



The North Carolina Budget and What's Next for Early Education

November 17, 2021

Goals for Today

- Review what's in the budget for young children, their families, and their educators
- Update on Leandro
- Federal update and advocacy opportunities
- Answer your questions!



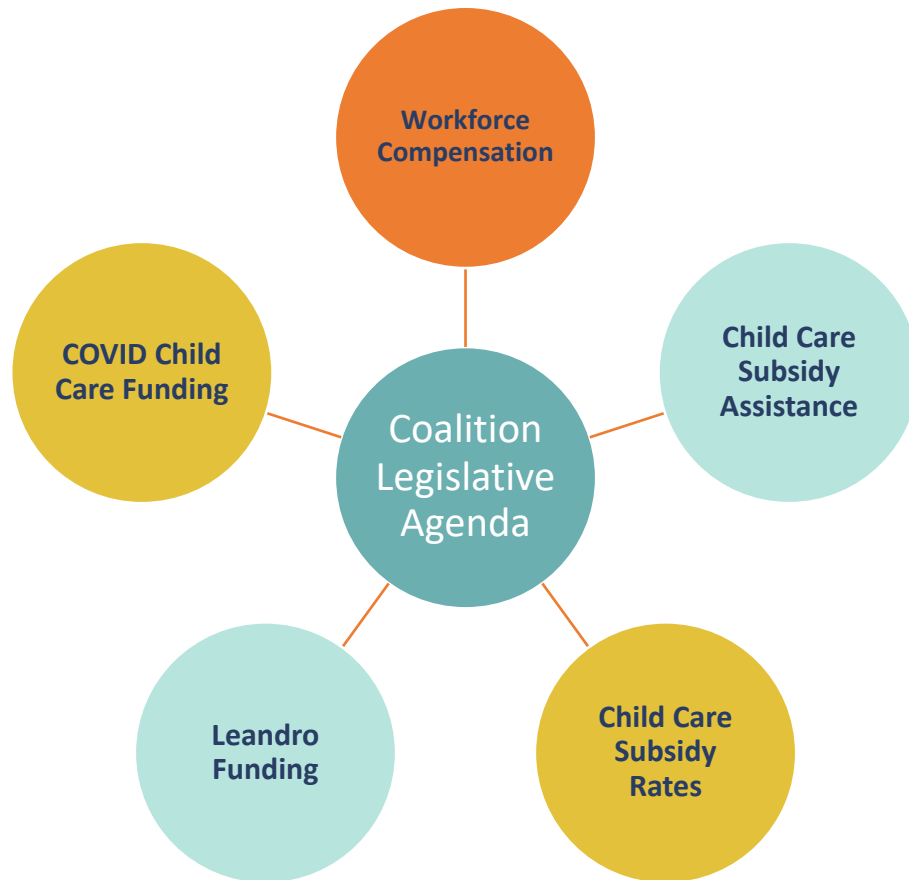
What's in the budget for young children, their families, and their educators?



