



JOINT LEGISLATIVE OVERSIGHT COMMITTEE  
ON HEALTH AND HUMAN SERVICES

NC Department of Health and Human Services

# Access to Child Care

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# Access to affordable, high-quality early childhood education supports child development, enables parents to work, and strengthens North Carolina's economy.



Positive impacts on early brain development, more ready for kindergarten, reduced likelihood of grade retention, decreased high school disciplinary measures, higher rates of high school completion, college attendance, and employment, long-term health benefits



Steady employment, higher household income, career advancement, reduced financial strain



Higher workforce participation, stronger productivity, increased earnings, greater tax revenue, long-term economic growth

Sources: *"High-Quality Early Education is Associated With..."*, November 2025, Institute of Education Sciences; *"Untapped Potential in NC"*, May 2024, U.S. Chamber of Commerce Foundation

# North Carolinians recognize that quality child care is essential for working families and child development.



According to the U.S. Chamber of Commerce, **North Carolina has a severe worker shortage** with **62 available workers for every 100 open jobs.**<sup>1</sup>



Source: *NC Chamber Child Care Survey Findings Graphic, May 2023, NC Chamber Foundation*

# Rising child care costs and limited availability are forcing parents to scale back work, delay career advancement, or leave jobs altogether.

## PARENTS WITH CHILDREN FIVE AND UNDER

**26%** left the workforce because they couldn't find affordable child care.

**26%**

**60%** had to miss work because of a problem with child care.

**60%**

**37%** refused a job opportunity, promotion, or job change because it would increase child care expenses.

**37%**

**32%** did not pursue job training or continuing education because of a lack of affordable child care.

**32%**

Source: *NC Chamber Child Care Survey Findings Graphic, May 2023, NC Chamber Foundation*

## Workforce disruptions tied to child care challenges reduce productivity, constrain business growth, and impact North Carolina's economic output.

**– \$5.65B**

**THE UNTAPPED POTENTIAL:**  
Childcare issues result in an estimated \$5.65 billion annual loss for North Carolina's economy.

**– \$1.36B**

North Carolina misses an estimated \$1.36 billion annually in tax revenue due to turnover and absence costs stemming from childcare issues.

**– \$4.29B**

Childcare-related employee turnover and absenteeism costs North Carolina employers an estimated \$4.29 billion per year.

Source: *"Untapped Potential in NC"*, May 2024, U.S. Chamber of Commerce Foundation in partnership with NC Chamber Foundation and NC Child

The primary barriers to child care access are affordability for families, the high cost of delivering quality care, and the challenge of recruiting and retaining the workforce.



# Infant care in North Carolina costs 57% more per year than in-state tuition for four-year public college.



**\$11,720**  
Infant Care



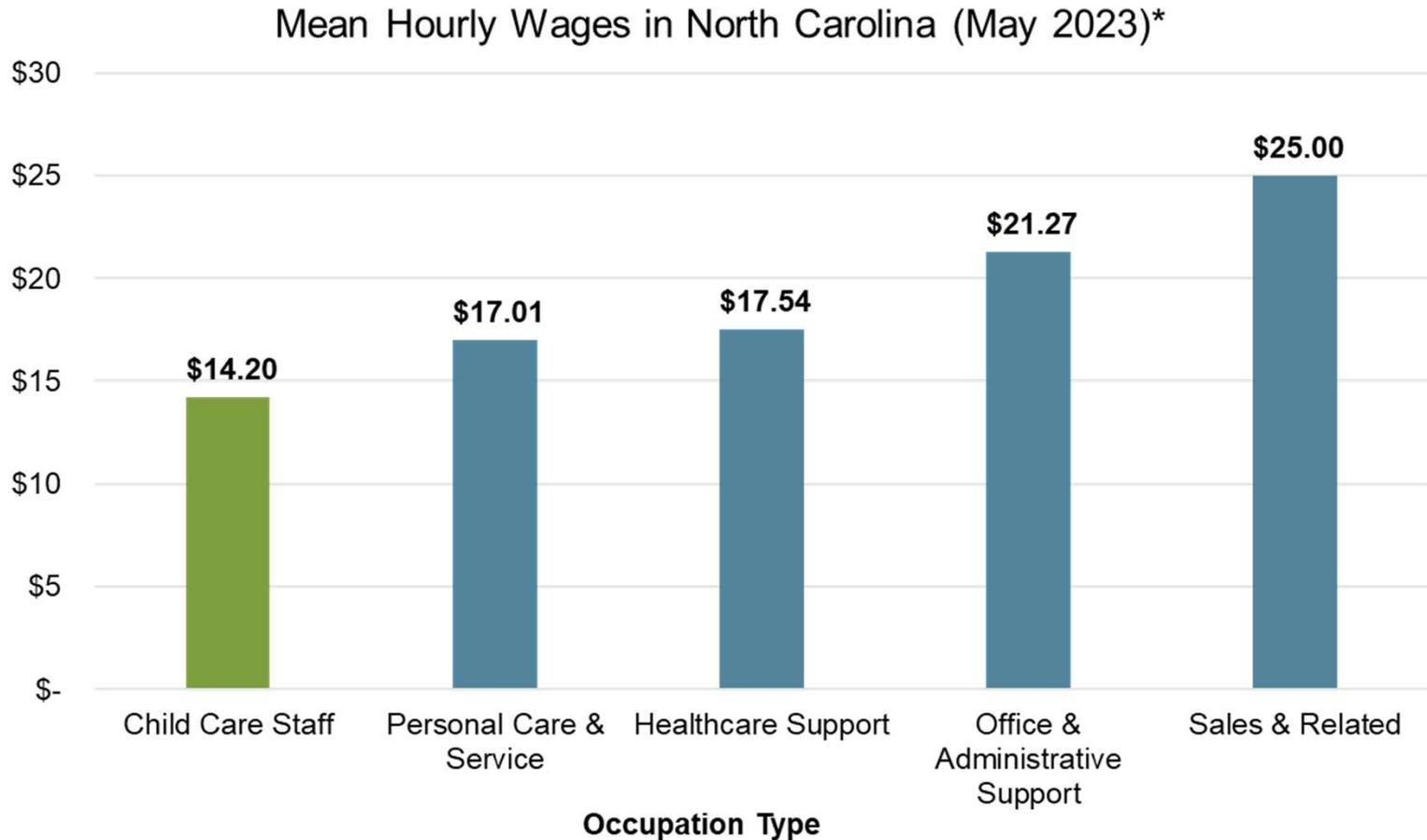
**\$7,453**  
In-state tuition  
4-yr NC public  
college



