



STATE OF NORTH CAROLINA
DEPARTMENT OF HEALTH AND HUMAN SERVICES

ROY COOPER
GOVERNOR

MANDY COHEN, MD, MPH
SECRETARY

November 26, 2018

SENT VIA ELECTRONIC MAIL

The Honorable Louis Pate, Chair
Joint Legislative Oversight Committee on
Health and Human Services
North Carolina General Assembly
Room 311, Legislative Office Building
Raleigh, NC 27603

The Honorable Josh Dobson, Chair
Joint Legislative Oversight Committee on
Health and Human Services
North Carolina General Assembly
Room 301N, Legislative Office Building
Raleigh, NC 27603


The Honorable Donny Lambeth, Chair
Joint Legislative Oversight Committee on
Health and Human Services
North Carolina General Assembly
Room 303, Legislative Office Building
Raleigh, NC 27603

Dear Chairmen:

Session Law 2018-5, Section 11B.2.(b) requires the Department of Health and Human Services, Division of Child Development and Early Education, to submit a report on its recommendations regarding the separate, star-rated license, as well as any recommendations for revising the current star-rating system, to the Joint Legislative Oversight Committee on Health and Human Services. Pursuant to the provisions of law, the Department is pleased to submit the attached report.

Should you have any questions regarding this report, please contact Anna Carter, Director for the Division of Child Development and Early Education, at Anna.Carter@dhhs.nc.gov.

Sincerely,


Mandy Cohen, MD, MPH
Secretary

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AN EQUAL OPPORTUNITY / AFFIRMATIVE ACTION EMPLOYER

**Report on a Separate Birth Through Two Years of Age Star-Rated
License for Child Care Facilities**

Session Law 2018-5, Section 11B.2.(a)



**Legislative Report to the
Joint Legislative Oversight Committee on Health and Human
Services and The Fiscal Research Division**

By

North Carolina Department of Health and Human Services

November 26, 2018

Pursuant to Session Law 2018-5, **SECTION 11B.2.(a) - SEPARATE STAR-RATED LICENSE/BIRTH THROUGH TWO YEARS OF AGE/REPORT** -the Department of Health and Human Services, Division of Child Development and Early Education (Division), shall develop a separate birth through two years of age, star-rated license for child care facilities. In developing the separate, star-rated license, the Division shall, at a minimum, consider the following:

- (1) Staff qualifications.
- (2) Staff turnover rates.
- (3) Educational outcomes.
- (4) Evaluation of certified religious-based child care centers for rate payments and the minimum requirements for certification.

The Division of Child Development and Early Education shall submit a report on its recommendations regarding the separate, star-rated license, as well as any recommendations for revising the current star-rating system, to the Joint Legislative Oversight Committee on Health and Human Services by November 1, 2018.

Introduction:

Over the last decade, national attention has focused on early development as the foundation that future learning and success is built upon. Ensuring that every child has equitable access to a high quality early learning setting that is healthy, safe and provides rich learning opportunities is the fundamental goal of DCDEE.

A Quality Rating and Improvement System (QRIS) provides a framework for building strong early care and education systems within states. It provides a systemic approach to assess, improve, and communicate the level of quality in early care and education programs. A comprehensive QRIS creates and aligns program standards with early learning standards, develops and aligns infrastructure to support quality improvement, and assesses achievement along a continuum. A QRIS also provides families and governmental officials with clear data about where to invest early care and education dollars. In North Carolina, the Quality Rating and Improvement System is part of the child care licensure system and known as the “Star Rated License.”

North Carolina’s early care and education system is comprised of various independent programs, including federally funded Head Start/Early Head Start sites, NC Pre-Kindergarten classrooms, for-profit, non-profit and publicly operated child care centers, family child care homes and religious sponsored programs. These programs are licensed by the Division of Child Development and Early Education (DCDEE) and receive a 1-5 star rating, with 5 stars representing the highest level of quality as measured by Education and Program standards described below.

Studies have found that North Carolina’s Star Rated License system works – early care and education programs in the state are motivated by their ratings to increase their standards, and parents make choices of which programs to use based on the ratings. A new study by Daphna

Bassok, Thomas Dee and Scott Latham, “The Effects of Accountability Incentives in Early Childhood Education,” provides some of the strongest evidence that a well-designed quality rating system can do what it is intended to do – raise the quality of early education programs and give parents information to make decisions.

