



# LB1203: Investing ARPA Funds in Early Childhood Infrastructure

## POLICY BRIEF | FEBRUARY 2022

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Every year, Nebraskans experience widespread social and economic fallout from inadequate supports for families with young children, early childhood professionals and a struggling child care industry.

LB1203 offers a singular opportunity to leverage a fraction of Nebraska's allocation of ARPA funds to set the state's early childhood infrastructure back on track to support long-term growth.

### Key Points

- ▶ ARPA funds represent a one-time opportunity to stabilize serious weaknesses in the state's early childhood infrastructure
- ▶ LB1203 proposes a \$100.5 million investment across 16 initiatives focused on strengthening the statewide early childhood workforce, building community child care capacity, addressing the early childhood needs of families and other priorities
- ▶ Key areas of investment include:
  - \$50 M for financial incentives to attract and anchor early childhood workforce talent
  - \$19 M to build community child care capacity
  - \$1 M to offset the costs of fingerprinting and background checks for child care personnel

### Background

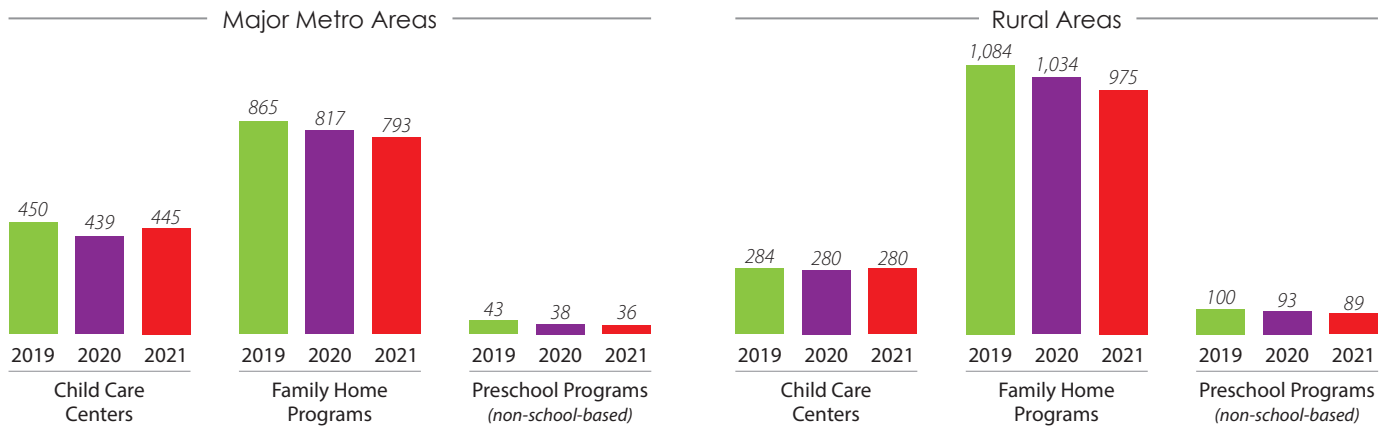
In April 2021, the federal government passed the American Rescue Plan Act (ARP), a \$1.9 trillion stimulus package to offset the social and economic fallout of COVID-19. This package includes an allocation of \$1 billion in one-time funding to Nebraska, which will be used to support public health initiatives, invest in core infrastructure and increase the financial stability of Nebraska residents and businesses, among other uses.

Although Nebraska lawmakers have proposed a wide array of uses for Nebraska's allocation of ARPA funds, one of the most urgent areas of investment focuses on the state's early childhood infrastructure. Early care and education is widely recognized as enabling workforce participation, business growth and economic activity on a broad scale. But while Nebraska as a whole shows signs of recovery, the challenges facing Nebraska's early childhood systems continue to multiply.

In 2020, First Five Nebraska published research from the Bureau of Business Research at the University of Nebraska-Lincoln showing the state sustained direct, pre-pandemic losses of \$745 million annually due to gaps in the availability of child care.<sup>1</sup> Between 2019 and September 2021, the number of licensed child care programs decreased by 7.4%.<sup>2</sup>

These weaknesses in Nebraska's early childhood systems are closely linked to attrition in the early childhood workforce, which is driven by low wages, inadequate professional supports and financial instability in the child care marketplace.