**\$14,553**  
Avg. Annual Rent

Source: *"Child care costs in the United States, the cost of child care in North Carolina,"* February 2025, Economic Policy Institute

# Early childhood educators earn significantly less than workers in other comparable jobs.

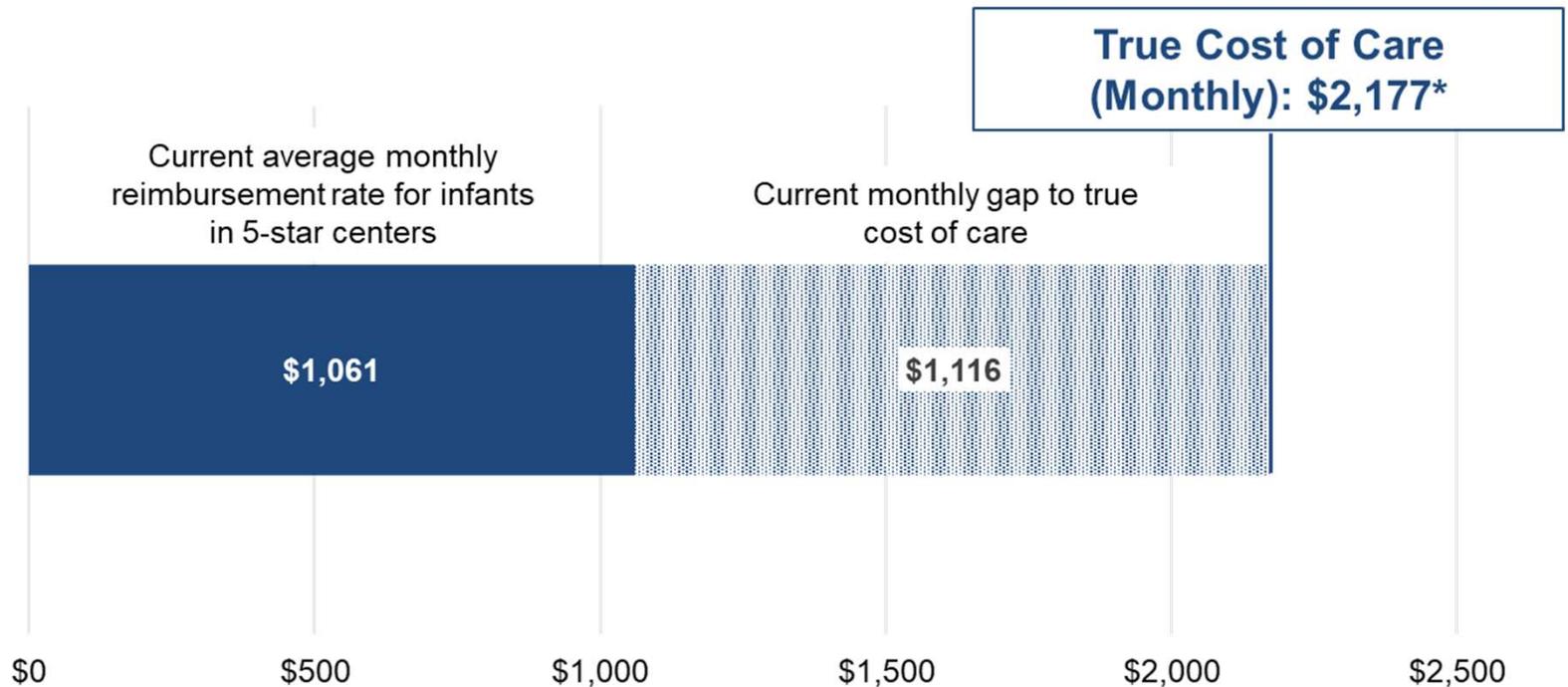


\*Most recent North Carolina Occupational Employment and Wage Statistics available from the U.S. Bureau of Labor Statistics.

Source: [May 2023 State Occupational Employment and Wage Estimates](#), North Carolina, U.S. Bureau of Labor Statistics

# The true cost of providing care far exceeds program revenue, and current subsidy rates only cover about half of what it costs to provide care.

Example: Subsidy Reimbursement Rates vs. True Cost of Care



\*Figure produced by NC Child analysis that adjusted the American Institutes for Research 2023 Alternative Market Rate Study up to estimated price levels in 2025 using the US Bureau of Labor Statistics Consumer Price Index.

Source: NC Child analysis on the true cost of child care, November 2025

## Providers are struggling to stay in the field, and families are facing career setbacks, business risks, or even having to leave their communities.

“ Citing financial challenges and burnout associated with providing high-quality child care without adequate support, panelists Cassandra Brooks, Owner and Director of Little Believer’s Academy in Wake and Johnson Counties, and Angelia Shipp, Owner and Operator of Doletta Learning Center, a licensed family child care home in Forsyth County, said **providing child care and early education had become so challenging that they could not encourage aspiring child care professionals to enter the industry at this time.** ”



“Guest expert Erin Trant, a Hatteras Island small business owner and parent of three young children, shared the experience of being notified that her family’s child care provider – Hatteras Island’s only licensed child care center – would close. Trant explained that the impending loss of child care access **forced her and her husband to consider difficult options: moving away from their chosen community for better access to child care, or leaving the workforce and possibly closing the small business she runs with her husband to care for her children full time.** Trant and some fellow Hatteras Island parents affected by the forthcoming child care closure began working with county commissioners and community leaders to identify solutions, though they have hit dead ends pursuing use of vacant church facilities, school property, or local government property suitable for child care or licensed family child care homes on the island. Trant encouraged Task Force members and state leaders to **consider child care as essential community and economic infrastructure that enables families like hers to live, work, and raise families in our state.**”

Source: NC Task Force on Child Care and Early Education [Year-End Report](#), December 2025, NC Commerce

