



LB319 | Child Care Wages Fund, Child Care Capacity Expansion Fund and Sixpence

POLICY BRIEF | 2023

Young families, skilled workers and employers are more likely to stay rooted in communities that show a commitment to the care and education of young children.

We can live up to that commitment by making child care a more viable career path for early childhood professionals, growing the number of child care slots in communities and enhancing programs designed to serve infants and toddlers.

Introduction

Although the economic fallout of the global pandemic was less severe in Nebraska than elsewhere, the damage sustained by our already-fragile child care system threatens our ability to mobilize a fully engaged and productive workforce. Between 2019 and the present, Nebraska lost 10% of its child care providers, amplifying an existing crisis facing working parents and employers statewide. While federal relief efforts helped slow child care closures due to COVID, these were temporary solutions to a more complex challenge that ultimately must be addressed at the state and local levels.

About LB319

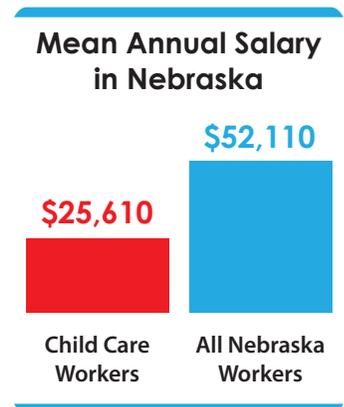
LB319 directly addresses two fundamental strategies to strengthen our early childhood systems: (1) recruit and retain talent in Nebraska's early childhood professional workforce; and (2) empower Nebraska communities to plan and implement their own solutions suited to the specific early childhood needs of local families, employers and other stakeholders. LB319 establishes new and builds upon existing funding structures in pursuit of these strategies:

- ▶ **Create the Child Care Wages Fund** through a one-time transfer of \$10 million from the Cash Reserve Fund. The Child Care Wages Fund will be administered by the Nebraska Department of Education (NDE) through a contract with a statewide organization, which will allocate the dollars to provide salary supplements to early childhood professionals employed by licensed center-based and family home programs serving children under school age. The state investment officer will invest the funds, which must be expended by June 30, 2027.
- ▶ **Create the Child Care Capacity Expansion Fund** through a one-time transfer of \$40 million from the Cash Reserve Fund. The Child Care Capacity Expansion Fund will be administered by the Nebraska Department of Health and Human Services (NDHHS) through a contract with a statewide organization, which will issue grant awards to eligible community organizations, entities and providers to increase child care capacity in high-need areas of the state. Funds will be invested by the state investment officer and must be expended by June 30, 2027.
- ▶ **Supplement the Nebraska Early Childhood Education Endowment Fund (Sixpence)** through a one-time transfer of \$50 million from the Cash Reserve Fund to the Early Childhood Endowment Cash Fund. The intent is to increase the availability of family engagement and child care services to grantees throughout the state.

About the Child Care WAGE\$ Program

One of the biggest causes of attrition of professionals from our state's child care industry is the low level of compensation these careers offer relative to the mean annual earnings of all other occupations in Nebraska. LB319 capitalizes on Child Care WAGE\$ Nebraska, an existing initiative designed to attract and anchor talent in child care by awarding salary supplements to early childhood professionals working in family home programs.

- ▶ Currently, NDE contracts with, and provides federal funding to the Nebraska Association for the Education of Young Children, which administers the WAGE\$ Nebraska program. Creating the Child Care Wages Fund will significantly strengthen the reach and impact of the WAGE\$ Nebraska program.
- ▶ Salary supplements awarded to WAGE\$ participants correspond to their level of education, thereby encouraging staff retention and quality improvement without increasing the expense of child care for providers or parents.
- ▶ WAGE\$ Nebraska is demonstrably effective at keeping educators employed in child care. In an industry with a 40% turnover rate, **only 3% of WAGE\$ participants left their programs** according to the most recent evaluation report.



About Child Care Capacity Expansion Grants

Various federal stimulus bills helped stabilize Nebraska's child care industry in the short term against the economic disruptions caused by COVID. However, those funds could not fully address the fundamental problems facing this critical industry that cost the state \$745 million per year in reduced household income, business productivity and public revenues even before the onset of the pandemic. Now, businesses, community organizations, school districts and other stakeholders are working together to develop local, long-term solutions to their specific child care needs.

- ▶ Last year, the Nebraska Legislature appropriated \$4 million over two years for grants to help communities improve local child care capacity. The first round of grant awards are expected to increase child care capacity by over 1,000 slots throughout the state. While this opportunity drew over 82 applications, the available funding (\$2 million) only covered 16 grant awards. Even more applications are expected for the second \$2 million of grant awards to be disbursed in 2023.
- ▶ By creating the Child Care Capacity Expansion Fund, LB319 builds upon an established grantmaking framework to help more Nebraska communities create and/or enhance child care options. In effect, expanded funding for child care capacity grants also increases the potential for parents to participate in the labor force stimulates overall economic activity at the local level.

