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CSCCE Center for the Study of Child Care Employment

**BRIEF** April 2026

# Early Educators Increasingly Depend on Medi-Cal

By Anna Powell, Wanzi Muruvi, and Abby Copeman Petig

Jobs in early care and education (ECE) come with many benefits, chief among them knowing you're making a difference in the life of a child and their family. There are also flowers or cards for Teacher Appreciation Day, as well as the oxytocin released in the brain when a child pulls you into a hug or accidentally calls you "mom" (an honest mistake). These perks, however, are not a replacement for the benefits that most workers rely on as part of their compensation.

Early educator pay starts quite low (Powell et al., 2026). In 2025, the typical starting wage for an assistant teacher at a child care center in California was approximately $18 per hour—a little more than the state's minimum wage of $16.50 and below the $20 minimum for fast food workers. These structurally low wages feed into a negative cycle of burnout and turnover among educators (McLean et al., 2024).

Employer-sponsored benefits are a vital source of economic stability, yet they are not guaranteed. In California, only organizations with at least 50 employees must provide health insurance (California Department of Insurance, 2026). Meanwhile, the state does require all employers to either offer a retirement benefit or enroll their staff in CalSavers—though this savings program doesn't include employer contributions (CalSavers, 2026). In addition, there are numerous self-employed workers in child care who have no employer-sponsored benefits at all.

In this brief, we examine early educators' access to retirement and health care benefits in California, as well as their subsequent use of public assistance.

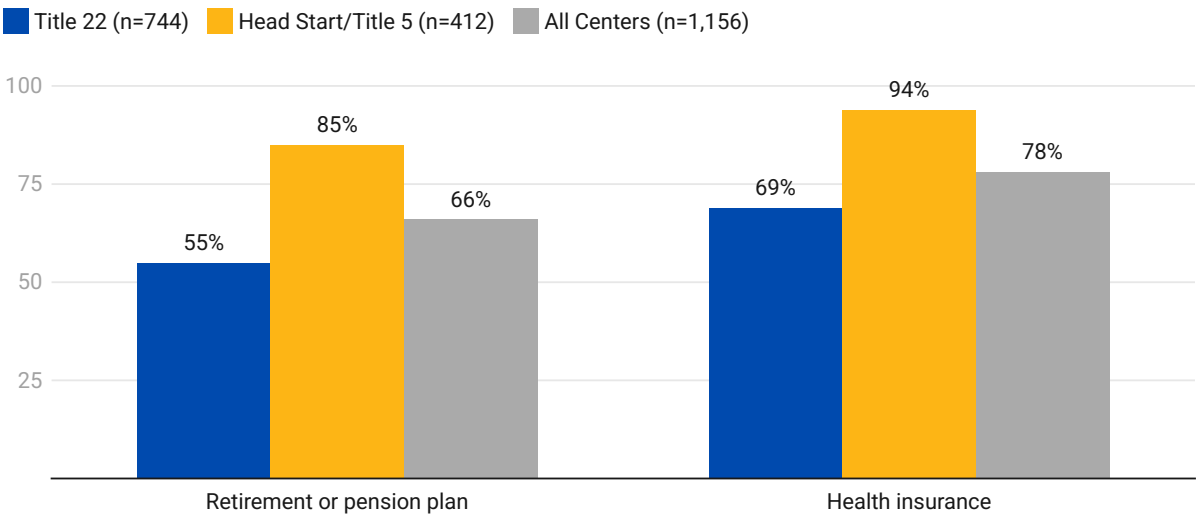
# Head Start and Title 5 centers are more likely to offer retirement and health benefits.

We asked center directors whether their program offers certain benefits to full-time employees (**Figure 1**). We treat these responses as site-level indicators that allow us to estimate the share of child care centers with retirement and health benefits.

Directors more often reported their staff were eligible for health insurance (78 percent) than retirement benefits (66 percent). However, availability of benefits is tightly linked to center program type. Specifically, centers offering care under Head Start or California Title 5 (including State Preschool) more often reported each of the benefits than Title 22 centers (the baseline standard for licensed care).

