Participant Guide: Commonly Asked Questions

CHILD CARE WAGE$®
An Early Years Initiative

WAGE$ surveys a sample of our participants annually to learn more about how the program is working and what questions you have. Thank you so much for responding to those surveys when you receive them! Your feedback really helps and allows us to share with funders why their investment matters. Based on that and other feedback, we wanted to answer some of the more common questions we've received.

Why is there an income cap? Can that income cap be increased?
The income cap is an eligibility component. To be eligible for a WAGE$ payment, an applicant must earn no more than the income cap selected by the funding Smart Start partnership. Each partnership chooses one of three income cap options: $19, $23 or $25 per hour. Because WAGE$ supplements are funded with Smart Start dollars, and those funds are limited, an income cap is used to direct the funds available to those who are earning lower wages. Ideally, early educators will earn a thriving wage from their employers and be paid in a way that reflects their value. However, because parents cannot typically pay more, it is difficult for many child care programs to pay the much-deserved higher wages. The WAGE$ supplements are meant to enhance your compensation based on the funding available.

The income cap options have increased over the years and may increase again in the future. Until June 2027, the income caps are as stated above. However, the Education and Compensation Advisory Committee, which helps guide the WAGE$ policies, routinely reevaluates the income cap options. Your local partnership chooses its cap annually. Should a change in the cap occur for your county, your child care program will be notified. You may also call WAGE$ at 919-967-3272 to learn the income cap for your county or email wagespages@earlyyearsnc.org.

What is required to complete my application?
The first step is to fully answer all application questions, including signing the agreement included. You must have your director/employer complete a page of the application which verifies your employment information. They must also sign an agreement stating that they will not withhold regularly scheduled raises and that they will provide the information needed to assess your ongoing eligibility.

You must also provide appropriate education documentation. If you are applying with the national Child Development Associate (CDA), a copy of your active certificate may be submitted. Otherwise, WAGE$ will need an official transcript. You may order one and send it to WAGE$, PO Box 901, Chapel Hill, NC 27514. You may also request that your college send the transcript electronically to wagespages@earlyyearsnc.org. If you already have a recent official transcript on file with WAGE$ or STEP$, please notate that on your application.

Finally, you must submit pay documentation. Please refer to the checklist on the WAGE$ application to ensure that you send the appropriate documentation based on your position. Owners must send full taxes with all supporting documents; family child care providers must send the Schedule C from the most recent tax year; teachers/employees must send a pay stub that accurately reflects their schedule. If you submit a pay stub showing fewer hours than stated on the application, new documentation will be requested. Without a pay stub that matches the hours claimed, your award may be based on fewer hours, which could mean less money in your pocket.

What happens after I apply?
If you send an incomplete application, you will receive an email and/or postcard alerting you to the missing information. Please send the missing item(s) as quickly as possible so that we can move forward with your application. If your application is complete, you will be notified via email or postcard that your application has been received and is being processed for eligibility. Once reviewed, if you are ineligible, you will receive an email or letter explaining why that assessment has been made. If you are eligible, you will receive the good news via postcard or email. Being eligible does not mean that a payment will be issued immediately.

If eligible, you will be assigned a six-month commitment period (the six months of time you must complete prior to payment) based on when you postmarked or emailed a complete application and your start date. WAGE$ does not send this information because your commitment period could be adjusted based on leave time or funding availability. Once your commitment period ends and funding is expected to be available, WAGE$ will reach out to confirm your continued eligibility with your employer. This confirmation is required before any payment can be made. Payments will typically be issued to eligible applicants in the following six to eight weeks.

A confirmation does not guarantee that a payment is on its way, but it is required before a payment can be issued. If funds are not available when your commitment period ends, then there will be a delay in the process. Once you receive notification of eligibility, please be assured that you are in the WAGE$ system and will be picked up if/as funding allows, assuming you remain employed and eligible until that confirmation is completed.

Will I know if I'm on a waiting list? How will I know when I might be paid?
When WAGE$ has more applicants than can be covered by the county or region budget, a waiting list will be in effect. Applicants are picked up from the waiting list on a first-come, first-serve basis. For this reason, even if you have heard that a waiting list exists in your county, it is always wise to apply anyway. You can only be paid if you are in the system!

Waiting lists do typically change because when others become ineligible or when funds are added, we can pay more folks who have been waiting. If you are impacted by a waiting list, stay positive and stay in your child care program! To receive payment, you will need to remain eligible and still be employed at the same site when funds become available and a confirmation is completed.

Notifications are emailed to everyone on the waiting list at two different times during a funding year. However, since your application date may mean that you miss one of those intervals, you are always welcome to call or email and verify your status. We are unable to share what "number" you are on the waiting list because that may change based on the eligibility of others, but we can certainly provide an update regarding the existence of a waiting list.

Please remember that WAGE$ and the program's funders value you and want to support you with supplements that recognize your education and commitment. We appreciate your patience if that funding is not immediately available.

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What positions are eligible to participate?
Teachers, assistant teachers, directors, assistant directors and family child care providers working with children birth to 5 are potentially eligible to participate on WAGE$. Local partnerships may choose not to fund administrative time; if that is the case in your county, only time in the classroom would be eligible. Head Start in-home educators are classified as teachers for the purposes of WAGE$ eligibility.

Why is eligibility limited to those working with children from birth to 5?
WAGE$ is designed to improve the retention, education and compensation of those working with young children, when brain development is at its peak. Smart Start provides the funding to support the WAGE$ supplements, and Smart Start is a birth-to-5-focused funding source. More information can be found about Smart Start here.

