



# LB997: Child Care WAGE\$® NEBRASKA Funding

## POLICY BRIEF | 2024

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Child care programs keep Nebraskans working and the economy growing, yet the profession remains poorly compensated.

LB997 would support parents by stabilizing this crucial industry. The bill would help attract and retain skilled workers through education-based wage supplements and encourage early childhood professionals to advance in their careers.

### □ Key Points

- ▶ Skilled early childhood care and education professionals are critical to keep Nebraskans working and the economy growing. Yet child care remains one of the lowest paid professions in the state.
- ▶ Education-based wage supplements are effective in attracting, retaining and advancing the careers of early childhood professionals.
- ▶ LB997 provides a one-time \$2 million transfer to support the Child Care WAGE\$® NEBRASKA program.

### ■ Background

A well-compensated, highly skilled early childhood workforce is essential to helping cultivate the next generation of healthy, capable Nebraskans and keeping parents engaged and productive in the workforce. Currently, 74% of all Nebraska children under 6 have all parents in the workforce, ranking our state 7th in the country.<sup>1</sup> Despite the high demand for child care options, early childhood professionals are among the lowest paid in the state.

According to the U.S. Bureau Labor of Labor Statistics, child care workers earned a median hourly wage of \$13.34 in Nebraska in 2022, compared with \$21.20 for all occupations.<sup>2</sup> Low compensation and few opportunities for career advancement mean even the most dedicated early childhood educators are leaving the field to make ends meet for their families. From 2018 to 2022, there was an 11% decrease in child care workers.<sup>3</sup>

Self-employed owners of Family Child Care Home programs also face financial strain and an inability to earn enough to make ends meet. Since 2019, Family Child Care Home programs decreased by 16%—a loss of 311 programs across the state.<sup>4</sup> Low profit margins and burdensome operating costs represent a serious challenge to the sustainability of these providers.

Supporting career advancement for the early childhood workforce produces downstream benefits to the wider Nebraska workforce and economy, reduces disruptions to the wider workforce and helps to leave fewer jobs unfilled. Ultimately, career advancement opportunities for the early childhood workforce through education-based wage supplements would give families the high-quality options they need and deserve in the care of their young children.

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## ■ Key Components of LB997

LB997 creates the Child Care Wages Fund, administered by the Nebraska Department of Education (NDE), to provide for distributions to the Child Care WAGE\$® NEBRASKA program. The WAGE\$® program provides education-based salary supplements to early childhood professionals serving children under school age. The bill provides a one-time transfer of \$2 million from the Cash Reserve Fund to the Child Care Wages Fund to enhance the federal funding available through WAGE\$®. Supplements must be expended by June 30, 2027.

## ■ Expected Outcomes of LB997

LB997 capitalizes on WAGE\$®, an existing program that offers education-based salary supplements (or stipends) to providers working with children ages 0-5 in licensed Family Child Care Home programs. It is administered by the Nebraska Association for the Education of Young Children, which receives federal funding through a contract with NDE. WAGE\$® is a nationally licensed initiative of the Child Care Services Association, which monitors its state-level programs to ensure accountability and outcomes.

WAGE\$® is designed to attract, anchor and develop talent in Nebraska's early childhood workforce by addressing the challenges of low compensation, high turnover and limited incentives for career advancement. To qualify for WAGE\$®, a child care employee must complete a six-month commitment to their program. Supplements are offered on a graduated scale based on the employee's education. Participants can increase their salary supplements and qualify for other WAGE\$® benefits as they continue their educational and professional development. WAGE\$® makes these benefits available without increasing expenses for either child care providers or parents.

Outcomes of WAGE\$® show the program model works:<sup>5</sup>

- **Reduction in turnover:** Nebraska's child care workforce showed a 30% turnover in 2022-23.<sup>6</sup> Turnover among WAGE\$® participants in 2023 was only 9%.
- **Improved compensation:** On average, WAGE\$® participants increased their yearly income by \$2,164.
- **Greater financial security:** The majority (87%) of WAGE\$® participants said the program's salary supplements reduced their financial stress.
- **Professional development:** The majority (87%) of WAGE\$® participants had obtained a degree in early childhood education or were currently pursuing further education.

## ■ Conclusion

The availability of quality child care options for working Nebraskans depends upon a skilled, stable and financially viable early childhood workforce. High levels of attrition and turnover in child care will continue to result in disruptions in the quality and availability of child care as more providers look to other, more rewarding options for employment. LB997 leverages an existing program with a proven record of reducing turnover, improving financial security and promoting the career development of early childhood professionals. Enhancing support for WAGE\$® through LB997 will significantly strengthen its reach and impact.

## References

- <sup>1</sup> U.S. Bureau of Labor Statistics. (2022). [5 Year ACS Data, Table B23008, Nebraska](#). Accessed 9/12/2023.
- <sup>2</sup> U.S. Bureau of Labor Statistics. (May 2022). [Occupational Employment and Wage Statistics, Nebraska](#). Accessed 1/18/2023.
- <sup>3</sup> Bureau of Labor Statistics. 2022. [Occupational Employment and Wage Statistics, Nebraska, May 2018-May 2022](#). Accessed 9/12/2023.
- <sup>4</sup> NDHHS. (2021). Child care licensing data requested and analyzed by First Five Nebraska; NDHHS License Child Care Roster June 8, 2022; NDHHS Licensed Child Care Roster August 30, 2023.
- <sup>5</sup> Nebraska Association for the Education of Young Children. (2023). 2023 Child Care WAGE\$® State Profile. Accessed 1/18/2023.
- <sup>6</sup> Nebraska Department of Labor. (2023). Childcare Industry Employment Data requested by First Five Nebraska and received 9/13/2023.