## Figure 1. Child Care Centers Offering Retirement and Health Benefits

California Early Care and Educator Workforce Study, 2025




*Note: Estimates reflect benefits offered to full-time staff. Data are reported by directors and site leaders of child care centers.*
Source: Center for the Study of Child Care Employment, University of California, Berkeley • Created with Datawrapper

Our question on retirement benefits did not ask employers about CalSavers, which is now mandatory unless the organization offers a qualified plan of its own. Employers do not contribute to CalSavers accounts with a match, but merely facilitate the monthly set-aside out of the employee's paycheck. Common software like Paychex can do this automatically (CalSavers, 2026). More data are needed to gauge ECE employers' awareness of and confidence in CalSavers.

# Small businesses aren't required to offer health insurance, leading to stark differences in access for early educators by setting.

Each child care center employs eight to twelve educators on average, plus managerial and support positions (Powell et al., 2025). In some cases, an ECE employer may be part of a larger organization and therefore have a larger headcount. Requirements to offer health insurance only apply to employers with at least 50 people on staff (California Department of Insurance, 2026).

Smaller staff size means many child care centers are not required to have a health plan—and neither are family child care (FCC) providers. Early educators with an FCC license are self-employed, so they must purchase any benefits themselves (or negotiate for their equivalent if they participate in the state subsidy system). A majority (63 percent) of large FCC providers, who may enroll up to 14 children, also employ assistants but are not subject to the employer health coverage mandate (Powell et al., 2025).

**Table 1** shows how the state requirements impact benefits at different types of sites throughout California.

### Table 1. Examples of ECE Programs and Required Employee Benefits

| ECE Employer Example | Required Retirement Benefits | Required Health Benefits |
|---|---|---|
| **Family child care provider (sole proprietor)**<br>• 1 licensed provider, self-employed<br>• 1 group of children | None | None |
| **Family child care provider with an assistant**<br>• 1 licensed provider, self-employed<br>• 1 paid assistant<br>• 1 group of children | For owner: None<br><br>For her assistant: CalSavers or other approved plan | None |

*Continued*

**Table 1. Examples of ECE Programs and Required Employee Benefits,** *continued*

| ECE Employer Example | Required Retirement Benefits | Required Health Benefits |
|---|---|---|
| **Standalone child care center**<br>• 1 director<br>• 1 administrative assistant<br>• 10 teachers or assistants<br>• 4 classrooms | For all employees: CalSavers or other approved plan | None |
| **Head Start program embedded in a school district**<br>• 5 directors or site supervisors<br>• 5 administrative assistants<br>• 60 teachers or assistants<br>• 10 preschool sites, each with 2 classrooms<br>• Another 800 individuals working in K-12 classrooms, student support, and central office | Required; likely subject to negotiation with union(s). | Required; likely subject to negotiation with union(s). |

Note: California Government Code § 100000 defines the employer mandate for CalSavers. Benefits for public school employees fall under California Government Code § 20000 and § 20610. Health care requirements by employer size originate in the Affordable Care Act defined under 26 U.S.C. § 4980H.

Without information about the total number of employees per organization (especially for ECE organizations that also provide other services), it's hard to estimate the share of centers required to offer health insurance. However, we can take another approach: the Center for the Study of Child Care Employment (CSCCE) analyzed licensure data to identify organizations offering care at multiple sites. Based on our list of approximately 10,000 centers serving children birth to five, we estimate there are around 5,400 employers in California offering center-based care. This estimate includes school districts' preschool programs, but not transitional kindergarten (TK). For more information about how we track the number of ECE employers, refer to **About the Data**.

Using this approach, we estimate around 20 percent of center-based employers have at least 50 employees. In other words, health insurance coverage is by no means guaranteed as part of an ECE compensation package. Once again, we find big differences between Head Start and Title 5 compared to Title 22: we estimate less than 15 percent of Title 22 ECE employers have at least 50 employees, compared with 70 percent of ECE employers under Head Start or Title 5. Additionally, many State Preschool and Head Start employers are also school districts, where the norm is compensation negotiated by a union (for instance, the California School Employees Association or the CFT).