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EARLY EDUCATION COALITION

The State Budget

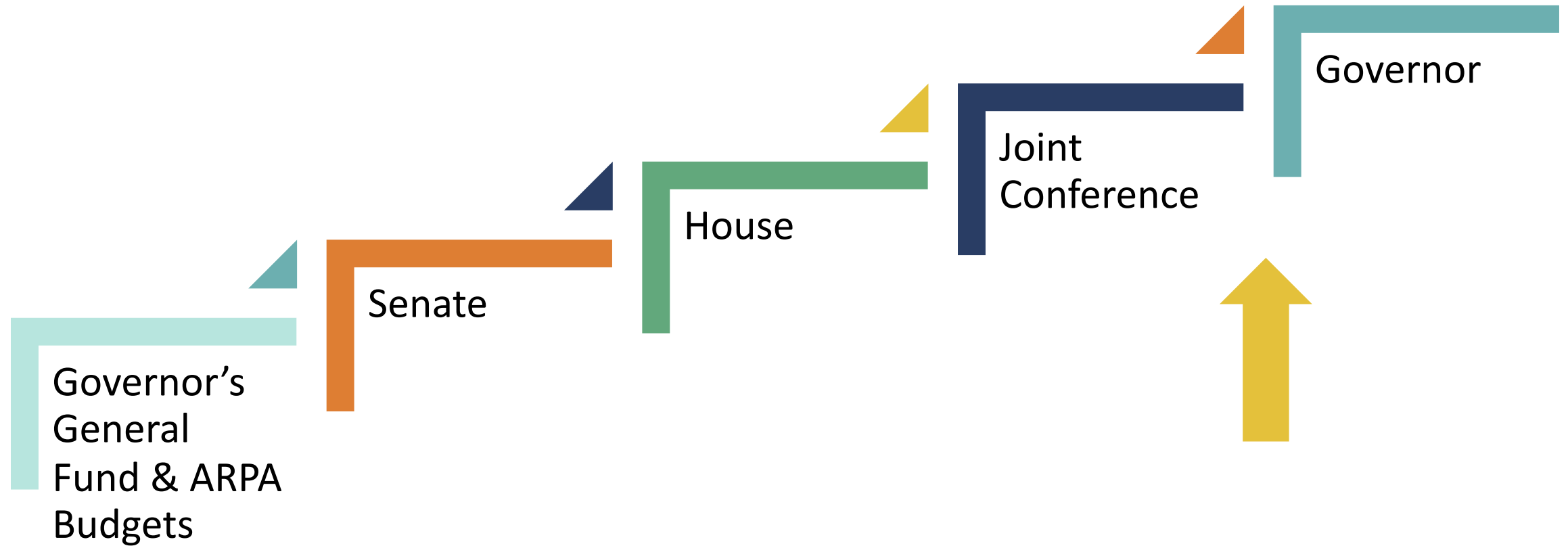
NC Early Education Coalition Policy Priorities



Top Line – Child Care is Essential!

- **Expand funding for all major early childhood programs**
 - Smart Start, NC Pre-K, Child Care Subsidies
- **Child Care Workforce Compensation**
 - Expand Child Care WAGE\$ statewide + retention bonuses
- **Fund and Implement Leandro Action Plan**
- **COVID Child Care Funding**
 - Stabilize and sustain the child care industry
 - Expand child care subsidy assistance to families on the wait list and additional eligible families
 - Support the workforce

Budget Process



Final Budget Summary for Early Education

Good News

- Smart Start – recurring funds!
- NC Pre-K rates and start-up/capital grants
- Federal American Rescue Plan \$500M – Child Care Subsidy Assistance and parent co-payments

Bad News

- Child Care WAGE\$ expansion
- Child Care Subsidy rates
- NC Pre-K expansion
- Leandro Plan funding
- Future revenue picture due to tax cuts

Bright Spots in the Budget

- **Smart Start:**

- \$10 M in recurring state funds for Smart Start for both years of the biennium, total of \$20 M

- **NC Pre-K:**

- 2% rate increase supported by \$1.7M in recurring state funds for FY 21-22 and FY 22-23, focus on salaries for NC Pre-K teachers in private child care programs
- \$20 M in non-recurring federal state-level ARPA funding to support start-up and capital grants for child care programs and NC Pre-K classrooms, particularly in communities with child care deserts or low-performing or high poverty school districts

Bright Spots in the Budget

- **\$503M Child Care Subsidy Assistance (Federal American Rescue Plan funding)**
 - **\$274 million for:**
 - \$206-\$215 million to serve the 22,000 children on the waitlist
 - \$50-\$59 million to improve child care licensing and subsidy management systems
 - \$30M parent copayment fees through the end of 2021.
 - **\$207.7 million to build child care workforce supply through bonuses and other teacher pipeline programs, including apprenticeships, stackable course, and fast-track programs**
- **\$16 M in federal Child Care Entitlement Grant**
 - **Becomes part of the Child Care Subsidy Assistance program, unless specifically designated otherwise**

Other Child Care Action in the budget

- **Hold Harmless Child Care Ratings bill (S570):**
 - Includes American Rescue Plan funding 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.

