Child Care WAGE$® Program Funding Proposal

PROGRAM NARRATIVE

**Down East**

**Title of Program:** Child Care WAGE$® Program **Agency:** Child Care Services Association

**Need**: Positive early experiences are the building blocks of brain development and our early childhood workforce is a critical component of this construction process. Stable and engaging relationships between young children and the adults in their lives can have a lifelong impact. As brain builders, early educators need scaffolding such as quality education, opportunities for professional development and fair compensation. With appropriate supports, the workforce can provide the types of experiences that are needed to build trust and promote learning. When all children receive quality early care and education, society builds the foundations of our future workforce, citizenry and communities. The education and consistency of teachers enhance the quality of care they can provide.

Supporting and retaining an educated workforce are essential to building a strong early childhood system. The low compensation of early educators has been a long-standing issue, for the negative impact it has on the workforce as well as the impact it has on quality care. Teachers cannot afford to stay when they struggle with poverty-level wages. Currently, parents are the primary buyers of early childhood services and yet they cannot afford to pay more and thus cannot support the true cost of quality care. As a result, the field is often subsidized through the low wages of its workforce. With the possibility of notable public support in the future, parents and early educators may finally get some relief. The Child Care WAGE$® Program can provide immediate compensation support to eligible early educators as change happens, and can continue to support this workforce in the future so that the compensation they earn is not only better, but competitive with other professions.

With the additional challenges brought by COVID-19 and nationwide labor shortages, addressing compensation is even more important. It is necessary to attract teachers to, or back to, the field and to enable them a better chance to stay in a workforce that has been deemed essential in order to rebuild the economy overall.

North Carolina’s Early Childhood Action Plan also identifies the need to address turnover. According to the plan, one key goal is High Quality Early Learning and a sub-target is to decrease workforce turnover.[[1]](#footnote-1)

In response to North Carolina’s Leandro case, the state’s plan includes recommendations to increase the volume and quality of the early childhood educator pipeline, and specifically identifies WAGE$ as a strategy to address compensation. Until legislative support is available to fund WAGE$ statewide, the role of the participating Smart Start partnerships is critical.

For more information on related research, please see [The Child Care WAGE$® Program: An Evidence-Informed Initiative](https://www.childcareservices.org/wp-content/uploads/WAGEEIFY21.pdf)*.* WAGE$ has also been evaluated by the North Carolina Partnership for Children (NCPC) as evidence-informed.

**Target Population:** The Child Care WAGE$® Program is designed to provide low paid child care professionals with education-based salary supplements. The supplement recipient must work at least ten hours per week with children ages birth to five in a licensed North Carolina child care program and have at least 12 semester hours of eligible coursework. Awards are based on education levels and participants with education below the Associate’s Degree in Early Childhood Education must advance up the scale over time in order to retain their long-term eligibility. The Child Care WAGE$® Program has income caps that impact eligibility as well. Partnerships participating in WAGE$ may choose between three different income requirements, which for FY23 will be $17.00 per hour, $19.00 per hour and $23.00 per hour. Participants must earn at or below the selected cap to be eligible. The Child Care WAGE$® Program periodically examines these rates for possible increases, as reflected in the listed caps for next year. Partnerships will be asked by WAGE$ to make this decision in advance of each fiscal year and the cap chosen will be implemented for the entirety of that year.

Partnerships are also given the option to employ additional eligibility requirements if needed to ensure that WAGE$ can be provided within Smart Start budget allocations. Partnerships may choose to:

1. Eliminate funding to participants with level two education, which is the lowest supplement level on the scale.
2. Eliminate funding for administrative time. Administrators who also work in the classroom will still be funded for time spent with children.
3. Fund only participants working in sites with at least three stars *or* fund only participants working in sites with at least four stars.

**Program Description:** Child Care Services Association (CCSA) proposes to provide continued administration of the Child Care WAGE$® Program. The supplements made available through this program encourage the educational pursuits of the early childhood workforce and help reduce the turnover rates of these teachers, directors and family child care educators. The central activity of the program is the disbursement of salary supplements after each six-month period of employment in the *same* child care center or home. Supplement amounts are based on the education levels achieved.

