

A Workforce Strategy That Works: Child Care Subsidies for Tennessee's Child Care Staff, 7/15/25

In Brief: Low wages in Tennessee's child care sector make it difficult for programs to recruit and retain staff, forcing many to operate below licensed capacity and limiting families' access to care. Other states are addressing this by extending child care subsidies to parents who work in child care programs — a strategy Tennessee should adopt.

Background. In 2022, Kentucky was the first state to pass legislation to make parents working in licensed child care programs eligible for child care subsidy. The intent of the legislation was to offer a recruitment and retention tool to licensed child care programs to address the child care workforce shortage. At the time, many child care programs were struggling with staffing and parents were on waiting lists for care while classrooms were going unused.

Since 2022, [Arkansas](#), [Colorado](#), [Georgia](#), [Indiana](#), [Iowa](#), [Maine](#), [Massachusetts](#), [New Hampshire](#), [North Dakota](#), [Oklahoma](#), and [Rhode Island](#) have implemented similar policies. Bills in [Nebraska](#) and [Utah](#) have also been enacted but have not yet been implemented.

On average, child care workers in Tennessee earn \$13.96 per hour (about \$29,030 annually), which is just above the poverty line for a family of three.¹ Most other jobs pay more. The median wage for individuals working in child care falls below 97% of all other occupations.² Nearly 40% of the Tennessee child care workforce relies on public assistance (i.e. EITC, SNAP, TANF, and Medicaid).³

Low wages are related to high turnover, which the Cleveland Federal Reserve estimates at 65% higher than other occupations.⁴ The turnover of child care staff also impacts the children in their care since stable relationships are important for child development.⁵

Using child care subsidy as an employer benefit helps ensure that child care programs can be fully staffed. It makes child care more affordable for staff who otherwise may be unable to afford care in the same program in which they work, and makes child care jobs more attractive, particularly to parents who want to work with children but might be lured to higher-paying service sector jobs.

Many communities in Tennessee have a shortage of licensed child care programs compared to the number of children whose parents might want or need child care. The challenge in recruiting and retaining child care staff exacerbates that supply shortage.

Dual Benefit Solution. By using child care subsidy as a workforce benefit, Tennessee can simultaneously strengthen recruitment and retention of the child care workforce and increase the supply of child care slots available to working families.

¹ U.S. Bureau of Labor Statistics, [Occupational Employment and Wage Statistics](#), 2024

² Ibid.

³ McLean, C., Austin, L.J.E., Powell, A., Jaggi, S., Kim, Y., Knight, J., Muñoz, S., & Schlieber, M. (2024). [Early Childhood Workforce Index – 2024](#). Center for the Study of Child Care Employment, University of California, Berkeley.

⁴ [Using Worker Flows to Assess the Stability of the Early Childcare and Education Workforce, 2010-2022](#), Kyle Fee, Community Development Policy Advisor, Federal Reserve Bank of Cleveland, 2024.

⁵ [Child Care Workforce Retention Incentives](#), Prenatal to 3 Impact Center, 2025