

November 16, 2021

Statement on the North Carolina Budget

Throughout this legislative session, the NC Early Education Coalition has focused on ensuring 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.

Although there are some bright spots, the Conference Budget released on November 15th represents a missed opportunity for North Carolina's young children, their families, their educators, and their communities. 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. This year's historic funding could and should have addressed long-standing structural problems and inequities with strong investments in all of the interconnected components of our early childhood system. The final budget will be voted on this week and the Governor has already indicated he will sign this budget as presented.

We are most disappointed to see the lack of funding for early educators. Child care teachers are the workforce behind the workforce, and they have been on the frontlines of the COVID-19 crisis since day one. North Carolina is facing an unprecedented workforce crisis due to poverty-level wages, and professional compensation is needed now to attract and retain a high-quality workforce. Expanding the Child Care WAGE\$ program statewide would ensure that every eligible teacher in all 100 counties has access to this long-standing, evidence-based program to improve teacher compensation and retention. With ample state and federal funding available, it is disheartening that the final budget does not include this investment in the essential early educators who are teaching and caring for our state's youngest children, even though the House did include full expansion for Child Care WAGE\$ in its budget.

The budget maximizes the federal American Rescue Plan COVID relief funding, providing critically-needed funding to support the more than 22,000 children and working families on the Child Care Subsidy Waitlist. But child care programs across the state are already struggling to find qualified staff to meet the demand. Until the childhood workforce receives adequate compensation for the worthy work they do every day, programs will continue to be forced to turn families away because they don't have enough teachers. Inequitable subsidy reimbursement rates further exacerbate this problem, leaving child care programs without adequate funding to serve children from working families with low-incomes.

We are pleased to see that Smart Start, the state's signature early childhood program, received a significant recurring increase in the budget, which will strengthen early education, child health, and family support programs across the state. NC Pre-K also received a small reimbursement rate increase and start-up funding, which will support communities in providing high-quality early learning opportunities to more young children.

North Carolina continues to need a budget that invests in the long-term sustainability of a strong early childhood system and fully supports the implementation of the Leandro court order to ensure that every child has access to a sound basic education beginning in early childhood. We remain committed to working to secure funding to help stabilize and sustain child care programs and teachers and to make child care more accessible for young children and working families across the state.

Early Education Highlights of the Final Budget Include:

Smart Start

- \$10 million in recurring state funds for Smart Start for both years of the biennium, total \$20 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.
- \$20 million in non-recurring federal state-level ARPA funding to support start-up and capital 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 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

- Includes ARPA appropriation for the workforce pipeline provisions in Hold Harmless Child Care Ratings bill (S570), which passed as a separate bill earlier this session.
- Child Care Lead Abatement: \$150M in non-recurring funding for lead abatement in child care programs and public schools.

Early Education Budget Comparisons

Item	Senate	House	Final
Smart Start	\$15 million in non-recurring state funds for both years of the biennium	\$15 million in recurring state funds for both years of the biennium.	\$10 million in recurring state funds for both years of the biennium.
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	Same
NC Pre-K and Child Care Grants	\$20 million in non-recurring federal state-level ARPA funding to support to support start-up and capital 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	\$20 million in non-recurring federal state-level ARPA funding to support to support start-up and capital grants for communities with child care deserts or low-performing or high poverty school districts.
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 	\$503 M allocated for: <ul style="list-style-type: none"> • \$206-\$215M to reduce the waitlist • \$207.7M build supply of qualified teachers with 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	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).	Includes appropriation for the workforce pipeline provisions S570, which passed as a separate bill this session.
Child Care Lead Abatement	\$150M in non-recurring funding for lead abatement in child care programs and public schools	Same	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	Not included