A supplement tier system was created in response to requests and feedback by partnerships wishing to offer increased supplement awards; different supplement scales are available to meet this need. Higher supplements increase the compensation and thus may increase the likelihood that an early childhood professional can afford to stay in the field. With ample research about the importance of fair compensation for early educators, these options give partnerships an opportunity to enhance their WAGE$ investment. For Smart Start partnerships interested in making the WAGE$ supplements comparable to Infant-Toddler Educator AWARD$®, **Tier Two** should be considered. Higher tiers are encouraged. WAGE$ can help each partnership establish a funding strategy that works best for the budget available.

Three tiers are available, each representing higher awards. All eligible participants are funded on the tier chosen by the partnership and are eligible for the award amount corresponding to their education, which will be prorated to reflect a part-time schedule. Please see Attachment 1 for tier information.

Program administration in participating counties will include annual recruitment of child care programs that are licensed by the Division of Child Development and Early Education (DCDEE), and rolling acceptance of applications. As they are received, applications will be screened to see if the applicant meets the eligibility criteria including work hours, hourly wage, attained level of education and contact with children ages birth to five. Missing information and employment verification will be obtained prior to determining the award amount. The payment schedule for each applicant is arranged individually based on eligibility and application date. Follow-up employment confirmations will be made after each participant completes six months in the program. When a participant has met all program criteria, CCSA will process and issue the payment directly to the recipient. Direct deposit is now an option, creating quicker access to these much-needed funds.

The procedures and policies of the Child Care WAGE$® Program will be consistent across all participating counties. Eligibility requirements are also established on a statewide basis, with the exception of limited local choices described previously. CCSA will make all decisions concerning the applicants, but will consult the Education and Compensation Advisory Committee, the county funding agency, NCPC and DCDEE as appropriate on unusual situations.

Program Time and Task Chart

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| **Task** | **Date** |
| Complete annual recruitment. | By November (if funding is available and the DCDEE contract is finalized). Recruitment continues throughout the year as needed. |
| Screen applications. | Ongoing basis. |
| Follow up with applicant to obtain missing information. | Ongoing basis. |
| Call employer to verify initial employment (if not completed on application). | Upon receipt of application. |
| Call employer to verify six-month employment. | After applicant's completion of six-month period. |
| Issue payments to eligible participants. | By the end of the seventh to eighth month (following the six-month commitment period), depending on funding transfer by DCDEE. |
| Send annual evaluations to statewide sample. | Once each year. (Process begins in December with sample selection. Evaluations will be sent in January to a sample of participants who have received at least one supplement. Statewide results will be shared in the July report.) |
| Submit Program reports. | Semi-annually as approved by NCPC and DCDEE. (By January 31st and July 31st) |

**Collaboration:** WAGE$ benefits from an internal collaboration with the T.E.A.C.H. Early Childhood® Scholarship Program. Scholarship opportunities are discussed in recruitment materials and in the letters issued directly to recipients. Communication between the two programs is helpful in identifying potential participants and in providing education information on applicants. The scholarships can help educators become eligible for WAGE$ or stay eligible as they move up the supplement scale. Recipients benefit from easy access to counselors of both programs and many presentations are conducted by representatives from both. WAGE$ participants also benefit from the link between WAGE$ and Early Educator Certification (EEC). Based on permission given on the application, WAGE$ and EEC may share education/transcripts to ensure an education review that will support participation in either or both programs.

One of the key collaborations, which is unique to WAGE$, is with Infant-Toddler Educator AWARD$®, the statewide supplement program available for full-time infant-toddler teachers. No duplication is allowed between AWARD$ and any other supplement initiative, and county participation in WAGE$ ensures that this policy will be followed effectively. In addition, staff will work to provide a smooth and easy transition for participants between programs if/as needed. Presentations will also discuss both programs.

The Child Care WAGE$® Program works with owners and directors of participating child care programs. Program directors provide information about the supplements to their staff and give necessary employment confirmations. WAGE$ provides specific educational information to directors as requested, per the approval of participants, for teachers who must obtain additional education to remain eligible. With this information, the director can provide more helpful guidance and support. Both facility representatives and recipients must sign the application, which includes pertinent information about the program.