## Attrition in NE Licensed Child Care Programs Serving Children Age 0-5<sup>2</sup> 2019–September 2021



### Intent of LB1203

The challenges facing Nebraska’s early childhood system are too complex and deeply rooted to be permanently solved by any one-time investment of funds. However, Nebraska’s allocation of ARPA funds offers a unique opportunity to stabilize the most urgent problems facing working parents, communities and the state’s professional early childhood workforce so we can pursue long-term, sustainable solutions moving forward. LB1203 calls for an investment of \$100.5 million in ARPA funds in 16 separate initiatives that are most likely to create traction in our efforts to increase social, educational and economic opportunity for families with young children and our state as a whole. These areas of investment fall into the following categories:



### ■ Attract and Anchor Child Care Professionals

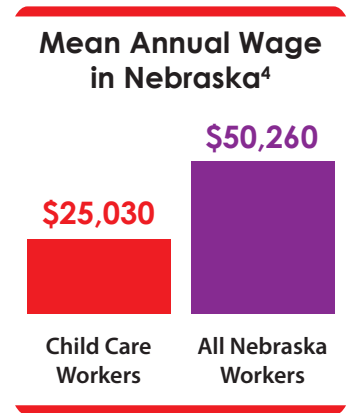
Despite its importance to the state economy, child care is notorious for offering poor financial security, limited access to health care insurance and other liabilities that deter professional educators from choosing or remaining in the field as a rewarding career. In fact, the mean wage of child care workers is approximately half the mean annual wage of Nebraska workers overall (\$25,030 vs. \$50,260).<sup>4</sup> LB1203 proposes financial incentives to offset the impact of low wages on the early childhood professional workforce

#### ► Retention and Recruitment Allowances | \$50 Million

- Provide a \$350 monthly allowance for one year to all currently employed child care professionals if they remain in the child care workforce.
- Provide a \$350 monthly allowance for one year to newly recruited or re-engaged child care professionals beginning 60 days after they begin active employment. These employees will receive retroactive payment for the initial two months of the year.

**▶ Child Care WAGE\$ Supplements | \$3.58 Million**

- The WAGE\$ program, administered by the Nebraska Association for the Education of Young Children (NE AEYC) offers graduated wage supplements based on education level, which incentivizes providers to pursue professional development opportunities.
- Provide salary supplements for approximately 456 early care and education providers serving children age 0-5 in all types of settings.



**■ Build Community Child Care Capacity**

Prior to the pandemic, approximately 28% of state residents had limited or no access to child care services from licensed providers.<sup>5</sup> Nebraskans living in child care deserts face significant challenges as the lack of programs makes these locations inhospitable to young families and employers alike. In such areas, communities must address child care as part of a broad-scale strategy for ongoing social and economic development.

**▶ Build Community Child Care Infrastructure | \$19 Million**

- Provide funds for communities in need to conduct a child care landscape study, develop capacity building plans, business planning quality models, planning and implementation of start up and expansion of child care programs.
- Support capacity building plans for 35 to 45 communities and a maximum of 34 individual programs.

**■ Educate and Develop a High-Quality Early Childhood Professional Workforce**

A well-educated early childhood workforce is essential to increasing the supply of quality child care programs throughout the state. Scholarships, more accessible educational opportunities and financial incentives for professional development are a key strategies for reducing barriers to entry into early childhood care and education.

**▶ T.E.A.C.H. Nebraska Program | \$3.5 Million**

- T.E.A.C.H. Nebraska is a scholarship program administered by NE AEYC for students who are pursuing associate’s or bachelor’s degrees in Early Childhood Education at local colleges. In FY2021, T.E.A.C.H. Early Childhood Nebraska helped 131 students advance their early childhood education goals.
- Enhanced scholarships would offer degree attainment bonuses, increased stipends to students during practicums and other supports.

**▶ Accreditation for Child Care Providers | \$150,000**

- Create the first support system of its kind in Nebraska to help family child care programs pursue accreditation with the National Association for Family Child Care. Accreditation is an indicator of high quality in program design, business practices and professional development of providers.
- LB1203 would give approximately 40 family child care providers access to training, mentoring, a peer-learning network, self-study materials and financial assistance for completing the accreditation application.

**▶ All Our Kin Business Education of Child Care Providers | \$300,000**

- Provide access to All Our Kin resources, a 10-week business education series designed to improve the efficiency and financial viability of family child care programs so providers can focus more fully on the children in their care.

- Currently, All Our Kin training is offered yearly in 10 provider cohorts. Additional funding would purchase training materials, provider attendance stipends, consultant/instructor fees and other supports for approximately 170 additional family child care providers over 8 cohorts.

### ▶ **Nebraska Early Childhood Professional Record System | \$400,000**

- The Nebraska Early Childhood Professional Record System (NECPRS) is an online resource that enables early childhood professionals to record their employment history, organize their credentials and certificates, locate and register for professional training opportunities and more.