About the Sixpence Early Learning Fund

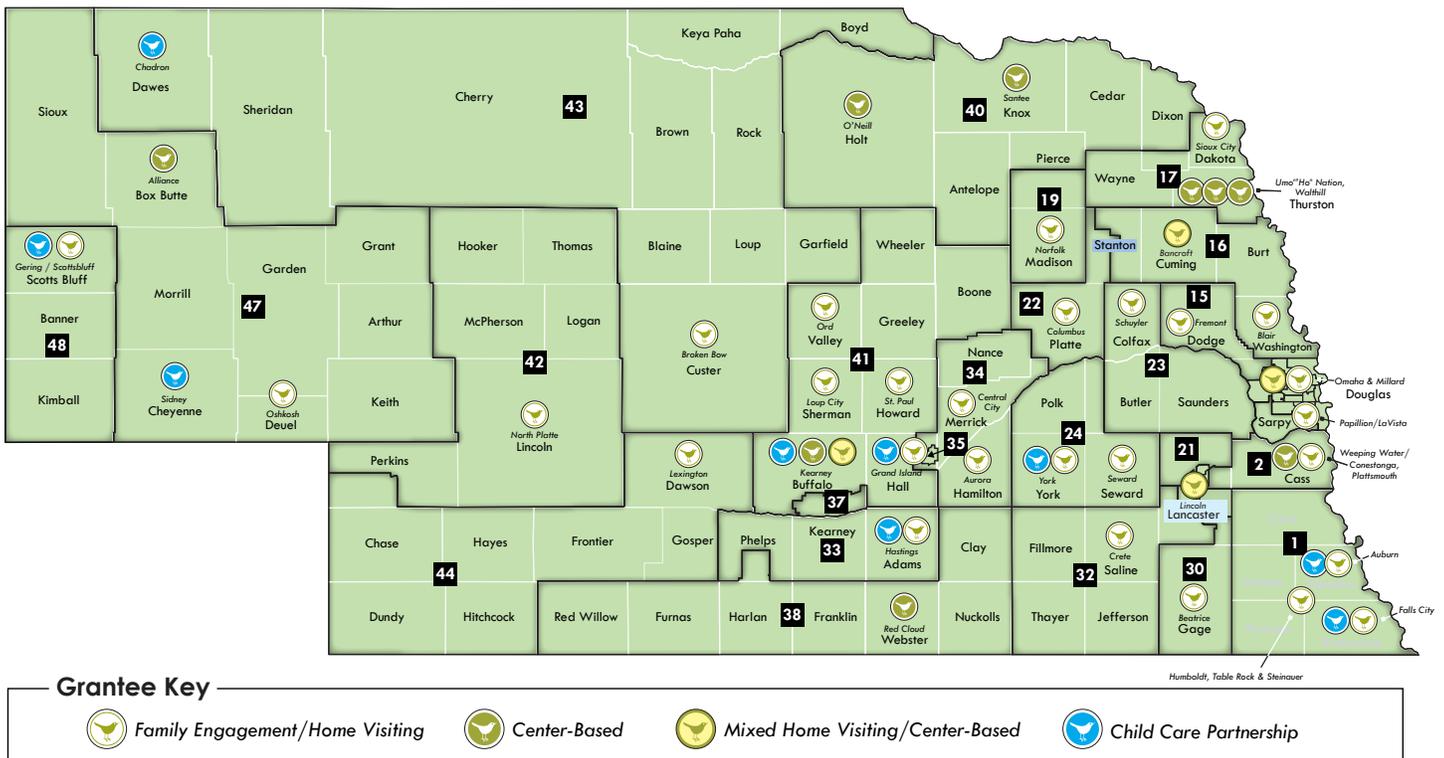
The Nebraska Early Childhood Education Endowment Fund (Sixpence) is Nebraska's signature, public-private framework for advancing high-quality programs statewide through sustainable funding and professional guidance to grantees. Sixpence grants focus specifically on services that help parents address the care and developmental needs of children from the prenatal stage through age 3 (PN-3), especially those most likely to encounter serious challenges to their healthy physical, cognitive and social development. In 2021-22, Sixpence-funded programs served over 1,100 children and 979 families.

Sixpence offers three types of grants to empower local partnerships to design and deliver their own early childhood services.

- ▶ **Center-based Sixpence programs** operate in close partnership with local school districts, offer part- and full-day care throughout the year and participate in Step Up to Quality.
- ▶ **Home visiting (family engagement) programs** are voluntary programs offered at no cost to parents who wish to work with an early childhood professional to strengthen their skills and capabilities as guides for their children’s development.
- ▶ **Child Care Partnerships (CCPs)** are collaborations between school districts and local child care programs serving infants and toddlers up to age 3. These collaborations enable more center- and home-based child care providers to benefit from resources and supports made possible by Sixpence funding.

Sixpence currently supports 51 early childhood programs in 36 Nebraska counties. However, the demand for Sixpence-funded services throughout the state exceeds available resources. LB319 could make Sixpence available to new potential community partners including: Cozad (Dawson County), Minatare (Scotts Bluff County), Nebraska City (Otoe County), Pawnee City (Pawnee County), Randolph (Cedar County), Tecumseh (Johnson County) and Fairbury (Jefferson County).

Distribution of Sixpence Grantees as of March 2023



Data Source
 U.S. Census Bureau. 2020 American Communities Survey 5-year estimates. Analysis by Center for Public Affairs Research, University of Nebraska Omaha at the request of First Five Nebraska. June 8, 2022.