The Child Care WAGE$® Program operates as a funding collaboration between Smart Start and DCDEE. Representatives from both serve on the Education and Compensation Advisory Committee, which also includes professionals from across North Carolina who function in various roles in the early childhood community. The committee helps shape policies of the Child Care WAGE$® Program. Recipients, child care employers, local partnerships, NCPC, DCDEE, community colleges, the community college system office, field experts, universities, child care resource and referral and Head Start are all currently represented.

Local partnerships influence WAGE$ implementation. Feedback from partnerships is factored into the decision making process and is often the catalyst for issues taken to the Advisory Committee for consideration. Many local partnerships work with WAGE$ by helping to identify potential applicants and by disseminating information through other appropriate partnership-sponsored projects or events. The Child Care WAGE$® Program does its part to publicize the collaboration with local partnerships and identify the funding sources.

**Performance Standards:** The key goal of the Child Care WAGE$® Program is to improve early care and education services, and as a result, WAGE$ helps partnerships meet Smart Start Community Early Childhood Profile measures. Through increased compensation, WAGE$ helps attract and retain educated early childhood professionals, and encourages participants to reach higher levels of education through a graduated supplement scale. Please see Attachment 2 for the statewide WAGE$ logic model.

**Program Impact:** Research has shown that the consistent care from an educated teacher is fundamental to quality, and that the quality of care and education that children receive directly impacts their future success in school and life. The Child Care WAGE$® Program has had a significant impact on the turnover of the most educated teachers caring for young children. The turnover rate of WAGE$ participants for FY21 was only 12%, a significant overall improvement compared to the goal of 25% originally established within Smart Start’s Performance Based Incentive System (recently renamed Community Early Childhood Profile - Smart Start Measures of Impact).

The early childhood field is currently experiencing losses and labor shortages like many other industries. The decisions to work in the field, given daily risks to health and safety and the growing responsibilities they have to protect children, are more difficult and earning a living wage, even a competitive one, is essential. The Child Care WAGE$® Program awards address retention and make it more possible for educated professionals to afford to teach young children. Turnover of WAGE$ participants in Down East in FY21, funded at Tier Two, was only 10%. Enhanced compensation is necessary in order to address the turnover crisis.

By addressing the issue of retention, WAGE$ helps counties meet Smart Start’s educational standards as well. Two required indicators (EDU10 and EDU20) examine the percentage of children enrolled in 1-5 star rated child care centers with teachers and directors that have college degrees (7 education points for each position). Not only does WAGE$ provide an incentive to encourage participants to get coursework and thus increase the education points, it also helps retain those individuals who already have the education needed. The open positions could otherwise be replaced with individuals at lower levels of education, impacting the quality of care provided to young children and the star rating of the center. In FY21, 94% of Down East active participants had the Associate Degree in Early Childhood Education, its equivalent or higher or submitted coursework during the year to document their pursuit of higher levels of education.

Eligible early educators working with all ages between birth and five have equity of access to WAGE$. Recruitment is sent to licensed sites (or those matching the county eligibility if applicable) and applicants are picked up on a first come, first serve basis as funds are available. WAGE$ gives counties the opportunity to address the compensation gap and is a strong complement to Infant-Toddler Educator AWARD$®. Full-time infant-toddler teachers with at least the Associate Degree in Early Childhood Education who work in sites with at least three stars may apply to AWARD$ *or* WAGE$, and teachers working with children ages three to five or infant-toddler teachers who are working toward their degrees can participate in WAGE$. With combined resources, the programs can have a wider impact.

Though North Carolina early educators, and especially the WAGE$ participants, are becoming better educated, employer compensation has not kept up with this progress. Research shows that compensation matters. Not only does more appropriate compensation make it possible for early educators to stay in the field, but it addresses financial stress, which can have a positive impact on teacher-child interactions. WAGE$ recipients frequently share that they are better able to focus on their classrooms as a result of the salary supplements.

Please see Attachment 3 for an overview of the primary outcomes for WAGE$ in Down East for FY21.