Using data from North Carolina, the study authors found that:

- Early care and education programs respond to the ratings they receive through the QRIS system by improving in the areas on which they receive relatively lower scores.
- Programs that received lower ratings saw their enrollments drop, demonstrating that North Carolina parents respond to the rating.

This data is an endorsement of North Carolina’s Rated License system for early education. It suggests that the system drives program quality improvement both directly – the programs raise their own standards to receive a higher rating – and indirectly, through parent choice.

However, research also shows that a higher level of quality and better standards are necessary to achieve the better educational outcomes seen with NC Pre K and that we desire for all children, particularly those from low income families. It is time for North Carolina to review and evaluate the changes needed in improving supports in our early care and education programs across the state. The last time a change was made to the system was more than a decade ago and we know, based on research, much more about what children need to succeed. A system that supports a strong, well educated workforce, a classroom that provides enriching environments, and providers that have the financial resources to maintain the quality they are providing, is the next step.

Report Organization and Recommendations:

This report concludes by providing background, data, research, current status and recommendations for each of the following four areas: (1) Staff qualifications; (2) Staff turnover rates; (3) Educational outcomes; and (4) Evaluation of certified religious-based child care centers for rate payments and the minimum requirements for certification.

DCDEE agrees with the goal of improving the quality of infant-toddler early care and education, and the intent of the legislation mandating this report: to address ongoing inequity in amount of directed resources, the standards, and subsequently the quality and accessibility of infant-toddler child care. However, creating a separate Infant/Toddler Rated License raises the risk of causing unintended challenges for both child care programs and parents, and could result in a decline of the number of infant/toddler spaces in high quality programs. Multiple licenses and varying standards within one program would be confusing for parents and for the child care industry. Instead, DCDEE recommends revisions to the existing Rated License system as described in this report, as well as conducting a feasibility study for a pilot program modeled after NC Pre-K for birth through age 3 classrooms.

History of North Carolina's Star Rated License:

DCDEE is responsible for monitoring and enforcing child care standards in North Carolina, overseeing the administration of the subsidized child care program, and administering the NC Pre-K Program for at risk four-year-olds. Division staff license and monitor over 6,000 regulated child care centers and family child care homes across North Carolina and are responsible for issuing star rated licenses to programs, based on the standards that have been met.

The overall goal of North Carolina's Star Rated License is to improve the quality of all early learning settings, to help families make informed decisions about child care and to ensure public resources are being used effectively and accountably. DCDEE has been a national leader in developing its Star Rated License. In fact, North Carolina was one of the first states to create a Star Rated License for early education. North Carolina's system was initially developed through legislative action in 1997 through Senate Bill 929 and was fully implemented in 2000. At that time, the rating was based on three components – compliance history, program standards and education standards.

In 2005, legislation was revised to move compliance history to be a basic minimum requirement and rate programs on just the two remaining components – Education and Program Standards. All licensed child care programs meet a set of minimum standards, defined as a rating of one star. Participation at the two through five-star level is voluntary and all licensed child care programs can choose to participate or maintain a one-star rating. Religious-sponsored programs may also elect to be exempted from the one-star license as provided for in General Statute 110-106 and further discussed later in this report.

As part of this system, North Carolina has made significant investments in establishing a reliable and valid method for differentiating levels of quality. Child care programs may earn additional points for incrementally higher levels of staff education and program standards, leading to ratings from two to five stars. Families can use star ratings to inform their choice of early care and education providers, and programs with more stars receive higher levels of reimbursement for children whose care is subsidized. Of the more than 6,000 licensed child care facilities in North Carolina, 85% have received a three to five-star license, and 65% are deemed “high-quality” with 4 or 5 Stars.

North Carolina's General Assembly has acknowledged the role of the Star Rated License for at-risk children by limiting access to child care subsidy funding to child care programs that have a rated license of 3 stars or higher. Religious-sponsored programs operating with a Notice of Compliance can also receive child care subsidies. Additionally, NC Pre-K can only be offered in programs that are at a four or five-star level. In this manner, the state has woven the Star Rated License across all early care and education programs.