## Snapshot of child care and early learning in NC

618,577

Children ages 0-5 in North Carolina

213,789

Children enrolled in early care education programs

41,724

Early care and learning staff

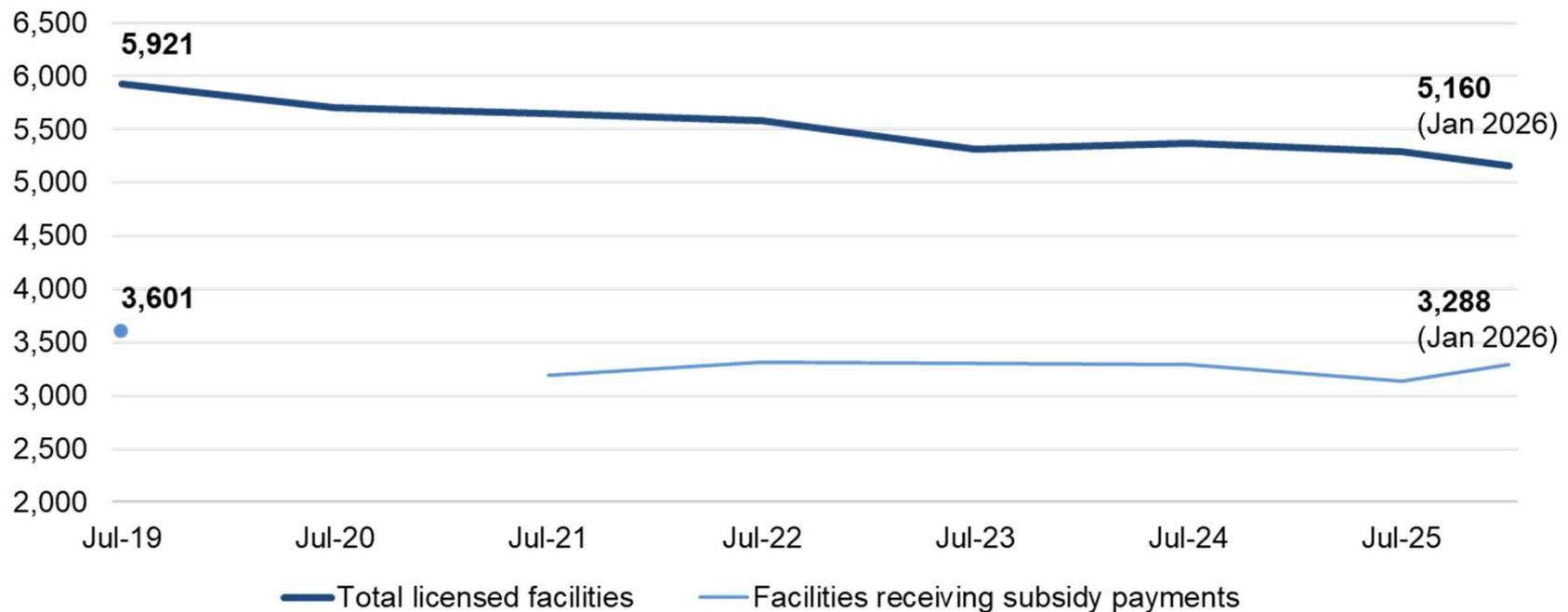
5,160

Licensed child care centers and homes

Sources: NCDHHS Division of Child Development and Early Education [Dashboard](#), January 2026; [Quick Facts, North Carolina, 2025 Population Estimates](#), U.S. Census Bureau, Retrieved February 2026

