Recommended Investment of American Rescue Plan Act Funds for EARLY CHILDHOOD

Introduction

The Nonprofit Association of the Midlands partnered with Nebraska Children and Families Foundation, OpenSky Policy Institute, Nebraska Association of Behavioral Health Organizations, and Coalition for a Strong Nebraska to understand how we might meaningfully impact our community with American Rescue Plan Act funds. More than 300 nonprofit representatives, community leaders, and elected officials attended at least one of three roundtable discussions to co-create recommendations based on their working knowledge and expertise in five areas: Early Childhood, Food, Health, Housing, and Workforce. The following recommendations address Early Childhood.

Recommendations

1. **Invest in the early childhood education workforce** by streamlining the existing childcare provider/facility licensure processes; expanding provider education and training opportunities; providing hiring and retention bonuses, scholarships, and loan forgiveness options for providers; and enhancing career ladder programs, including practicums and internships ($54.1 million).

2. **Expand and modify the Child Care Subsidy Program** by replacing the attendance-only billing system with a reservation model; increasing subsidy provider rates; expanding public outreach efforts to those who qualify for expanded subsidy benefits; eliminating outstanding family subsidy copayment accounts; and temporarily waiving family subsidy copayments ($12.5 million).

3. **Develop an early childhood infrastructure** by enhancing the existing Nebraska Early Childhood Integrated Data System and the Nebraska Early Childhood Professional Record System (NECPRS); and providing sustaining support for the Child Care Resource Network ($2.7 million).

4. **Expand home visiting programs** by creating a universal newborn home visiting program.

Background and Strategies

**Invest in the Early Childhood Education Workforce**

Nebraska’s early childhood education workforce serves as the backbone of a system that is necessary and vital to our state’s economic well-being. This segment of the workforce, however, has been subject to chronic underfunding, especially as it relates to training and professional development. Investment in the early childhood education workforce will enhance efforts to recruit and retain these essential workers.

**Increase funding for childcare licensing support and provider training** ($785,000)

The COVID-19 pandemic underscored the importance of a highly professional, early childhood education workforce. According to a Buffett Early Childhood Institute provider survey conducted in August 2020, technical assistance to providers was listed as a top priority.¹ Funding would be invested to support providers' state license required training as well as social-emotional development, Step-Up to Quality, and Child Development Associate advancement training.

**Continue support for provider fingerprinting and background checks** ($1 million)

Recent changes in the fingerprinting and background check processes have placed an additional administrative and financial burden on licensed child care providers during a time when many are still

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struggling to adapt to the new realities of care provision. Funding is needed to extend expired state funding that helps providers cover the costs of fingerprinting and background check requirements.

**Expand the T.E.A.C.H. Program ($3.5 million)**
The T.E.A.C.H. Early Childhood Program awards scholarships to early education professionals to address the under-education, poor compensation, and high turnover of the early education workforce. While early childhood educators have remained dedicated and resilient in the face of unprecedented challenges, the pandemic has exacerbated long-standing workforce recruitment and retention concerns. Expansion of the T.E.A.C.H. Program would increase efforts to cover the costs of coursework associated with licensure, credentialing, and certificates for Early Childhood Community Specialists; support attainment bonuses for students who obtain an associate’s or bachelor’s degree; increase stipends for students who are completing their student teaching/practicums; and foster other best practices related to early learning workforce development.

**Provide early childhood education provider retention bonuses ($45 million)**
According to the Center for the Study of Child Care Employment, the median wage for a child care worker in Nebraska was $11.17 per hour in 2020. Low wages continue to stand out as a key barrier to workforce recruitment and retention in early learning. Prolonged childcare closures during the onset of the COVID-19 pandemic compounded the financial stressors of the childcare workforce. According to a March 2020 provider survey by Buffett Early Childhood Institute, many childcare providers expressed concern about covering mortgage payments or rent. A $350 minimum payment for care-giving employees of licensed family child care homes and child care centers in operation since May 2021 or earlier would alleviate financial pressure and help retain child care workers.