While many Title 22 sites clearly offer benefits without being required by law, the richer benefits offered in Head Start and Title 5 show that policy (and center unionization) can make a difference.

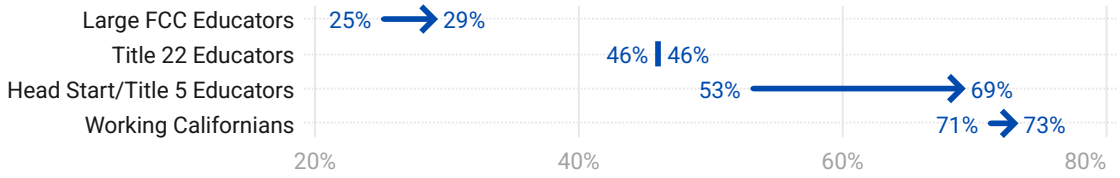
# The share of educators with retirement accounts has gone up but still lags behind the California average.

While 66 percent of centers offer retirement benefits, educators may opt out. Opting out of CalSavers is also allowed. To understand the actual availability of retirement savings, we asked educators about whether they have a retirement account "such as a 401(k), 403(b), IRA, public employee pension or other account designed specifically for retirement savings."

We find that self-reported retirement savings has increased for most educators since 2020, with the exception being staff in Title 22 centers (**Figure 2**). Large FCC providers showed a 4 percentage point increase, from 25 to 29 percent, while Head Start and Title 5 staff realized a 16 percentage point increase, from 53 to 69 percent.

## Figure 2. Early Educators With Retirement Savings

California Early Care and Education Workforce Study, 2020 and 2025




*Note: Estimate for working Californians based on authors' analysis of the 2024 Survey of Household Economics and Decisionmaking (Federal Reserve Board, 2025).*

Source: Center for the Study of Child Care Employment, University of California, Berkeley • Created with Datawrapper

By comparison, working adults in California reported a 2 percentage point increase between 2020 and 2024, rising from 71 to 73, according to the authors' analysis of the 2024 Survey of Household Economics and Decisionmaking (Board of Governors of the Federal Reserve System, 2025). While the gains for many educators are positive, only Title 5 and Head Start educators are nearing the statewide average.

It is unclear whether educators know they are automatically enrolled in CalSavers. By default, all new employees are automatically enrolled after 30 days, unless they opt out (CalSavers, 2026). However, because the default requires no action, it is possible employees don't realize they have opened a retirement account or that they have a choice in whether or not to enroll.

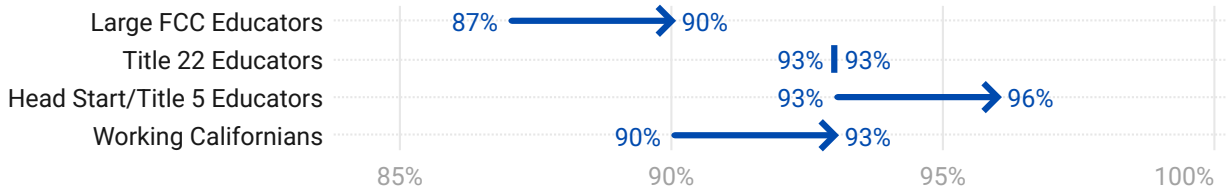
Meanwhile, FCC providers are self-employed and must set up their own retirement accounts. Child Care Providers United (CCPU), a union that represents home-based educators participating in the state subsidy system, won a historic retirement fund in 2023—the first of its kind in the United States (Child Care Providers United, 2026a). While it is likely this achievement played a role in increasing access to retirement dollars, our data do not yet show a difference between individuals based on union membership. As the program becomes more established in the coming years, we will have a better opportunity to measure its true impact.