Since 2019, NC has seen a 13% net decline in licensed child care facilities and a 9% net decline in facilities that receive subsidy payments.

Decline in All Licensed Child Care Facilities and Facilities Receiving Subsidy (2019-2026)

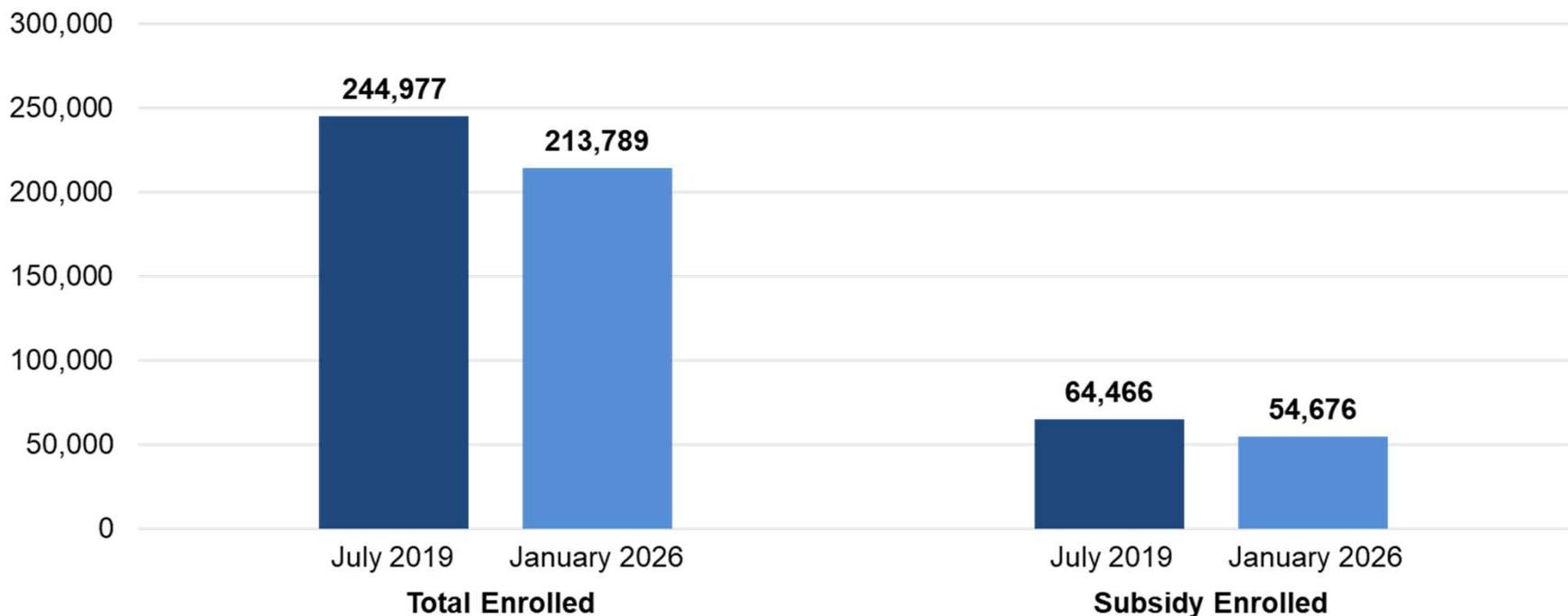


\*Data on the number of facilities receiving subsidy payments is not available for July 2020. During the first several months of the COVID-19 pandemic, DCDEE made payments outside of NC FAST with approval from the Administration for Children and Families.

