

August 11, 2021

Statement on the North Carolina House 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. We can and must ensure that children have access to quality early learning experiences, that parents can afford child care so that they can return to work, that early educators can afford to keep teaching, and that child care programs receive adequate funding to sustain their services.

The House budget, released on Tuesday August 10th, contains some bright spots for early childhood education, most notably, funding for Smart Start, NC Pre-K, Child Care Subsidy Assistance, and funding for the early childhood workforce. 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.

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 House and Senate leaders to continue to find ways to support young children, their families, and the child care system in the Joint Conference Committee. 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 early childhood workforce, improved child care subsidy rates, NC Pre-K expansion, 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 House Budget Include:

Smart Start

- \$15 million in recurring state funds for Smart Start for both years of the biennium, total \$30 million.

NC Pre-K

- 2% rate increase supported by \$1.7 million for FY 21-22 and \$3.4 million in FY 22-23 in recurring state funds with the intention of supporting salaries for NC Pre-K teachers in private child care programs.
- \$10 million in non-recurring federal state-level ARPA funding to support start-up and capitol grants for child care and NC Pre-K classrooms in communities with child care deserts or low-performing or high poverty school districts.
- No additional funding for slot expansion.

Federal Child Care Funding

- \$274 million total from the federal child care ARPA funding to support 1) families on the child care subsidy wait list (\$206-215M), 2) cover parent co-payment fees through December 2021, (\$30M) and 3) modernize child care licensing and subsidy management technology (\$50-59M).
- \$207.7 million to build supply of qualified child care teachers with \$35M to Child Care WAGES, plus staff bonuses and other teacher pipeline programs (apprenticeships, stackable courses, and fast-track programs).
- \$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

- Hold Harmless Child Care Ratings bill (S570): includes the bill as it passed the Senate, appropriation for the workforce pipeline provisions included in ARPA (see above).
- Child Care Lead Abatement: \$150M in non-recurring funding for lead abatement in child care programs and public schools.

Early Education Highlights of the Senate and House Budget Comparisons

Item	Senate	House
Smart Start	\$15 million in non-recurring state funds for both years of the biennium	\$15 million in recurring state lottery funds for both years of the biennium. Exempt from administrative requirements.
NC Pre-K	2% rate increase supported by \$1.7M in recurring state funds for both FY 21-22 and FY 22-23. Intention of supporting salaries for NC Pre-K teachers in private child care programs	Same
NC Pre-K and Child Care Grants	\$20 million in non-recurring federal state-level ARPA funding to support start-up and capitol grants for communities with child care deserts or low-performing or high poverty school districts.	\$10 million in non-recurring funds for NC PreK and Child Care grants for start-up, quality improvement, and capitol improvements
Federal Child Care Funding	\$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.	\$503 M allocated for: <ul style="list-style-type: none"> • \$206-\$215M to reduce the waitlist • \$207.7M build supply of qualified teachers with \$35M to Child Care WAGE\$, plus staff bonuses and other teacher pipeline programs (apprenticeships, stackable courses, and fast-track programs) • \$50-\$59M to modernize databases and IT • \$30M for parent co-pay fees through 2021
	\$16 million in federal Child Care Entitlement to States grant, which unless designated, becomes part of the child care subsidy assistance program.	Same
Hold Harmless Child Care Ratings bill (S570)	Includes the bill as it passed the Senate, but no appropriation for the workforce pipeline provisions.	Includes the bill as it passed the Senate and adds \$207.7M for workforce pipeline provisions (see above).
Child Care Lead Abatement	\$150M in non-recurring funding for lead abatement in child care programs and public schools	Same
NC Community College Child Care Grant Program	\$1.5M in nonrecurring funding in both fiscal years to help students pay for child care expenses.	Not included