# Most early educators have health insurance, though some find their options unaffordable.

We reported at the start of this brief that 78 percent of child care centers offer health insurance to full-time staff. However, Californians have other ways to enroll in a plan. As a consequence, early educators had rates of health insurance enrollment similar to the California average in both 2020 and 2025 (**Figure 3**). We estimated coverage among working Californians using Annual Social and Economic Supplement (CPS-ASEC) data retrieved from IPUMS (Flood et al., 2025). We measured a similar increase in coverage rates of approximately 3 percentage points for all groups except for Title 22 staff.

### Figure 3. Health Insurance Coverage Among Early Educators

California Early Care and Education Workforce Study, 2020 and 2025




*Note: Estimate for working Californians based on authors' analysis of the Annual Social and Economic Supplement (CPS-ASEC) retrieved from IPUMS.*

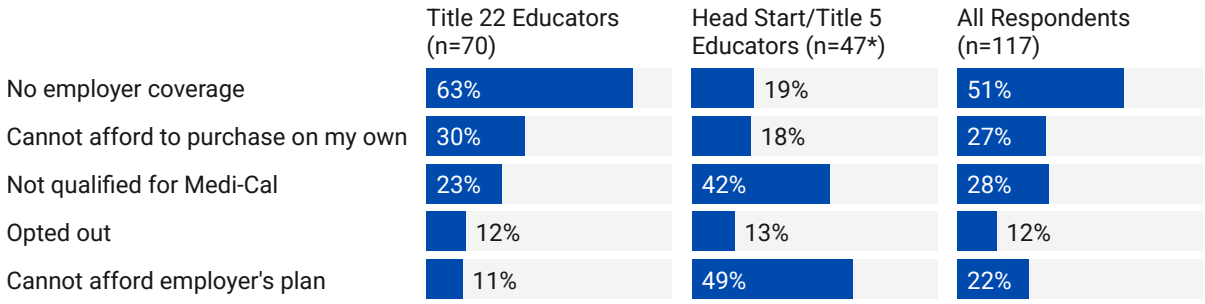
Source: Center for the Study of Child Care Employment, University of California, Berkeley • Created with Datawrapper

FCC providers who are members of CCPU can participate in the Health Care Fund (Child Care Providers United, 2026b). Like the Retirement Fund, this benefit was first negotiated in 2023. However, the program is reimbursement based: it may not change providers' access, but make it more affordable to use health insurance when seeking care.

We asked center-based educators without health insurance for more context through a multiple choice question in the 2025 survey. The top reasons for not having health coverage diverged for Title 22 staff compared to Head Start and Title 5 staff once again (**Figure 4**). A lack of employer offering was the top reason for the Title 22 educators, while the employer's plan cost was the top reason for Head Start and Title 5 educators. Head Start and Title 5 staff were also more likely to say they did not qualify for Medi-Cal.

### Figure 4. Top Reasons for No Health Coverage

California Early Care and Education Workforce Study, 2025




**Interpret with caution (n<50).*

Source: Center for the Study of Child Care Employment, University of California, Berkeley • Created with Datawrapper