How does time out on leave impact my commitment period?
Six-month commitment periods are assigned to all participants, and the entire period must be worked with or on behalf of children in your child care program. More than two weeks out for leave, summer breaks, or working where you are temporarily ineligible for WAGE$ will not count towards the completion of the commitment period. Your six-month period will be extended to accommodate your leave or ineligible time. For example, if your commitment period is originally March 15 through September 14 and you are out two months for summer break, your commitment period will now end November 14. Directors or administrators should notify WAGE$ specialists of these dates as soon as they are known. Questions? Give us a call at 919-967-3272. You may also email wagespages@earlyyearsnc.org.

How often are payments issued?
Payments are issued after the successful completion of an individual's assigned six-month commitment period. An employment confirmation will be conducted with the employer prior to any payment. For participants already on the program, payments are typically issued six to eight weeks after the commitment period completion. For those working and eligible for all 12 months, two payments should be issued during the funding year. For those who are out on leave or have a period of ineligible time, the schedule of payments will change to accommodate that. Once the necessary time is "made up," the payment process will resume.

Why can't we be paid quarterly instead of every six months?
The six-month period is established to encourage retention in child care programs and stability for the children in care. It also allows payments to be made sooner than providing annual awards.

My payment is not what I expected. Why is it different?
Payments may be different than expected for a variety of reasons. Remember that the amounts shown on the WAGE$ fact sheet reflect the annual award for full-time eligibility. Each payment would reflect half of that, should you remain eligible for the full amount. In addition, if you work or are eligible for fewer than 30 hours per week on average during your commitment period, payments will be prorated or adjusted accordingly.

Payments will also differ based on the award amount your local Smart Start partnership supports. WAGE$ funds the same education scale in every county, but counties can choose from three different funding plans that we call "tiers." In general, the higher the tier, the higher the award for the same level of education. In addition, WAGE$ allows partnerships flexibility and can provide additional strategies that fit with the budget available. Each year, partnerships choose the "tier" upon which they want payments to be based, and they can also change tiers mid-year to reflect funding availability. For example, your first payment of the year could be based on Tier One, but the second payment is more because it is based on Tier Two.

While these are a few reasons your award might be different than expected, the key is that the payment letter we send should include an explanation for any change in payment. Please read your letter fully to better understand your education level, the county tier and the actual payment you receive. If you still have questions, don't hesitate to call or email WAGE$ staff.

Why is the eligibility in my county different from my neighboring county?
Because supplements are funded by your local Smart Start partnership, they are allowed to determine some of the eligibility requirements for their county or region. One selection they make, as described above, is the income cap. Other choices include:

1. Eligibility of administrative time (time in the classroom would still be eligible even if a county elected not to fund director time)
2. Eligibility of employing programs with fewer than three stars
3. Eligibility of those with the entry level of education (choosing instead to start funding at the next level of education on the scale)

Because these choices can be made in addition to the supplement amounts, WAGE$ can look a little different from county to county. Call or email a WAGE$ specialist to learn more about the eligibility requirements in your county.

Why are taxes not taken out of my supplement? What are my tax responsibilities?
Early Years administers WAGE$ and we are unable to tax your supplement at the point of payment because you are not employed by our agency. Instead, we send you an IRS Form 1099 Miscellaneous if you were issued $2,000 or more from our agency during the calendar year, following IRS guidelines.

It is important to remember that the supplements are considered income and are thus subject to tax laws set by the IRS and the State of North Carolina. Early Years shows certain payments, like the WAGE$ and STEP$ supplements or bonuses from the TEACH Early Childhood® program, in Box 3, Other Income, of your IRS Form 1099 Misc.

The IRS requires that any payments or awards that are not for services performed be reported as Other Income if it amounts to $2,000 or more. Under most circumstances, you would report this income on Schedule 1, Line Z, as Other Income. This is taxable income not subject to self-employment tax.

This is not considered tax advice. Participants should consult their professional advisor or the IRS prior to acting on the information shared here.

Do I have to complete new paperwork every year?
WAGE$ *does not* require that participants reapply every year if they remain eligible and employed. You will continue to receive supplements tied to the successful completion of your commitment periods, assuming funding is available in your county. If you do become ineligible or leave your program, you will need to reapply should you resume eligibility at your current or a new child care program.

While a new application is only needed when you lose eligibility, there are other requirements for submitting documentation. For example, if you complete new coursework, send WAGE$ an official transcript so that we can determine the highest award you might be eligible to receive. Schedule Cs are required for family child care providers and taxes are required for center owners each funding year; you will receive notification when those are due. If directors are participating and confirm their own employment, pay documentation will be needed prior to each payment.

How is WAGE$ funded? Will the supplements be increased to compensate for higher inflation?
WAGE$ is a collaboration between your local Smart Start partnership, the Division of Child Development and Early Education (DCDEE) and the North Carolina Partnership for Children (NCPC). Currently, local partnerships that choose to participate fund the supplements with their Smart Start dollars. Since Smart Start funding is decided by the General Assembly, you may want to let your legislators and North Carolina's governor know if and why you support Smart Start and the WAGE$ supplements your county chooses to fund. Thank them for their support, as well as your local partnership and other partners. DCDEE provides funds for program administration, enabling the Smart Start dollars to be used for supplements, and NCPC holds the statewide WAGE$ contract.

Because WAGE$ offers the tier system and additional flexibility to funders as described above, local partnerships may choose to increase compensation. However, Smart Start funds are limited, and partnerships must determine how to best meet the overall needs of their early childhood community. WAGE$ is one of many programs that could be funded to ensure that children receive their best possible start. Local partnerships must weigh all the needs and program benefits before making the difficult decisions about how Smart Start funds should be allocated.

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