Source: NCDHHS Division of Child Development and Early Education data as of January 2026.

Between July 2019 and January 2026, total enrollment in licensed child care facilities declined by about 13%, while subsidy enrollment fell slightly more sharply by about 15%.

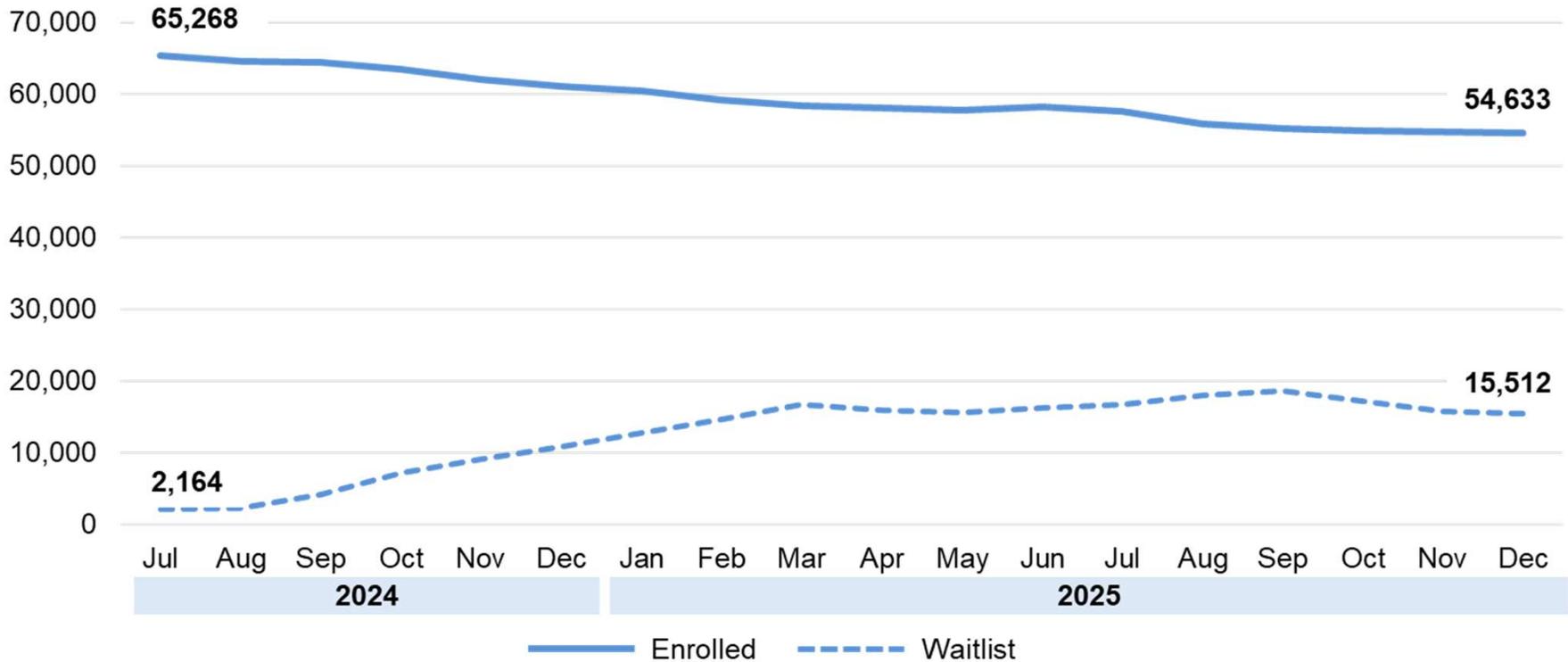
Decline in Total Enrollment and Subsidy Enrollment  
(July 2019 to January 2026)



Source: NCDHHS Division of Child Development and Early Education data as of January 2026.

The subsidy waitlist peaked in September 2025 at about 18,500 but has since decreased to about 15,500. This is an increase of more than 13,300 since July 2024.