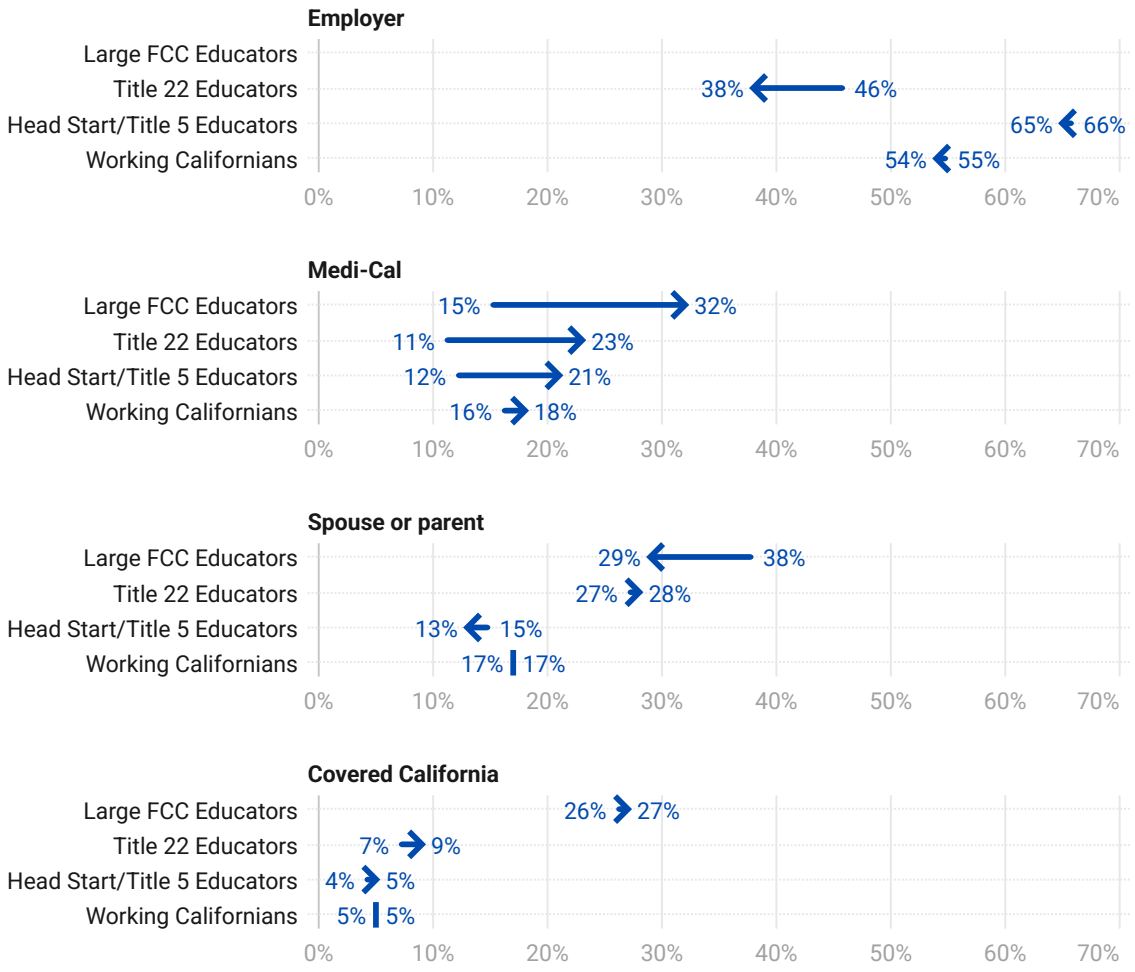
# Early educators are increasingly relying on Medi-Cal.

Overall health coverage rates only tell part of the story. Our survey also asked covered educators which type(s) of insurance they used. In 2025, Head Start and Title 5 educators were almost twice as likely as Title 22 teachers to enroll in an employer-offered plan. This gap was much larger in 2025 than 2020, when 46 percent of Title 22 staff used an employer's plan. While our study does not compare the same educators across years, the share of Title 22 educators relying on Medi-Cal doubled over this period.

FCC provider enrollment in Medi-Cal likewise doubled from 2020 to 2025. FCC providers tend to use a spouse's plan, Covered California, or Medi-Cal. Coverage via a family member fell the most as Medi-Cal coverage rose, even among married educators specifically. Meanwhile, working adults on the whole only increased their enrollment in Medi-Cal by 2 percentage points over the same period, according to the authors' analysis of CPS-ASEC data.