Staff Qualifications:

The quality of early care and education young children received is most closely tied to the quality of the teachers in the classrooms and their program leadership. Teachers who have specific preparation and ongoing professional support in child development and learning are more likely to have effective, positive interactions with children and their families, offer richer language and other content experiences, use a variety of appropriate curricula and teaching practices (including play) for individualized and group teaching, and create more high-quality learning environments.¹

The recent release of the National Academies of Science report (2015), “*Transforming the Workforce for Children from Birth Through Age Eight*,” recommends that all lead teachers working with children from birth through age eight have a bachelor’s degree in early childhood education in addition to ongoing training and supports, including adequate compensation. Currently the minimum educational requirement to be a lead teacher for children birth to age 5 in a child care center is a North Carolina Early Childhood Credential (NCECC) or its equivalent, with the exception of religious-sponsored programs operating with a Notice of Compliance, which are exempt from this requirement. The NCECC is comprised of one four-semester hour course at the community college. In General Statute 110-91(7), lead teachers can take up to two years to complete this course, during which time they can be the sole lead teacher in charge of a classroom with only a high school diploma or equivalent and 2 years of experience. In a licensed family child care home, the minimum requirement is to be 21 years old and have a high school diploma. In comparison, the education requirement for a NC Pre-K teacher is a North Carolina Birth through Kindergarten (B-K) Continuing License.

North Carolina has made significant progress in increasing the educational attainment of its early care and education workforce. According to the 2015 Workforce Study, 62% of lead teachers in child care centers have earned at least an associate degree in any field. However, there is a gap between infant/toddler lead teachers and lead teachers of children ages three and four. Fifty two percent (52%) of those infant/toddler teachers have a degree in any field as compared to 74% for teachers of three and four-year-olds in non-NC Pre-K classrooms.

Current compensation levels for early childhood teachers also negatively impact the field’s ability to attract and retain a more highly educated and trained workforce. The median hourly wage for infant/toddler teachers with a bachelor’s degree across the state is \$12 per hour. This is \$2.95 less per hour than preschool teachers with similar degrees who earn a median hourly wage

¹ NAEYC. High-Quality Early Childhood Educators Are the Key to Quality Programs for Children. https://www.naeyc.org/sites/default/files/globally-shared/downloads/PDFs/our-work/public-policy-advocacy/201NAEYC_Childhood%20Educators.pdf. n.d.

of \$14.95 per hour.² While preschool teachers make more per hour than an infant/toddler teacher, both make less than a living wage.

Recommendation 1:

Incrementally increase the minimum educational requirement for lead teachers in child care centers from the North Carolina Early Childhood Credential (4 credit hours), and for family child care home operators from a high school diploma, to the completion of a minimum of the Infant Toddler Certificate, or the Preschool Certificate (15 credit hours) by January 1, 2021. This change would require amending current statute.

Both Certificates can be obtained by completing five classes at any one of the 58 colleges of the NC Community College system and can be supported financially with a currently funded scholarship program, so additional funding would not be needed.

Completing these Certificates will better prepare the early care and education workforce to plan and implement developmentally appropriate programs for young children.

Staff Turnover/Continuity of Care:

Typically, children in early education programs spend most of their waking hours in care. Teacher stability impacts young children's growth and development. Very young children develop in the context of their relationships with adults – and secure attachments to adults consistently in their lives is key to their healthy development. In fact, research shows that children between the age of 18-30 months who experience multiple caregivers and caregiving environments over the course of the day are more likely to exhibit negative behaviors.³ According to the 2015 Workforce Study, approximately 19% of all preschool teachers, 22% of infant-toddler teachers, and 29% of assistant teachers reported having worked at their center for less than a year. More than one in five (21%) infant-toddler teachers reported that they may leave the early care and education field in the next three years.

Recommendation 2:

Direct the Division of Child Development to develop and implement a program beginning no later than January 1, 2020, to incentivize higher teacher education and compensation levels by providing subsidy payment enhancements to child care programs that utilize a salary scale and only employ lead teachers who have obtained a minimum of an Associate degree in child development or a related field. The incentive amount will be differentiated based upon the level of degree attained.

² Child Care Services Association. Who's Caring for Our Babies? Early Care and Education in North Carolina. 2017

³ Network of Infant/Toddler Researchers. Including Relationship-Based Care Practices in Infant-Toddler Care: Implications for Practice and Policy. OPRE Report # 2016-46. May 2016

Such enhancements would encourage programs to hire and maintain staff with higher education and provide fair compensation to them and expand slots for children eligible for child care subsidy. The enhancement program would serve to close the gap between the subsidy reimbursement rate and true cost of quality care.