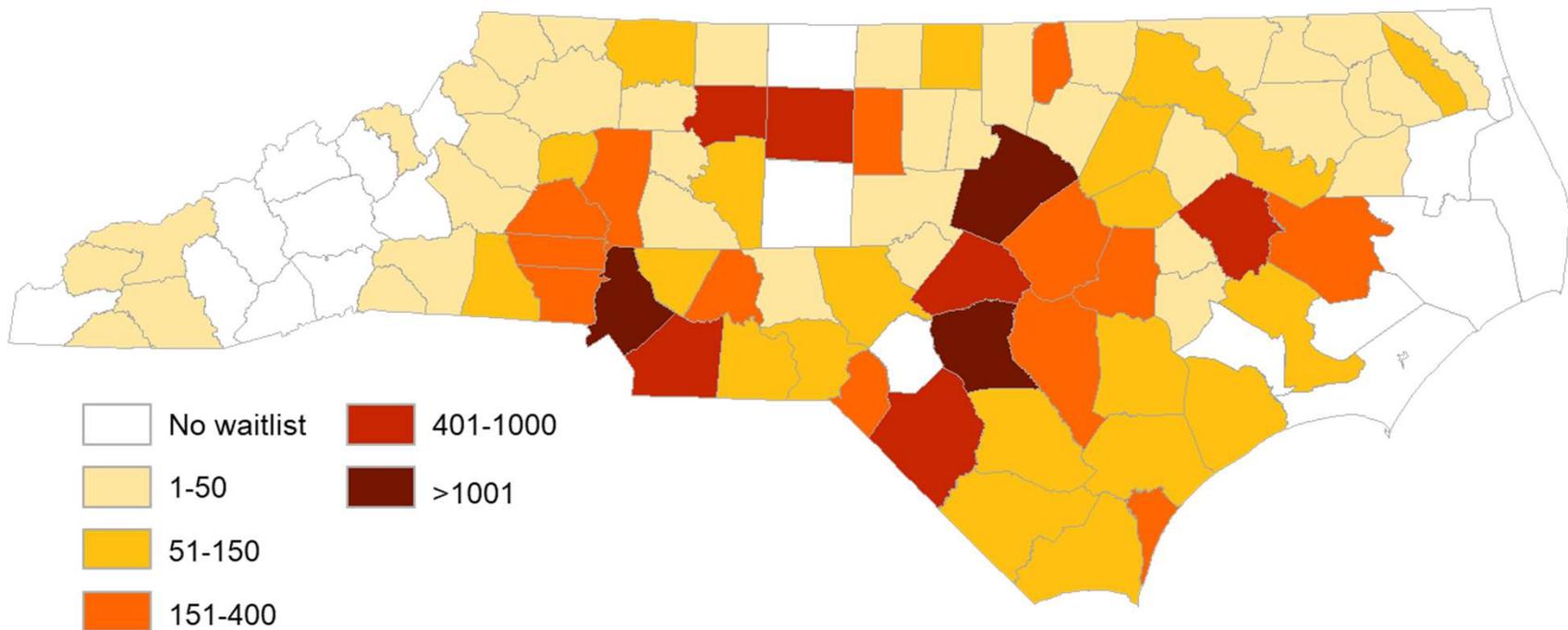
Child Care Subsidy Enrollment and Waitlist  
(July 2024 – December 2025)



Source: NCDHHS Division of Child Development and Early Education data as of December 2025.

**In urban/suburban counties, long subsidy waitlists show demand far exceeds supply for the subsidy program.**

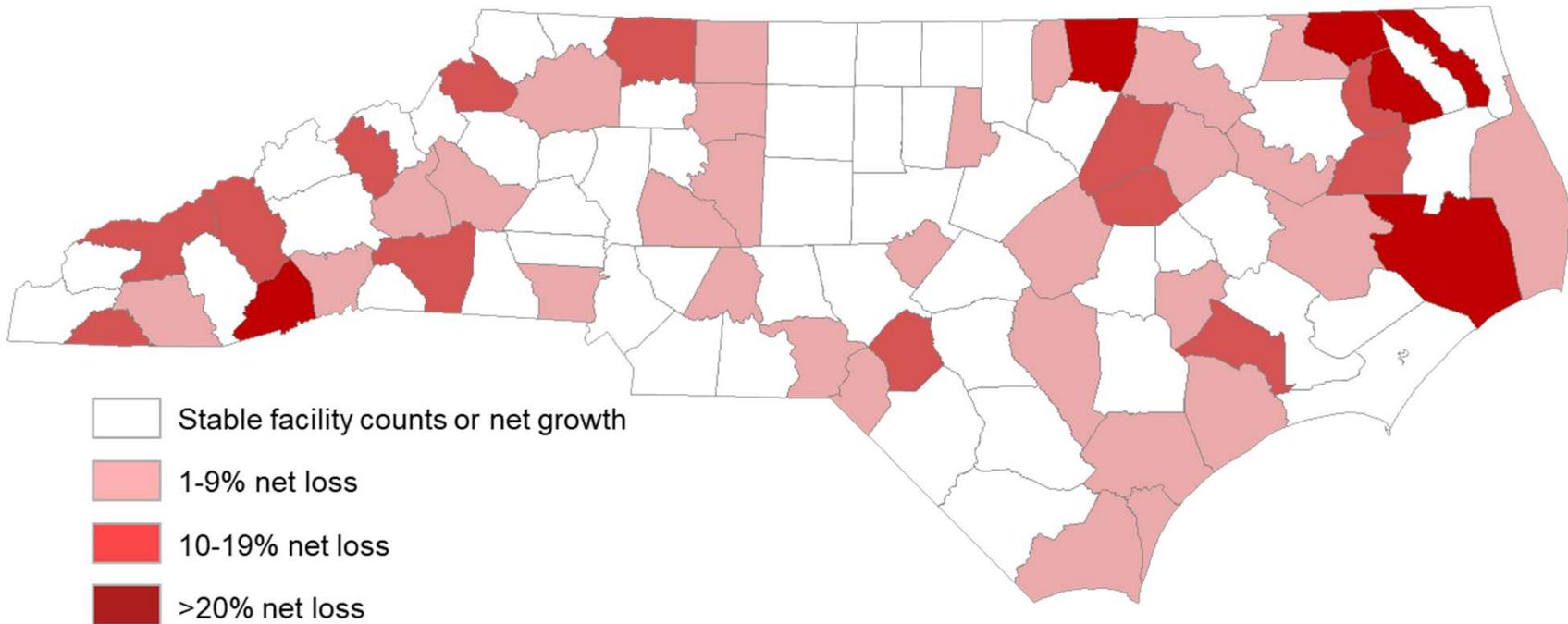
Child Care Subsidy Waitlist by County  
(December 2025)