## Figure 5. Trends in Sources of Health Coverage

California Early Care and Education Workforce Study, 2020 and 2025




*Note: Chart excludes individuals without health insurance. Additional options are not shown (Medicare, direct purchase, and other). Respondents could select multiple options. Estimate for working Californians based on authors' analysis of the Annual Social and Economic Supplement (CPS-ASEC) retrieved from IPUMS.*

Source: Center for the Study of Child Care Employment, University of California, Berkeley • Created with Datawrapper

This dramatic increase may be overstating the uptake of Medi-Cal: our sample of FCC educators in 2025 had a much higher concentration of educators in the subsidy system (and those educators are more likely to be using Medi-Cal). However, ECE employment went through substantial turmoil during the COVID-19 pandemic (Kim et al., 2022), with the number of jobs contracting and rebuilding. This instability may have caused educators to switch to Medi-Cal while they weathered job changes (or revenue losses, in the case of FCC providers). Medi-Cal also operates without premiums or deductibles, saving early educators thousands of dollars out of their meager paychecks.

# FCC providers celebrate benefits offered by Child Care Providers United, but some struggle with eligibility.

We included an open-ended question in the 2025 survey that invited providers to comment on the CCPU benefits (retirement, health, etc.). Some individuals took this chance to celebrate CCPU's impact:

> "They have provided me with a CCPU card that I can use for FSA-eligible items and medical expenses, which has been very helpful in managing health-related costs. They have also supported me by reimbursing Covered California premiums, which has made health insurance more affordable. In addition, CCPU has given me access to training opportunities that help me grow as a provider and improve the quality of care I can offer to the children and families I serve."
>
> – FCC Provider, Monterey County

> "Twelve months ago, I had none of these benefits! After joining CCPU, I now have help with health insurance, retirement, and wage increase so I don't have to work seven days a week, [plus] a hotline/helpline [...] that is priceless! For 31 years, I worked tirelessly on my own. I wish CCPU was available many years ago."
>
> – FCC Provider, Lake County

Other providers shared they were not currently benefiting from CCPU's success at the bargaining table, but many expressed interest. Providers indicated they understand they need to enroll children with subsidies, but they sometimes face barriers in doing so.

> "In the beginning, I was getting grants for having subsidized children in care. I do have the new Retirement Fund from previous years, however I have not had any subsidized children for over a year, so they will not put money into that until I get more children from subsidy."
>
> – FCC Provider, Fresno County

> "[CCPU won] retirement benefits BUT we need to have children on subsidy. There are a lot of waitlisted families. I for one haven't had [subsidy] families referred from the agencies for 2 years."
>
> – FCC Provider, Los Angeles County

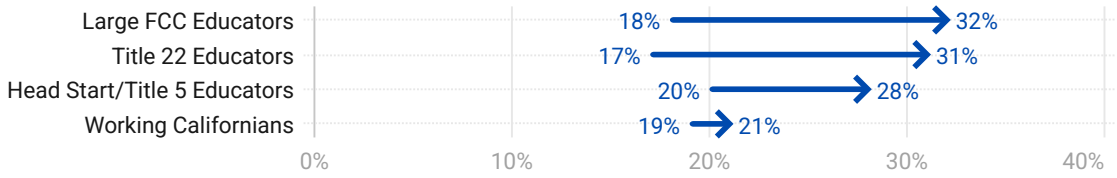
# Increased Medi-Cal participation means more early educators now rely on the social safety net.

CSCCE tracks educators' participation in certain forms of public assistance. In order to compare the ECE workforce to California as a whole, we analyze participation in five social safety net programs: Medi-Cal; CalFRESH (California's Supplemental Nutrition Program, also known as "food stamps"); CalWORKS (California's Temporary Assistance to Needy Families, TANF); Women, Infants & Children (WIC); and subsidized housing. We once again use CPS-ASEC data to create comparable estimates for working Californians.

The impact of Medi-Cal enrollment is evident again in **Figure 6**. While working Californians overall saw only a 2 percentage point increase in the social safety net programs we track, early educators had a much larger increase. Enrollment among large FCC and Title 22 educators surged by 14 percentage points to 32 percent, so nearly one in three of these educators were using public assistance in 2025. Head Start and Title 5 educators were slightly behind at 28 percent participation.

