

Early Childhood Education Discussion

Agenda

- Review of Early Childhood Action Plan (ECAP)
- Review of ECAP Fiscal Analysis
- Discussion of Fiscal Analysis Recommendations
- Review of previous (FY2025) budget requests
- Recommendations
- Questions/Discussion

Early Childhood Action Plan

- Project (Chatham Kids Matter) led by Chatham County Partnership for Children.
- Funded in part by Chatham County using ARPA dollars.
- Early Childhood Action Plan was final product of year+ long study. Other items include:
 - Early Childhood Community Needs Assessment
 - Community Conversations
 - Fiscal Analysis
- Included Focus Areas, Early Childcare System Issues to Solve, Strategies to attempt to solve those issues, and Fiscal Analysis of those issues.
- The Board of Commissioners agreed to provide funding for the study because the Board recognized long-term, systemic issues related to Early Childhood Education and recognized the need to document those challenges and develop recommendations on how to meet those currently unmet needs.

Recap: Community Needs Assessment Focus Areas

Child Health, Safety &
Wellbeing



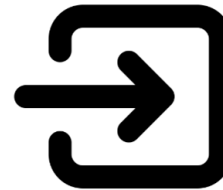
Childcare Infrastructure



High Quality Early Learning



Childcare Access

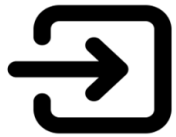




Child Health, Safety & Wellbeing

Access to health care is inequitable.

Latinx and African American families less well served .



Childcare Access

Childcare availability crisis.

Cost of childcare is unaffordable for many families.

Economic Growth & childcare shortage on a collision course.



Childcare Infrastructure

Providers' financial struggles.

Childcare workforce pipeline is broken.



High Quality Early Learning

Concerns about quality care.

Understandings of Kindergarten Readiness vary.

Families experience barriers to accessing NC Pre-K.

Fiscal Analysis

- The Fiscal Analysis included estimated costs for recommended action items to address the various issues identified in the ECAP.
- The Fiscal Analysis also included recommendations that were not detailed/estimated in the Fiscal Analysis, but that were included for completeness (example: Work with CCCC and CCS to develop a pipeline of early childcare workers and leverage Chatham Promise).
- Includes detailed estimates/Cost breakdowns for recommendations (used FY2024 dollars)
- Advisory Committee ranked the various recommendations by priority (High/Medium/Low).

Fiscal Analysis Recommendations

AC Priority & Rank	Reccomendations	Capital ¹	Annual Direct Cost	Annual Administration	Annual Direct Cost
1. High	Early Childhood Education Fund, including Y1 Compensation Pilot		\$600,000	\$199,002	\$799,002
2. High	Construct Childcare Center at Parkers Ridge Park ²	\$7,880,630			
3. High	Subsidize NC Pre-K Reimbursement Rates + Afterschool Care ³		\$752,466	\$75,247	\$827,713
4. High	Increase Subsidy Income Threshold to 300% FPL		\$1,590,917	\$99,078	\$1,689,995
5. Medium	Expand Pre-K to 100% Chatham median income +Afterschool Care ⁴	\$1,510,104	\$942,136	\$94,214	\$1,036,350
6. Low	Eliminate Subsidy Waiting List		\$863,028		\$863,028
7. Long Term	Universal Pre-K + Afterschool Care ⁵	\$4,293,633	\$2,961,806	\$63,844	\$3,025,650
	Total		\$7,710,354	\$531,384	\$8,241,737

Early Childhood Education Fund

- Partnership for Children made a request at the May 6, 2024, Board of Commissioners meeting, requesting funding for the #1 priority item of the Fiscal Analysis.
- The Board of Commissioners did not take any action on the request during the FY2025 Budget discussion.
- Since the adoption of the FY2025 Budget, Early Childhood funding has come up several times.
- The following slides detail the request made by the Partnership for Children at that meeting – notes from County staff are included as yellow text boxes (for additional discussion).
- The numbers included represent the request made for FY2025 and have not been adjusted in any way.

FY25 Budget Request

The Chatham County Partnership for Children respectfully requests **\$600,000** for FY25 to **establish an Early Childhood Education Fund**, which in FY25 includes a **funds for a Childcare Provider Compensation Pilot Program.**

- Request appears to reflect the annual direct cost of the #1 priority item on the Fiscal Analysis.
- Does not appear to have any costs related to annual administration costs.

