JOINT LEGISLATIVE OVERSIGHT COMMITTEE ON HEALTH AND HUMAN SERVICES

NC Department of Health and Human Services

Child Development and Early Education

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April 2, 2024
Modernizing the NC Child Care Quality Rating Improvement System

• The Quality Rating Improvement System (QRIS) is North Carolina’s star rating system for early childhood education facilities.
• Families may use the star rating to make informed decisions about choosing a child care facility.
• North Carolina led the nation when it launched its Quality Rating Improvement System in 1999.
• Encourages continuous quality improvement
QRIS Modernization – Community Outreach

• Led by NC Child Care Commission QRIS Sub-Committee
• 11-month outreach effort
• Heard from 1800+ people via:
  - 8 in-person listening sessions in all regions of the state
  - 2 online listening sessions.
  - An online survey.
  - Specially designated email account.
  - Focus groups representing child care centers, family child care homes, Head Start, child care providers, before/afterschool and families.
• In addition, the Sub-Committee reviewed national research, trends and outcomes regarding QRIS standards to inform their decision-making.
QRIS Modernization – The Plan

• A choice of three Pathways to demonstrate quality
• Simplify the points-based option
• Update education standards for early childhood to expand credential options
• Additional standards for
  – continuous quality improvement for both educators and facilities
  – family/community engagement practices that promote communication and collaboration
Modernizing the Quality Rating Improvement System

<table>
<thead>
<tr>
<th>Pathway 1: Program Assessment</th>
<th>Pathway 2: Classroom &amp; Instructional Quality</th>
<th>Pathway 3: Accreditation &amp; Head Start</th>
</tr>
</thead>
<tbody>
<tr>
<td>2-Star</td>
<td>Updated Assessment Tools</td>
<td>NAFCC NECPA AMS IMC</td>
</tr>
<tr>
<td>3-Star</td>
<td>Updated Education Standards</td>
<td>Plus Updated 4-Star Education Standards</td>
</tr>
<tr>
<td>4-Star</td>
<td>New Quality Measures (tbd)</td>
<td>Plus Updated 5-Star Education Standards</td>
</tr>
<tr>
<td>5-Star</td>
<td>Updated Education Standards</td>
<td>NAEYC NAC COGNIA Head Start</td>
</tr>
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**Pathway 3:** Accreditation & Head Start
- NAFCC
- NECPA
- AMS
- IMC
- NAEYC
- NAC
- COGNIA
- Head Start
QRIS Next Steps

• NC Child Care Commission working on rules

• NCDHHS draft legislation
  – Establishes the framework for three pathways to a star rating, and immediately implements new accreditation pathway
  – Directs the Commission to adopt, amend, and repeal all rules necessary for the implementation of the framework.
  – Extends the facility hold harmless and the education requirement hold harmless until new rules are adopted.
The Child Care Crisis – Demand > Supply

• Emergency funds run out June 2024
• Net loss of 53 sites June-December 2023*
• NAEYC survey** of NC child care programs finds:
  − 40% have raised tuition
  − 60% are experiencing a staffing shortage
  − 55% are under-enrolled due to lack of staff

Child Care Wages Lag Behind

North Carolina Pay Rates 2023

Starting Hourly Wage

- Child Care (Median): $14.00
- Costco: $17.00
- Target Stores: $17.50
- Starbucks: $17.50
- Hobby Lobby: $18.50
- Verizon: $20.00

NC Employers
The Need to Increase the Subsidy Rate Floor

- Subsidy serves 51,000 children statewide (8-15% of eligible children)
- Reimburses just 30–50% of the cost of classroom slot
- Child care subsidy is based on what local families can afford to pay
  - This is not cost of services
  - Falsely suppresses market rates
- Rural counties are disproportionally impacted
## Current NC Pre-K Rates in Contrast

NC Pre-K is funded at 48% of what it costs to run a Pre-K slot.

<table>
<thead>
<tr>
<th>Program per child</th>
<th>10-month (school year) Per-child Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total cost of NC Pre-K</td>
<td>$11,330</td>
</tr>
<tr>
<td>Current NC Pre-K Total average funding</td>
<td>$5450</td>
</tr>
<tr>
<td>Public Schools</td>
<td>$10,791</td>
</tr>
</tbody>
</table>

NC Pre-K is funded at 50% of the average public-school rate.
Sustaining the Child Care System

• QRIS Modernization
  – Child Care Commission Report
  – Proposed Legislation

• Stabilization Grants

• Child Care Subsidy Rate Floor

• NC Pre-K

• Workplace Pipeline Innovations (see appendix)
Appendix
Workforce Pipeline Strategies

- NC Early Education Equivalency Exam
- Credit for Prior Learning
- Workforce Certificate
- Child Development Associate (CDA) Credential
- Pathway Options for High School Students
- Building Bright Futures
- Degree Considerations for Workforce Education and NC PreK
- New Continuing Education Class EDU 3119
## Total NC ECE Stabilization Grants Payment – $1.01 Billion

<table>
<thead>
<tr>
<th></th>
<th>Child Care Centers</th>
<th>Family Child Care Homes</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td># of Approved Programs Paid</td>
<td>3,312</td>
<td>1,228</td>
<td>4,540</td>
</tr>
<tr>
<td>Total Compensation Support Grants Payments</td>
<td>$431M</td>
<td>$21M</td>
<td>$452M</td>
</tr>
<tr>
<td>Total Fixed Costs and Families Grants Payments</td>
<td>$519M</td>
<td>$39M</td>
<td>$558M</td>
</tr>
<tr>
<td>Total Payments</td>
<td>$950M</td>
<td>$60M</td>
<td>$1.01B</td>
</tr>
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As of January 30, 2024. Source: Division of Child Development and Early Education.