## Figure 6. Early Educators Using Select Public Assistance

California Early Care and Education Workforce Study, 2020 and 2025




*Note: Includes participation in Medi-Cal, CalFRESH, CalWORKS, WIC, and/or subsidized housing. Medi-Cal for children is not included. Estimate for working Californians based on authors' analysis of the Annual Social and Economic Supplement (CPS-ASEC) retrieved from IPUMS.*

Source: Center for the Study of Child Care Employment, University of California, Berkeley • Created with Datawrapper

# Policy Recommendations

**In order to improve health coverage rates, California must target affordability.** The state could consider easing in greater mandates for employer-sponsored care, though this strategy leaves out family child care providers and has other downsides (for instance, job lock; see Bailey & Mathes, 2022). By contrast, targeting health coverage affordability would likely reduce the number of individuals opting out.

**California must fund a more robust subsidy reimbursement rate to help Title 22 programs catch up.** Jobs in Head Start and Title 5 centers have better wages and benefits, creating a model for public funding streams. Weak access to benefits in other settings perpetuates inequities among ECE jobs. While Title 22 centers include families that don't receive any public funding, California can make a difference by paying more per child in the subsidy system. This investment would make it more feasible for employers to offer benefits (see Child Care and Development Division, 2026).

**California must defend Medi-Cal access.** The spike in educators enrolled in Medi-Cal took place before Congress enacted sweeping changes to Medicaid with HR 1. California will have to counteract projected reductions in federal funding—and enforce punitive new rules—leading to fewer people covered at a higher cost (Petek, 2026; Saucedo & Orbach-Mandel, 2026). These actions will disproportionately hit early educators unless the state bolsters access and affordability.

**The state budget must stop delaying the promised increase to subsidy supply.** The Governor's Proposed Budget for next year, released in January 2026, sweeps funding for 70,000 subsidy spaces promised in 2021 without offering a plan to fund them in the future (California Budget & Policy Center, 2026). By increasing subsidy spaces, California can bolster more of the ECE system. This strategy is especially true for family child care: for CCPU benefits to help thousands of educators begin saving for retirement, access to subsidies must increase to meet demand.

**More research is needed on the use of CalSavers by ECE employers and employees.** While the program has expanded steadily since its launch in 2019, it only became mandatory for all employers at the end of 2025. It is unclear whether ECE employers have caught up to this requirement or whether their employees are aware of the change.

# About the Data

The data in these profiles were collected as part of the California Early Care and Education Workforce Study, conducted by the Center for the Study of Child Care Employment at the University of California, Berkeley.

The 2020 survey took place in October through December, while the 2025 survey took place primarily in March through May. Some counties conducting an oversample had a longer survey window. In both cycles, CSCCE invited the participation of all available licensed ECE programs serving children from birth to five in California. Our sample size was designed to produce a sample representative of sites within a 6 percent margin of error at the regional level. Except for small family child care educators, who serve no more than eight children, we met or exceeded these targets for all regions except the northern region, where our center director sample fell short by 12 percent (20 sites). Data are weighted using a post-stratification method by program type and region.

To estimate the number of ECE employers, we analyzed Community Care Licensing's list of child care center licenses, screening out licenses for school-age children (Community Care Licensing, 2026). Using a combination of site name, agency name, and other details, we transposed the list of 12,500 active licenses into a list of roughly 10,000 sites and grouped them into clusters by employer. We then estimated teaching staff head count based on licensed capacity by age. Next, we applied a 25 percent increase to account for administrative staff to derive a rough count of total employees. We used this number to estimate the share of organizations with at least 50 employees—any sites run by a school district were also added to this category—resulting in a rough estimate of 4,370 employers with fewer than 50 employees and 1,050 employers with 50 or more employees.

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# Early Educators Increasingly Depend on Medi-Cal

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## About CSCCE

CSCCE provides research and analysis on the preparation, working conditions, and compensation of the early care and education workforce. We develop policy solutions and create spaces for teaching, learning, and educator activism. Our vision is a publicly funded early care and education system that secures racial, gender, and economic justice for those whose labor is the linchpin of quality services for working families. In this system, teaching and caring for young children is a good job.