Source: NCDHHS Division of Child Development and Early Education data as of December 2025.

# Rural counties are experiencing the largest net declines in facilities.

Counties with Net Loss in Licensed Child Care Facilities  
(July 2024 – January 2026)



Source: NCDHHS Division of Child Development and Early Education data as of January 2026.

# NCDHHS has worked with key partners to expand access by adding pathways to licensure, expanding provider supports, and growing the educator pipeline.

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## Initiative

### **Modernize the state's Quality Rating Improvement System (QRIS) by:**

- Creating **multiple pathways** to earn a star-rated license rather than a one-size-fits-all set of requirements.
- Expanding ways for **early childhood educators to satisfy education requirements** (e.g., experience, training, competency evaluations) rather than a traditional degree.

**Provide Family Child Care Home (FCCH) providers with resources, professional development opportunities, and a Community of Practice** to strengthen the FCCH network, increase family and community engagement, and improve program quality. *(Through two projects – Collaborative Model for FCCH Quality & Family Engagement Project and Elevate FCCH: Quality & Compensation Support Project)*

**Support child care operators with trainings and resources related to strengthening business practices and financial stability.** DCDEE staff will train other partners and child care operators to ensure sustainability of this resource. *(partnership with federal Administration for Children and Families)*

**Partner with 16 colleges and universities to launch Child Care Academies**, which provide fast-tracked, free pathways to certification for new educators. *(partnership with 16 NC community colleges and UNC system universities)*

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## NCDHHS has worked with key partners to expand access by adding pathways to licensure, expanding provider supports, and growing the educator pipeline (cont).

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### Initiative

**Offer pre-apprenticeships and apprenticeships for new pathways to enter the early childhood profession** through the Building Bright Futures program. *(partnership with NC Business Committee for Education)*

**Provide scholarships for early childhood educators to advance their careers by earning certificates or degrees** through the T.E.A.C.H. Early Childhood Scholarship program. *(partnership with Child Care Services Association)*

**Provide salary supplements to educators who obtain relevant education and remain in their jobs** for a specific length of time through the Child Care WAGE\$ Program. *(partnership with Smart Start)*

**Provide salary supplements to infant-toddler educators who meet certain criteria and remain in their jobs** for a specific length of time through the Infant-Toddler Educator AWARD\$ program. *(partnership with Child Care Services Association)*

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## Early Educator Experiences

*"It has advanced my skills and knowledge of early childhood."*

*"It has encouraged me to enroll into the next courses to get my Associate's Degree."*

*"This academy has provided baseline guidance in the study of child care, specifically infant and toddler care, as well as the possible pathways to jobs that are available."*

– **Child Care Academy participants**

*"I want to thank you for stepping in during the crisis that we go through in childcare. As a childcare provider your support and funds means a lot."* – **Family Child Care Home Elevate project provider**

*"The hands-on experience can't be beat! Through apprenticeship, I am given the opportunity to gain new skills and get support from my mentor and other seasoned professionals while continuing my education at Wake Tech. Having a mentor work with me one-on-one is so valuable because I get first-hand experience from someone who was once in my shoes."* – **Building Bright Futures apprentice**

*"Thank you very much for continuing to provide this support for my family and me. I look forward to receiving these funds and they are truly helpful. It has kept me at my job even longer."* – **AWARD\$ recipient**

*"It is extremely important to support the dedicated teachers and staff working with children. We are grossly underpaid, and every little morsel of financial relief we can get is a huge gift. It helps our overall well-being to be able to pay that bill we have had to skip or the car payment that is overdue. These financial stressors can be consuming and stressful. Having that stress while trying to give your best self and whole self to the children we serve is taxing and much harder than if we are not worrying about over-drafting our bank accounts."* – **WAGE\$ recipient**

*"It has helped to better support families with children with challenging behaviors."* – **T.E.A.C.H. recipient on the education received through the scholarship**

