferees to adopt the House's proposal of a 5% copayment cap, which they have done

Expanding Access & Addressing the Missing Middle

- In some states, proposals have been introduced to expand access to the subsidy program and in many more states, advocates are calling for funds to expand the number of child care spaces (e.g. CA, MA, VA)
- States are getting creative with how to expand supports for families and reduce costs for those who do not qualify for CCDBG. These include tax policies, incorporating the business community, and other examples on later slides

State Tax & Business Policy

Business Tax Credits

- **Texas** – Several bills introduced to support businesses who contribute to the child care expenses of their employees. Some of these are modeled off Florida legislation passed last year

Property Tax

- **Florida** – Work underway for 2025 to expand current exemption to lessees; special assessment exemptions for child care providers
- **North Carolina** – Interest in property tax exemption
- **Texas** – Potential to clarify some challenges with implementing existing law

Business Community Involvement

- Employer Sponsored Child Care programs (IN, TN, TX)
- Tri-Share Pilot Programs – interest this year in AZ, TX, VA, others?
- Chambers of Commerce and major businesses continue to become involved

Public Funding CCDBG Rates: State Trends in 2025

Based on 2022 State Plans:

18 states were at or above the 75th percentile

13 states between 50-75th percentile

15 states were below the 50th percentile



Based on 2025 State Plans:

23 states at or above 75th percentile

13 states between 50-75th percentile

2 states were below the 50th percentile

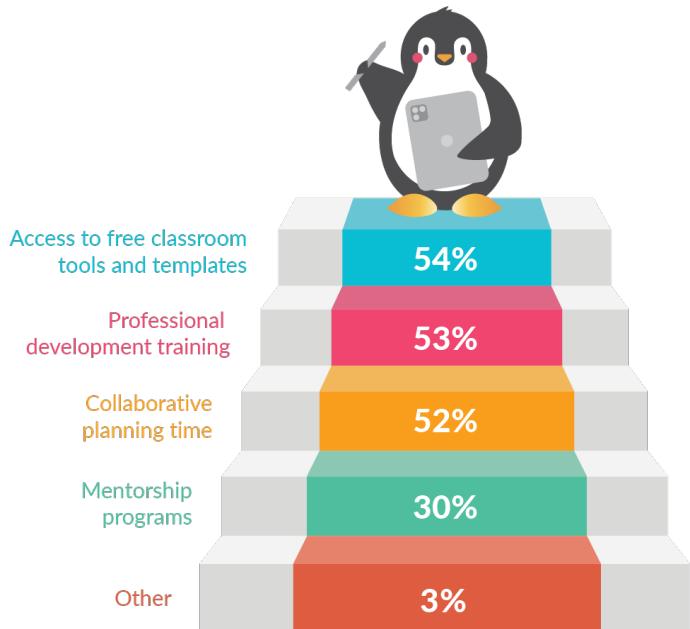
**Note: This reflects center-based infant rates from 46 states in 2022 and 38 states in 2025.*

- States continue to be faced with the challenge of sustaining and building on pandemic-era advances with state funding – particularly with no additional federal CCDBG funding
- In addition, the changes to the CCDBG regulations are impacting state policy
- Several states (CO, FL, GA, MI, MO, OH) raised reimbursement rates in 2024 and **proposals have been introduced in 2025 to increase rates (WA, NC)**
- **However**, some states risk reverting to lower rates if they cannot find additional funding to cover the cost of new regulations or developing waitlists to cut costs
- Some states are **actively pursuing cost-modeling** as a way to identify rates that reflect the true cost of care (e.g. CA, MA, WA)



Final Thoughts

Empowering Teachers: The Key to Success at Your Child Care Organization



What resources or support would help you overcome the challenges you encounter as a teacher?

The Role of Teachers

- Teachers drive quality care and education
- They foster strong relationships with children and families

Challenges Teachers Face

- Burnout from intense workloads and lack of support
- Limited access to professional growth opportunities
- Feeling undervalued in their roles

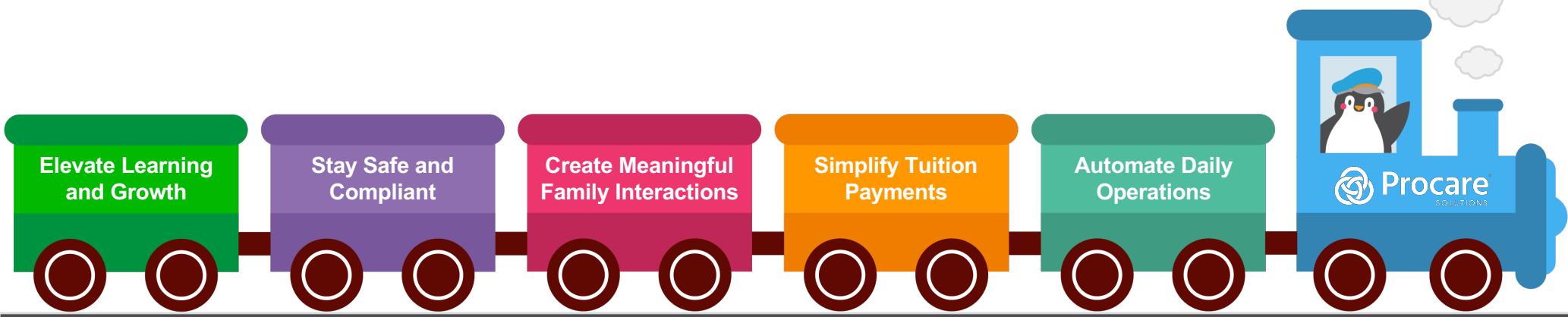
Empowerment Strategies

- Introduce mentorship and professional development programs
- Prioritize mental health and wellness initiatives
- Recognize and reward contributions to boost morale

The Impact

- Happier, more engaged teachers lead to better outcomes for children
- Increased family satisfaction and trust in your program
- A motivated workforce strengthens business success and sustainability

Ensure the care, safety
and education of children with
a leading child care
management software!



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THANK YOU

for joining us!

