

Extend Compensation Grants through June 2025 to support early childhood educators and keep parents and businesses working.

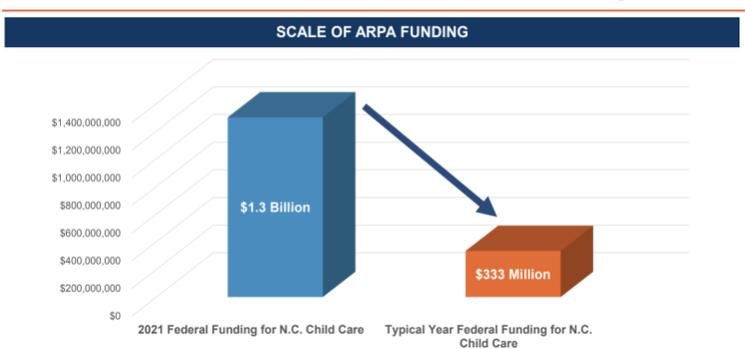
Access to high-quality child care is essential for children’s development and for the growth of a healthy, competitive workforce. Without child care, parents can’t work, and children miss out on important early educational experiences. Child care teachers are the backbone of the child care industry, but this highly-skilled workforce has long been underpaid, resulting in high turnover rates and a dwindling pipeline of teachers. The COVID-19 pandemic both highlighted and exacerbated these issues.

As North Carolina faces the impending end of federal pandemic relief funding, an investment in early education is critically needed to avoid the precarious impacts of a funding cliff at the end of this year. Supporting the early childhood workforce will help child care programs stay open to support young children, working parents, businesses and employers, and our state’s economy.

The child care industry is facing a funding cliff this year.

Since 2021, Child Care Stabilization Grants funded by the American Rescue Plan Act have supported child care programs’ efforts to address poor compensation. More than one-third of all Stabilization Grant funding has been used for compensation efforts, providing increased compensation in some form to more than 40,000 early educators. In December of this year, the child care field is facing a funding cliff that will be catastrophic, leading to more child care teachers leaving the field, additional child care program closures, and even less availability of child care for working parents.

2024 North Carolina Child Care Pandemic Relief Funding Cliff



Without adequate compensation, early childhood teachers can’t afford to stay in the field.

Child care teachers are the workforce behind the workforce, but child care teachers are woefully underpaid, earning an average of just \$12/hour. The Stabilization Grants have helped increase compensation without passing on increased costs to parents, who already struggle to afford child care, but child care programs operate on razor thin profit margins and simply can’t compete with fast food, retail, and other businesses that now pay upwards of \$15/hour. Consistently low wages and lack of benefits have led many working in child care to leave the field for higher-paying jobs. Without an investment when the federal grant funding ends, there will be even more turnover among child care staff, which will further decimate families’ ability to work and to provide early learning opportunities for their children.

The child care workforce crisis impacts everyone in North Carolina.

Everyone knows someone who depends on child care. Parents in every industry need child care to be able to work, and North Carolina’s businesses and employers have identified child care as a critical factor in our state’s workforce challenges. A recent study also found that North Carolina is losing \$3.5 billion annually in tax revenue due to a lack of reliable child care, caused in large part by child care workforce shortages.

North Carolina needs a multi-faceted approach to support higher compensation in order to prevent a mass exodus of child care teachers when federal funding runs out, as well as to continue to recruit and retain qualified early educators. Extending the compensation grants is an urgently-needed policy option that will allow the field to continue to explore additional, long-term solutions while avoiding the impending crisis presented by the funding cliff this December.

Resources: information provided by Child Care Services Association, NC Chamber of Commerce, NC Division of Child Development and Early Education, and Ready Nation: Council for a Strong America.