

*June 23, 2021*

## **Statement on the North Carolina Senate Budget**

North Carolina is facing a unique time in our budget history, with record state surpluses and an unprecedented amount of federal funding to support early childhood education and address issues facing young children, families, and communities. This funding presents opportunities to address long-standing structural problems and inequities in the early childhood system.

The Senate budget, released on Monday, June 21<sup>st</sup>, is a good first step and contains some bright spots for early childhood education, most notably, funding for Smart Start, NC Pre-K, and Child Care Subsidy Assistance. However, there is more that needs to be done to support struggling child care teachers and programs who have continued to stay open during the pandemic and support North Carolina's young children, working families, and economic recovery.

Most importantly, funding is still needed to support the early childhood workforce and stabilize child care programs through an investment in the Child Care WAGE\$ program and improved child care subsidy rates.

Early educators are the workforce behind the workforce. Child care teachers have been on the frontlines of the COVID-19 crisis since day one, but they are paid poverty-level wages and few benefits for the essential work they do. Our state is facing an unprecedented workforce crisis, and professional compensation is needed now to attract and retain a high-quality workforce.

Child care programs have stepped up to stay open during the pandemic, often at considerable loss. A key way to stabilize child care programs is with more adequate and equitable child care subsidy reimbursement rates. This will help providers sustain their programs, pay teachers higher wages, and enhance program quality, and it would increase access for families by encouraging more providers to serve children receiving child care subsidies.

We look forward to working with North Carolina Senate and House leaders to continue to find ways to support young children, their families, and the child care system. It is critical that the final state budget includes an investment in the long-term sustainability of our early education system, including funding for the Child Care WAGE\$ program, improved child care subsidy rates, and full implementation of the early childhood priorities in the Leandro comprehensive long-term plan.

These are all important pieces to ensure that child care teachers and programs are supported through the duration of this crisis and beyond, and to make child care more accessible for young children and working families across the state.

## Early Education Highlights of the Senate Budget Include:

### Smart Start

- \$15 million in non-recurring state funds for Smart Start for both years of the biennium.

### NC Pre-K

- 2% rate increase supported by \$1.7M in recurring state funds for FY 21-22 and FY 22-23 with the intention of supporting salaries for NC Pre-K teachers in private child care programs.
- \$20 million in non-recurring federal state-level ARPA funding to support to support start-up and capitol grants for communities with child care deserts or low-performing or high poverty school districts.
- No additional funding for slot expansion.

### Child Care Subsidy Assistance

- \$503M from the federal child care ARPA funding to support families on the child care subsidy wait list, cover parent co-payment fees through the year, and allows for retention bonuses for the child care workforce.
- \$16 million in federal Child Care Entitlement To States grant, which unless designated, becomes part of the child care subsidy assistance program.

### Other Child Care Action

- Child Care Lead Abatement: \$150M in non-recurring funding for lead abatement in child care programs and public schools.
- NC Community College Child Care Grant Program: \$1.5M in nonrecurring funding in both fiscal years to help students pay for child care expenses.
- Hold Harmless Child Care Ratings bill (S570): includes the bill as it passed the Senate, but no appropriation for the workforce pipeline provisions.