**Program Outcomes:**

1. The annual turnover rate of Child Care WAGE$® participants will be less than 25%.

2) Eighty percent (80%) of active WAGE$ participants have a permanent level on the scale (AAS ECE or above) or are continuing their education as documented by coursework taken since original application to WAGE$ and submitted in the current fiscal year.

**Outputs:** Please refer to Attachment 4.

**Evaluation:** All eligible applicants and their payments are tracked by Child Care WAGE$® staff in a database, enabling easy access to information concerning number of participants issued supplements within a given time period and the programs in which they work. Recruitment activities for each program are also entered in the WAGE$ database.

Evaluation of the Child Care WAGE$® Program occurs in two primary ways. Child Care WAGE$® staff verify continued employment and eligibility at the end of each individual’s six-month period. This information is tracked in a database. Additionally, evaluations are sent to participants annually to assess the impact of the program. A sample of participants across the state will be surveyed and data will be shared with all participating counties. A sample of directors who are not receiving a supplement but who have participating staff in their programs will also be surveyed once each year. The Child Care WAGE$® team creates evaluations with assistance from the Research team at CCSA. The Research team distributes the surveys and enters the results for analysis.

CCSA submits a report semi-annually to NCPC, DCDEE and to each participating local partnership that includes detailed informational tables. Both county-specific and statewide tables will be shared. The reporting period will run from June 15, 2022 to June 14, 2023 to reflect the WAGE$ payment schedule. Table 1 provides a demographic profile of active participants. Active participants are those who have been paid at some point in their participation and are still eligible based on their most recent employment confirmation. Table 2 lists the participation results of active participants by the star rating or license status of their employing child care facilities. Table 3 profiles the education levels of participants, including the percentage of participants who have either reached permanent levels or submitted ongoing coursework. Table4 states the number of individuals paid, their programs and the number of children impacted. Table 5 describes turnover reporting methods, summarizes turnover data and provides the demographic overview of those who left their programs. A list of all active participants and the centers in which they are employed is included to assist partnerships in various reporting and/or recruitment efforts. Child Care WAGE$® staff members collect the data required to create these tables through the application process and the six-month employment confirmations, and the information is regularly tracked in a database. The Child Care WAGE$® management analyzes and reports on the data. Evaluation results are also shared, and will be included in an additional narrative with the July report. The timelines for gathering data and reporting results are included in the table above.

**Consumer Involvement and Satisfaction:** As described above, feedback is solicited each year from Child Care WAGE$® participants. Participants and participating partnerships are also included in the Education and Compensation Advisory Committee. Both outlets provide a method for consumers to suggest changes that would improve the impact or administration of the program. The results of consumer feedback are shared with funders in the annual report, and the suggestions made often lead to programmatic changes.

**Budget Narrative:** Because the resources are not available within the child care community to adequately compensate an educated workforce, external funding is necessary. Salary supplements reduce the burden on individual child care programs and have no direct cost to parents, but can make a tremendous impact on staff morale, turnover and pursuit of education. Children are then positively impacted by the improved quality of care and education provided.

To participate in the Child Care WAGE$® Program, Smart Start partnerships determine and provide the amount they wish to designate for supplements. The Division of Child Development and Early Education covers administrative costs for the program. Actual payments are from blended fund sources -- Smart Start, Child Care Development Fund (CCDF), and NC Pre-K. **The dollar amount allocated by the partnership, though, matches the amount expended for salary supplement payments to early educators. In other words, the amount allocated goes back into Down East.**

Budget information is attached. Budget needs fluctuate significantly due to changes in the population, so the projection is an estimate only and can be updated upon the partnership’s request. WAGE$ will provide estimates for funding other tiers as requested, and higher tiers are encouraged. WAGE$ can also apply percentage increases or decreases as needed and will work with each partnership to devise an appropriate plan that works within the potential allocation. Please see the budget narrative or contact WAGE$ staff for additional information on the budget process.

1. N.C. Department of Health and Human Services. 2019. *Early Childhood Action Plan*. <https://www.ncdhhs.gov/about/department-initiatives/early-childhood/early-childhood-action-plan>. Last accessed Oct. 28, 2020. [↑](#footnote-ref-1)