Educational Outcomes:

North Carolina has been recognized for our high-quality NC Pre-K program that shows positive educational outcomes for North Carolina's four-year-old children identified as at-risk. Annual evaluations of the NC Pre-K program have shown consistently positive child outcomes for children enrolled in the program as reflected by higher scores on third grade End of Grade tests than similar children who did not attend.

NC Pre-K programs must also provide formative assessments and developmental screenings for children, which helps teachers to guide instruction and to determine what the child is ready for next in terms of knowledge and skills. This supports individualized instruction for a child which helps them be better prepared when they reach kindergarten. For classrooms that are not a part of NC Pre-K, there is not a requirement to utilize formative assessments or developmental screenings.

Recommendation 3:

Provide targeted technical assistance and professional development to program on how to complete and effectively use developmental screenings and formative assessments. These supports could be provided by local Child Care Resource and Referral agencies as well as Smart Start Partnerships.

Completing formative assessments can mean that how a teacher interacts with, and provides support to, a child's learning, is based on a true picture of where that child is on the continuum of development. Additionally, expanding the use of developmental screenings in both infant/toddler classrooms, as well as all non-NC Pre-K classrooms, will provide for early, regular and reliable screening that can help identify potential problems or delays that may threaten a child's developmental foundation and lead to further delays later in childhood.⁴

Recommendation 4:

Direct the Division of Child Development and Early Education to conduct a feasibility and cost study and report to the General Assembly by January 2020 for the development of a pilot program modeled after NC Pre-K for birth through age 3 classrooms. The model would include teachers with degrees, the use of curriculum and formative assessments, improved ratios, a payment rate for child care programs commensurate with the increased requirements, and the

⁴ Center for Law and Social Policy. First Steps for Early Success: State Strategies to Support Developmental Screening in Early Childhood Settings. Washington, DC: 2014.

training, program coordination, recruitment and outreach, and monitoring necessary to implement the program – as well as on ongoing evaluation program to measure educational outcomes similar to NC Pre-K’s evaluation.

Religious Sponsored Programs:

North Carolina has an exemption structure that allows religiously sponsored child care programs to be exempted from certain requirements to ensure that they can continue to use teaching practices and curricula that honor their faith. North Carolina has an opportunity to preserve the ability to support religious differences and to achieve this goal while making select improvements to further incentivize higher quality and improve children’s daily experiences. North Carolina has 525 programs that identify themselves as sponsored by a religious entity. Of those, 196 (37%) have elected to obtain a Rated License at the 3,4, or 5 Star level. The remaining 329 operate under the exemption provided for in General Statute 110-106. This statute exempts the program from having to meet educational qualifications, as well as activity requirements, such as having books and play materials and a daily schedule and allows the use of corporal punishment. Approximately 65 programs use corporal punishment as part of their discipline policy.

Given that less than 8% of child care programs in the state have elected the GS 110-106 exemption, and the growing body of evidence in support of teacher credentials and use of a curriculum to improve children’s educational outcomes, North Carolina has an opportunity to revisit the current exemption structure and continue to incentive higher quality – while still ensuring that religiously sponsored programs can continue to use teaching practices and curricula that honor their faith. As shown above, nearly 40% of programs sponsored by a religious entity have already elected to obtain a Rated License of 3 stars or higher.

Further, given that less than 2% of child care programs have policies allowing for corporal punishment, this is an opportunity to no longer allow the use of corporal punishment for our youngest children in the state. Similar changes have occurred in our public-school systems across the state as all local school boards have voted to ban the use of corporal punishment.

Lastly, the American Academy of Pediatrics recently released a policy statement related to the use of corporal punishment. They noted that researchers link corporal punishment to an increased risk of negative behavioral, cognitive, psychosocial, and emotional outcomes for children. In the policy statement it notes that research has seen that there appears to be a strong association between spanking children and subsequent adverse outcomes.⁵

⁵ <http://pediatrics.aappublications.org/content/pediatrics/early/2018/11/01/peds.2018-3112.full.pdf>

Recommendation 5:

Amend the current GS 110-106 exemption, to ensure all programs met minimum requirements related to teacher qualifications, activities for children, and prohibition of any use of corporal punishment. None of these changes will prevent a religious-sponsored program from utilizing a faith-based curriculum.