Early Childhood Education Fund

Primary Uses:

- Provider Compensation
- Childcare Subsidies
- Childcare Center Capacity Expansion (Public Funds used for non-capital costs or as a revolving loan)

Additional Activities:

- Fundraise private donations that could be used for private childcare capital costs
- Explore revolving loan concept for public funds to be used for private expansion
- Provide technical and grants writing assistance to centers for expansion
- Explore redirecting economic development incentives to the fund

Early Childhood Education Fund - Year 1

Blue highlights in “Primary Uses” reflects the intended uses in the first year of funding – unsure if this would be the same in FY2026.

Primary Uses:

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- Childcare Subsidies
- **Childcare Center Capacity Expansion** (Public Funds used for non-capital costs or as a revolving loan)

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Staff has concerns about our authority to fund salaries of a for-profit entity. The only potentiality is to rely on 160D-1311, which authorizes assistance programs for low/moderate income residents.

Childcare Provider Compensation Pilot Program

Conduct a pilot program to compensate early child care employees using NC's Early Childhood Collaborative Model Salary Scale.

- Pay early childhood educators with equal education equivalent to K-12 scale
- Pay other early childcare workers a “living wage” according to MIT Living Wage Calculator (*i.e. \$18.40/hour in Chatham*)
- Educational attainment also factored into salary scale
- Model tested by UNC-Charlotte

To the extent that the childcare centers serve these populations, the county could provide funding to cover some or all of the costs of providing childcare to the children of low/moderate income residents. Centers would have to commit to continuing to serve low/moderate income families.

Components

- Equity concerns over the compensation pilot only covering a limited number of classrooms/centers.
- May create additional stress to increase scope/funding of compensation pilot in very short order.

20 classrooms at most underpaid centers (including at least one Pre-K Classroom). Would be facility-wide to avoid pay disparities within centers.

Includes a one-time annual benefits allowance of \$1,000 per teacher.

Targets private childcare centers and family-home centers rated 3 stars or higher; eligibility includes subsidy acceptance and/or TA contract with CCPC.

Includes professional development requirements.

Impact Examples

Example 1:

Pre-K teacher has BK licensure and makes \$14/hour; the model recommends \$23.70/hour (equal to public schools teacher salary scale); the compensation pilot would fund the annual difference of \$20,170 (plus FICA \$1,543)

Result: Teacher makes \$49,290 instead of \$29,120

Example 2:

Early childcare teacher has an associate's degree in Early Childhood Education and makes \$13.50/hour; the model recommends \$19.74/hour (living wage plus 7% for educational attainment); the compensation pilot would fund the annual difference of \$12,986 (plus FICA \$1,073)

Result: Teacher makes \$41,066 instead of \$28,080

FY25 Budget Request Justification

N.C. Child Care Stabilization Grants end on June 30th.

Stabilization Grants uses:

1. **Fixed Costs and Family Grants** to help to cover the true costs of child care
2. **Compensation Support Grants** which can either be used for bonuses for all staff or to increase base pay and/or benefits that utilize a compensation scale

Anticipated Impact:

- Center Closure
- Increase in turnover

- The same concerns regarding legal authority for compensation support grants.
- Funding of fixed costs could be allowable, would need more specific information.
- Family grants, assuming they qualify as low/moderate income, seem to be an allowable expense.

Cost Breakdown - Compensation Pilot

Item	Cost
Direct Salary + FICA Cost for 20 Most Underpaid Centers	\$254,772
Annual Allowance for Benefits	\$40,000
TOTAL Direct Cost of Compensation Pilot	\$294,722

Cost Breakdown - FY25 Budget Request

Item	Cost
Total Direct Cost of Compensation Pilot	\$294,722
Direct Costs of Early Childhood Education Fund (Year 1)	\$187,500
10% Administrative Cost	\$48,227
New Position to Oversee Program (includes \$2,000 one time)	\$69,501
TOTAL	\$600,000

FY25 Budget Request

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Future Requests

Annual request for \$600,000 for the Early Childhood Education Fund.

Return in the Fall to request CIP funds for Parkers Ridge Childcare Center Feasibility Study.

- This slide confirms that the request for \$600,000 would be a recurring expense – assumes continuing the compensation pilot program.
- Parker's Ridge Childcare Center was not discussed during CIP process and would be a significant scope change to that project.

Important Considerations

Sustainable

- Can be maintained over time
- Limit large cost swings year-over-year
- Able to maintain sufficient workforce

Limit Negative Externalities

- Do not adversely impact employee turnover
- Minimize additional early life stress for children
- Wage competition between centers within the county

Long-Term Impact

- Programmatic impacts should last for more than 1-year

Replicable

- Any program implemented as a pilot, should be able to be implemented anywhere in the County

Questions/Discussion