## S.L. 2025-36 (H412) enacted regulatory reforms to North Carolina's child care system.

Relevant Provision	Status
<p><b>Develop a plan to decouple the state's Quality Rating Improvement System (QRIS) from the subsidy payment structure (Part I)</b></p>	<p>In Progress</p> <p>To be completed 5/1/26</p>
<p><b>Make the following regulatory changes for child care operations (Part II, Sections 1-8):</b></p> <ul style="list-style-type: none"> <li>Lead teachers may now be responsible for <b>up to two groups of children.</b></li> <li>Centers that meet specific requirements <b>can increase group sizes for infants/toddlers</b> while maintaining proper ratios.</li> <li><b>Five or more years of provider experience is equivalent</b> to the NC Early Childhood Credential.</li> </ul>	<p>Implemented</p> <ul style="list-style-type: none"> <li>21% of Feb 2026 survey responses indicate utilizing the lead teacher and increased group size options</li> <li>66% of Feb 2026 survey responses indicate employing lead teachers with five or more years of experience</li> </ul>
<p><b>Add the Weikart Youth Program Quality Assessment for evaluating out-of-school programs and awarding a star-rating (Part II, Section 9)</b></p>	<p>In Progress</p> <p>To be completed 7/1/26</p>
<p><b>Allow NC Community Colleges System continuing education courses to count as credit</b> toward credentials offered by the Division of Child Development and Early Education (Part II, Section 10)</p>	<p>Implemented</p>

## S.L. 2025-36 (H412) enacted regulatory reforms to North Carolina's child care system (cont).

Relevant Provision	Status
<p><b>Create an NC School Age/Out-of-School Care Credential</b> and award the credential as specified (<i>Part II, Section 11</i>)</p>	<p>Implemented</p> <ul style="list-style-type: none"> <li>• 29% of Feb 2026 survey responses indicate interest in this credential option</li> </ul>
<p><b>Exempt certain Department of Defense (DoD) family child care homes</b> from NC's standard licensing requirements (<i>Part II, Section 14</i>)</p>	<p>Implemented</p> <ul style="list-style-type: none"> <li>• 2 programs registered with DoD</li> <li>• Both chose to remain licensed with DCDEE as well</li> </ul>
<p><b>Clarify rules governing multiuse child care centers</b> to allow existing buildings to host multiunit child care centers, including mixed-age centers, and to grant separate licenses to each operator based on space used (<i>Part II, Section 14.1</i>)</p>	<p>In Progress</p> <p>To be completed during Periodic Review of Rules</p>
<p><b>Establish Licensed Childcare Licensure Workgroup to examine physical structure regulatory requirements</b>, develop recommendations, and report to the HHS Joint Legislative Oversight Committee (<i>Part III, Sections 19.1-19.3</i>)</p>	<p>In Progress</p> <p>To be completed 7/1/26</p>

## The Governor’s Task Force on Child Care and Early Education is developing recommendations to expand access by strengthening the workforce and improving affordability for families, including public sector workers.

Work Group	Recommendation
<b>Child Care and Early Education Finance and Funding</b>	<ul style="list-style-type: none"> <li>• Set a statewide child care <b>subsidy reimbursement floor</b>.</li> <li>• Explore the creation of a <b>child care endowment</b> to fund child care needs.</li> </ul>
<b>Child Care and Early Education Workforce Compensation and Supports</b>	<ul style="list-style-type: none"> <li>• Develop approaches to <b>offer non-salary benefits</b> to child care professionals.</li> <li>• Explore <b>subsidized or free child care</b> for child care teachers.</li> <li>• Link existing workforce compensation and support programs for early childhood professionals into a <b>cohesive set of supports</b>.</li> </ul>
<b>Child Care and Early Education for Public Sector Workers</b>	<ul style="list-style-type: none"> <li>• Explore <b>partnerships</b> with the University of North Carolina system, North Carolina Community Colleges, and K-12 public school systems to increase <b>access to child care for public employees and students</b>.</li> </ul>

## Looking Ahead

### Federal level

- Requiring additional oversight and documentation for states to draw down their allocated Child Care and Development Fund (CCDF) funding.
- The ACF Office of Child Care will be conducting a monitoring visit on August 10-14, 2026, related to compliance with our CCDF Plan and funding.

### State level

- As outlined in House and Senate budget proposals, raise subsidy reimbursement rates to 2023 Market Rate Study to align with federal requirements (*\$80 million request for SFY 2025-26*).
- Consider Task Force on Child Care and Early Education recommendations.

### Access outlook

- **Closures:** If the rate of decline does not improve, we project North Carolina will fall below 5,000 licensed facilities by 2027. This would be a historic low for the state.
- **#1 in business at risk:** Without further investment, child care access and affordability will continue to decline. This will put significant operational and financial strain on businesses, reduce tax revenue, and negatively impact the state's economy.