### ▶ **Nebraska Department of Education Early Childhood Scholarships | \$165,000**

- Expand the existing scholarship fund at the Nebraska Department of Education to make Child Development Associate (CDA) certificates, advancement in Step Up to Quality and other professional development opportunities more affordable to child care providers throughout the state.

### ▶ **Children's Mental and Behavioral Health Needs | \$485,000**

- Purchase early childhood mental health and consultation services through KidSquad, a project of the Child Saving Institute, to help early childhood professionals support healthy mental and behavioral development of young children in their care.
- Expand availability of KidSquad classroom resources will impact approximately 140 additional children directly and 1,000 children indirectly.

## ■ **Strengthen Child Care Licensing and Other Administrative Supports**

Child care licensing ensures that children are being cared for in environments that meet baseline requirements for their health and safety. As such, licensing is where a child care provider's journey toward quality begins. LB1203 contains provisions that make it easier for more providers to navigate licensing and quality improvement processes, and address other key administrative issues related to program operations.

### ▶ **Child Care Licensing Support for Family Child Care | \$250,000**

- Provides licensing materials, guidance and other support to help unlicensed and potential family child care providers fulfill state licensing requirements, meet health and safety standards, and become part of a professional network for family care business owners.
- Offers licensing support to approximately 60 new family child care programs.

### ▶ **Child Care Licensing Materials for Spanish-Speaking Providers | \$750,000**

- Approximately 11% of Nebraska's population is Hispanic or Latino in origin<sup>6</sup> and 7.4 percent of Nebraskans identify Spanish as their primary language.<sup>7</sup> As this segment of the population grows and takes its place in the state's workforce, it is essential that Spanish-speaking communities have options for licensed, linguistically accessible child care.
- Provides funds to translate licensing materials, basic education materials and information about participation in Step Up to Quality into Spanish.

### ▶ **Fingerprinting and Background Checks | \$1 Million**

- Fingerprinting and background checks are essential safeguards to ensure parents can have confidence in the programs who are entrusted with the care of their children.
- From March 11 to October 1, 2021, Nebraska Department of Health and Human Services covered fingerprinting costs and processing fees for license-exempt providers, licensed providers, staff, volunteers and household members associated with licensed programs. LB1203 Extends DHHS payments to the Nebraska State Patrol to perform these functions.

### ■ Address Early Childhood Needs of Nebraska Families

Nebraska's potential for ongoing social and economic growth depends on its ability to help young families thrive and cultivate a productive, skilled workforce. But as access to high-quality child care programs decreases, working parents have fewer options to pursue educational, training or employment opportunities to better provide for their children and families. LB1203 addresses some of these challenges facing Nebraskans throughout the state.

#### ▶ Child Care Subsidy Assistance | \$5 Million

- Families of low income often struggle to meet required copayments for subsidized child care, a problem which has intensified over the course of the pandemic. In turn, this creates cash flow problems for providers. A conservative estimate suggests that family home providers in Nebraska carry a minimum of \$3,000 in unpaid copayments per year. This further strains the financial security of providers and creates a barrier to child care assistance for the families who need it the most.
- Resolves unpaid copayments to providers so families can regain eligibility for subsidized child care services and relieves financial pressure on child care providers.

#### ▶ Teen and Young Parent Program Expansion | \$2.9 Million

- The Teen and Young Parent Program is a collaborative, two-generational effort with four of Omaha's largest direct service providers that has integrated health, academic and family support services to meet the needs of young parents and their children in Douglas and Sarpy Counties.
- Expands the program to deliver care coordination, intensive home visiting and parent education to approximately 750 additional teens and young parents in eight or more counties.

#### ▶ Nebraska Child Care Referral Network | \$500,000

- The Nebraska Child Care Referral Network is an online resource that enables parents to more easily locate available child care slots in their communities. The website enables users to search for providers based on geographical location, children's age, provider type, participation in Step Up to Quality and the Child Care Subsidy program, among other factors. Facilitating connections between providers and parents also helps child care programs manage their cashflow by helping them fill available slots. LB1203 would sustain the Network for an additional three years.

### ■ Coordinate and Align Early Childhood Systems

The Nebraska Preschool Development Grant (PDG) is a federally funded, multi-year, cross-organizational effort to align state systems so Nebraska communities are better equipped to empower parents to guide the healthy development of young children. The grant combines the resources and expertise of state agencies, early childhood and K-12 educators, community leaders, nonprofits and private sector interests.

#### ▶ Preschool Development Grant Extension | \$12.5 Million

- Extends operations of the Nebraska Preschool Development Grant including parent education services, social-emotional support programs, early developmental screenings, integrative early childhood data system, child care business training and other projects.

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