What's Missing for Early Education

- Child Care WAGE\$ expansion
 - Take action now:
<https://ncearlyeducationcoalition.org/tell-nc-legislators-to-invest-in-child-care-wage-in-the-budget/>
- Better Child Care Subsidy reimbursement rates (H574)
- NC Pre-K expansion
- Full funding for early childhood components of the Leandro Plan



Think Babies™ NC in the Budget

Good News

- Extension of postpartum Medicaid coverage
- Smart Start – will increase access to home visiting and parenting education
- Federal American Rescue Plan \$500M – Child Care Subsidy Assistance and parent co-payments

Bad News

- Medicaid expansion
- Paid parental leave for public school teachers
- Early intervention
- Earned Income Tax Credit
- Child Care WAGE\$ expansion
- Child Care Subsidy rates

Our Bottom Line Summary

- This budget represents a big missed opportunity for young children and families, and especially early educators!
- Invests too little – not sufficient to address the child care crisis and support babies and families.
- Relies heavily on federal funding instead of ongoing investments with state funding.
- Read our full statement and budget summary here:
 - <https://nearlyeducationcoalition.org/wp-content/uploads/2021/11/Final-Budget-Statement-and-Summary-11.16.21-1.pdf>
- Stay tuned for a Think Babies™ NC statement and summary





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Update on Leandro

What's the Latest?

- Court hearing last week – Judge Lee ordered \$1.7 billion to be transferred to education agencies to fund two years of the Leandro Plan
- Two years of the Leandro Plan includes approximately \$190M for early education:
 - \$71.9 M to expand NC Pre-K and improve rates
 - \$40 M for Smart Start
 - \$36 M to expand the Child Care WAGE\$ program
 - \$20 M to improve Child Care Subsidy reimbursement rates
 - \$18.45 M for early intervention
 - \$1.75 M for workforce recruitment strategies and professional development
 - \$1.7 M for early childhood workforce data system



What Happens Next and What Can You Do?

- 30-day stay on the court order, so no money yet.
- Possible NC General Assembly responses – more lawsuits, refusal to comply, impeachment of the judge, other TBD...
- Leandro is a marathon, not a sprint!
- What can you do?
 - Educate your communities and your elected officials about what the Leandro Plan funding means for young children and families
 - Local funding tool: <https://everychildnc.org/leandro-impact-analysis-early-education/>
 - Show public support for the court order
 - Statement from early childhood organizations: <https://ncearlyeducationcoalition.org/wp-content/uploads/2021/11/ECE-Statement-on-Leandro-Hearing-11.12.21.pdf>
 - Stay tuned for advocacy opportunities and connect with other partners working on this
 - Every Child NC: <https://everychildnc.org/>



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Federal Updates

Child Care in the Build Back Better Act

- Includes a transformative \$400 billion investment in child care!
 - Increase access to child care in every community
 - Ensure that all families can afford child care (adding up to no more than 7% of their income)
 - Provide two years of free preschool for all 3- and 4-year-olds
 - Ensure professional compensation for child care teachers
- What it means for North Carolina:
 - Move than \$3.3 billion between FY22-24
 - About 245,000 additional children would have access to child
 - Child care teachers would earn a living wage
 - Child care programs would receive funding to cover the cost of care



Additional Think Babies™ NC priorities in the Build Back Better Act

- Extends the Child Tax Credit for an additional year and makes full refundability permanent to support families most in need.
- Provides a solution for uninsured residents in states that have not yet expanded Medicaid (like NC)
- Guarantees 12 months of postpartum maternal Medicaid coverage.
- Provides 4 weeks of paid family leave



What We Know and What We Don't Know

What We Know

- Will likely pass in the House, possibly as soon as this week! Will be tougher to pass in the Senate – can't afford to lose a single vote
- States will need to opt in to the child care and universal pre-k components
 - No state match for first 3 years; 10% match beginning in FY 25
- Funding will be incremental for first 3 years to support supply building and a phased-in expansion of income eligibility.
- This is a complete game-changer for child care in this country!