**Expand the WAGE$ Program ($3.85 million)**
Child Care WAGE$ Nebraska provides education-based salary supplements to low-paid, early care and education providers working with children, ages birth to five, in licensed, family child care settings. Providers working in family child care settings are often among the most under-resourced and under compensated of all licensed providers in Nebraska. An expansion of the existing WAGE$ program at the funding level requested would support up to 456 educators over the next three years.

**Expand and Modify the Child Care Subsidy Program**

**Modify the attendance-only billing model for childcare subsidy providers ($3.75 million)**
Unlike many private-pay providers, providers that participate in the child care subsidy program can only bill a limited number of absences (five per month). This limitation was suspended via Executive Order for a portion of the COVID-19 pandemic. Due to ongoing cases of COVID-19 in Nebraska and required quarantine times, this remains an ongoing challenge for providers. The reservation billing model is a best practice due to the predictability it creates in revenue streams and staffing as well as increased parity with private-pay only providers. LB 68, currently pending before the legislature, would make the billing model change permanent. In the meantime, the reservation billing model needs to be restored while the transmission of COVID-19 continues at high rates in the community.

**Increase child care subsidy provider rates**
Nebraska is currently required to pay providers participating in the child care subsidy program 60% of the current market rates. The recommended level to create greater parity with private-pay providers is 75% of

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the current market rates. Increasing subsidy payment rates is critical to addressing workforce and
capacity needs.

**Implement a child care subsidy expansion outreach program** ($250,000)
Earlier this year, the legislature passed LB 485 to increase eligibility for child care assistance as families
continue to recover from the pandemic. Engaging a marketing agency to promote awareness of this
assistance would increase the number of eligible families that access it.

**Reimburse providers for outstanding family child care subsidy accounts** ($5 million)
During the pandemic, job changes and losses resulted in many families falling behind on copayments and
accumulating debt to their child care provider. This debt can serve as an insurmountable barrier to
reestablishing child care and reentering the workforce. Funding to cover these debts will ensure families
can access child care and resume working.

**Waive family child care subsidy copayments** ($3.5 million)
Families are still working to recover economically from the pandemic. Temporarily covering family child
care copayments would alleviate the financial pressure on families that need time recover.

**Develop an Early Childhood Education Infrastructure**

**Enhance the Nebraska Early Childhood Integrated Data System (ECIDS)** ($1.8 million)
The Early Childhood Integrated Data System (ECIDS) provides integrated, cross-program data that
inform decisions about early childhood policies, services, and education. The availability of reliable,
representative, and easily accessible data will be invaluable to Nebraska policy makers and key
stakeholders tasked with tailoring the early childhood education system to a post-pandemic world and
provide some sustainability towards a program that has largely been funded in a piecemeal fashion.

**Enhance the Nebraska Early Childhood Professional Record System (NECPRS)** ($400,000)
The Nebraska Early Childhood Professional Record System (NECPRS) is an online clearinghouse for
early childhood educator training and professional development resources. NECPRS also provides
educators the ability to track educational requirements, such as certifications and credentials. A one-time
investment in the expansion of NECPRS is a foundational step in building a structured statewide
professional development program in early learning.

**Provide funding for the Child Care Referral Network** ($500,000)
The Nebraska Child Care Referral Network allows families to locate licensed child care providers across
the state via a searchable online database. The Referral Network served as an invaluable resource over
the course of the COVID-19 pandemic. An August 2020 survey by the Buffett Early Childhood Institute
indicated that three out of every five providers surveyed reported being enrolled in the program.³ The
Child Care Referral Network will remain a vital resource as the COVID-19 pandemic continues to impact
child care availability.

**Expand Home Visiting Programs**

**Support the creation of a universal newborn home visiting program**
Newborn home visiting is a prevention strategy used to support pregnant and postpartum mothers and
new parents to promote infant health and development. Home visitors may be trained nurses, social

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workers, or child development professionals. Creating a universal newborn home visiting program would expand, enhance, and complement existing home visiting programs. A robust body of research exists that illustrates the positive impact high-quality home visiting programs can have on health outcomes for children and families, particularly those who face added challenges such as teen or single parenthood.