What We Don't Know

- When it will pass
- If NC will opt in to the child care and universal pre-k components
- How quickly providers, teachers, and families will receive money and services

How to Take Action

- Tell Congress to invest in child care:
 - <https://nearlyeducationcoalition.org/take-action/tell-congress-child-care-needs-a-significant-sustained-investment/>
- Join on social media using [#SolveChildCare](#)
- Tell Congress to Think Babies and Act:
 - <https://nearlyeducationcoalition.org/take-action/think-babies-and-act-tell-congress-to-pass-the-american-families-plan/>
- Stay tuned for more advocacy opportunities as it moves through Congress!



The Time is Now!

- Join us in the ongoing work to build a better early childhood system for everyone
 - Become a member today:
<https://ncearlyeducationcoalition.org/membership/>
- There's a lot of work ahead – we're excited to work alongside you!



Thank you!

www.NCEarlyEducationCoalition.org

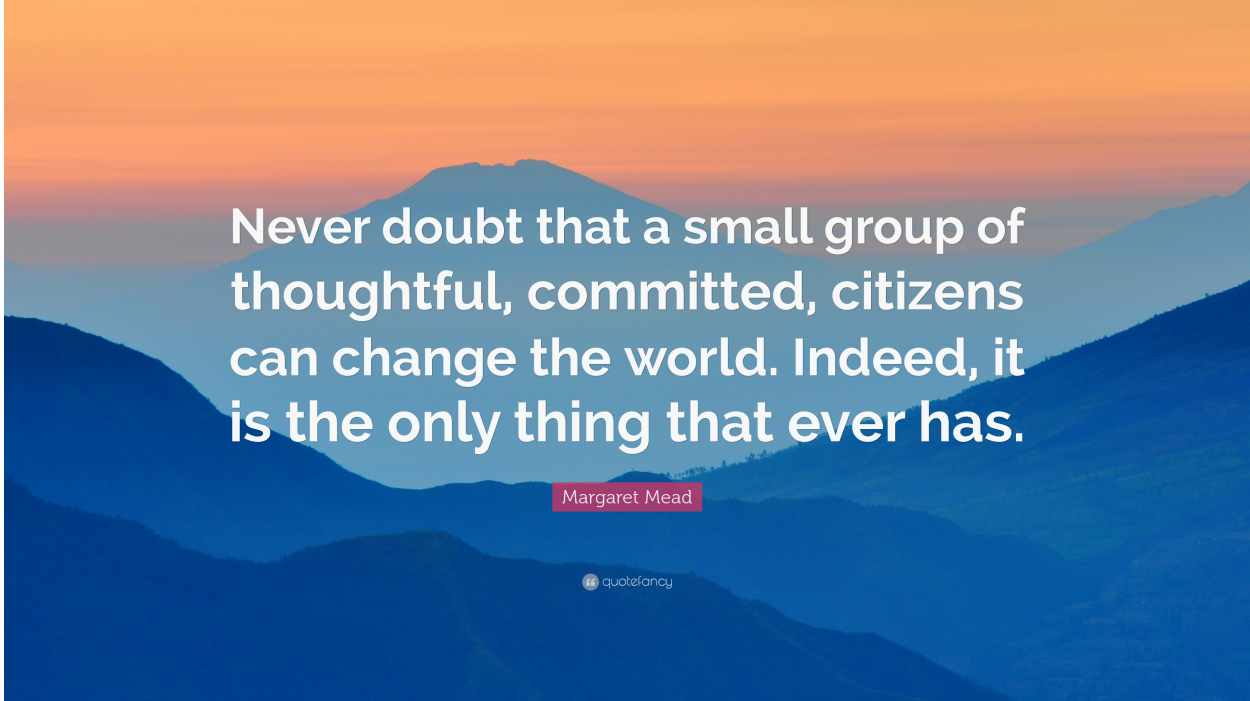
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Never doubt that a small group of thoughtful, committed, citizens can change the world. Indeed, it is the only thing that ever has.

Margaret Mead

 quote fancy