

JOINT LEGISLATIVE OVERSIGHT COMMITTEE
ON HEALTH AND HUMAN SERVICES

NC Department of Health and Human Services

Overview of Child Care in NC

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Development and Early Education**

February 6, 2024

NC Early Care and Learning Snapshot

718,936

**Children Ages 0-5 live
in North Carolina**

5,404

**Early Care, Learning Centers
and Homes**

221,081

**Children Enrolled in Early Care
and Education Programs**

41,773

Early Care and Learning Staff

SOURCE: <https://ncchildcare.ncdhhs.gov/Home/Data/Dashboards/NC-Early-Care-and-Learning> December 2023

NC Relies on Quality Early Childhood Care and Education

- **Brain development in the first five years of life sets the stage for future success.**
- **High quality early care and learning:**
 - Supports children's health development and learning
 - Allows parents to work
 - Keeps businesses running
- **North Carolina in Crisis**
 - Child care market failure exacerbates the state's severe labor shortage. NC has 55 available workers for every 100 jobs.

SOURCE: <https://www.uschamber.com/workforce/understanding-north-carolinas-labor-market?state=nc>

NC Chamber: Child Care Crisis Hurts Business

PARENTS WITH CHILDREN FIVE AND UNDER

- **26% said they left the workforce because they couldn't find affordable child care.**
- **60% said they had to miss work because of a problem with child care.**
- **37% refused a job opportunity, promotion, or job change because it would increase child care expenses.**
- **32% did not pursue job training or continuing education because of a lack of affordable child care.**

SOURCE: NC Chamber Foundation Child Care Survey Findings. NC Chamber. <https://ncchamber.com/2023/05/10/nc-chamber-foundation-child-care-survey-findings-summary/>

Early Childhood Care and Education in Crisis

North Carolinians want quality programs with skilled teachers where their children are safe, nurtured and learning, but . . .

Teachers can't afford to stay in the profession.

They earn an average of \$14 per hour - not enough to meet basic needs for housing, food, health care, and other necessities.

Child care programs can't retain teachers and struggle to stay open.

The state's child care subsidy rate pays half of what child care actually costs to deliver, and parents can't afford to pay what it costs for teachers to make a living wage.

Unsustainable Business Model

One of the biggest expenses families face and it happens when they are at their lowest earning potential

- The average annual cost of infant care in North Carolina is \$9,480 – \$790 per month.
- Child care for two children – an infant and a 4-year-old – costs \$17,593.



\$9,480
Infant Care



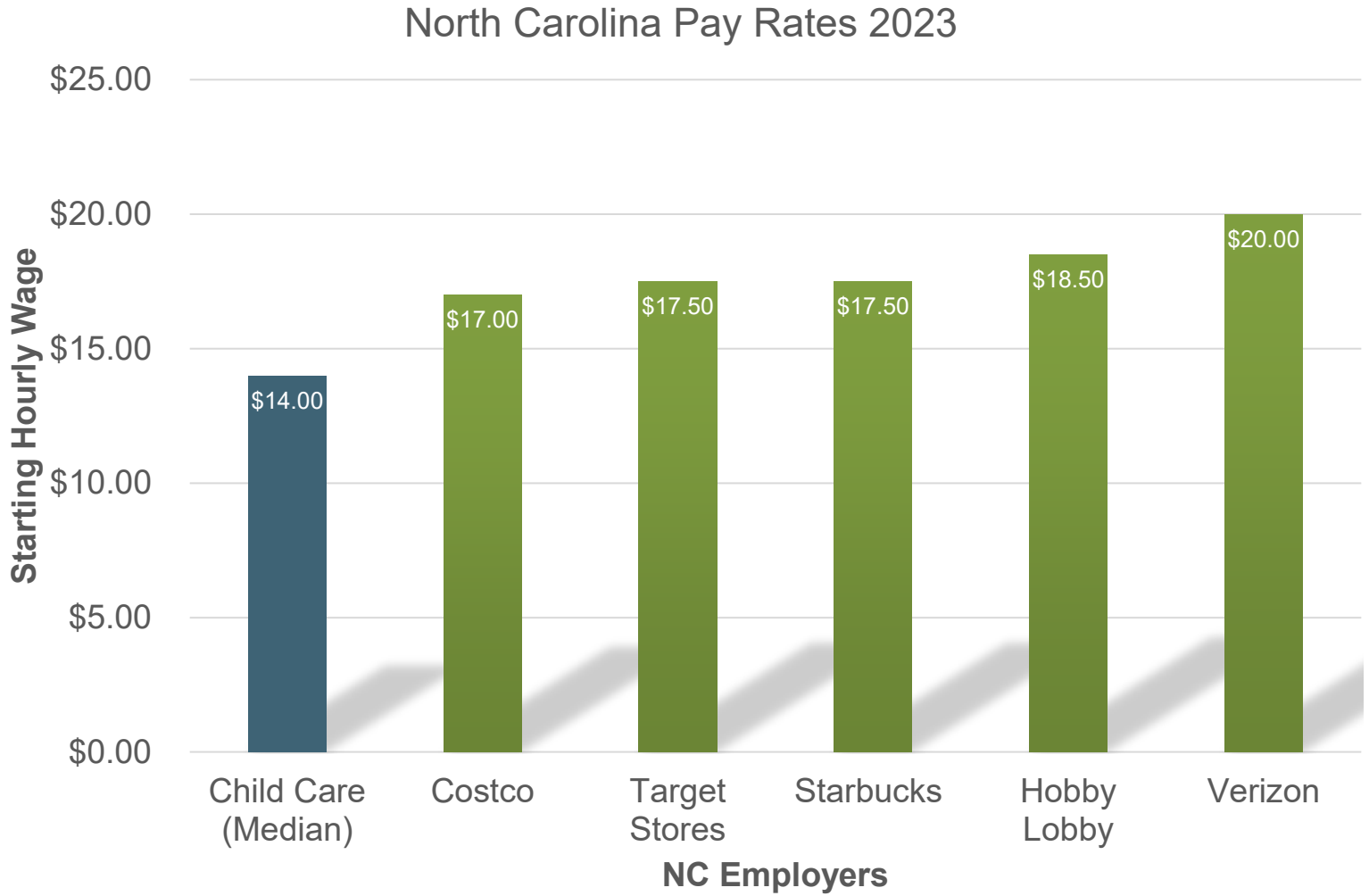
\$7,354
In-state tuition
4-yr NC public
college



\$10,375
Avg. Annual Rent

Economic Policy Institute (October 2020). Child care costs in the United States: The cost of child care in North Carolina. <https://www.epi.org/child-care-costs-in-the-united-states/#/NC> Retrieved January 12, 2024.

Yet Child Care Wages Lag Behind



Emergency Funds Provided a Stop-Gap and Helped NC Child Care Stay Open and Teachers Stay in the Field

“The funding was the only thing that kept us from closing our doors.”

97% of Eligible Programs Received NC ECE Stabilization Grants

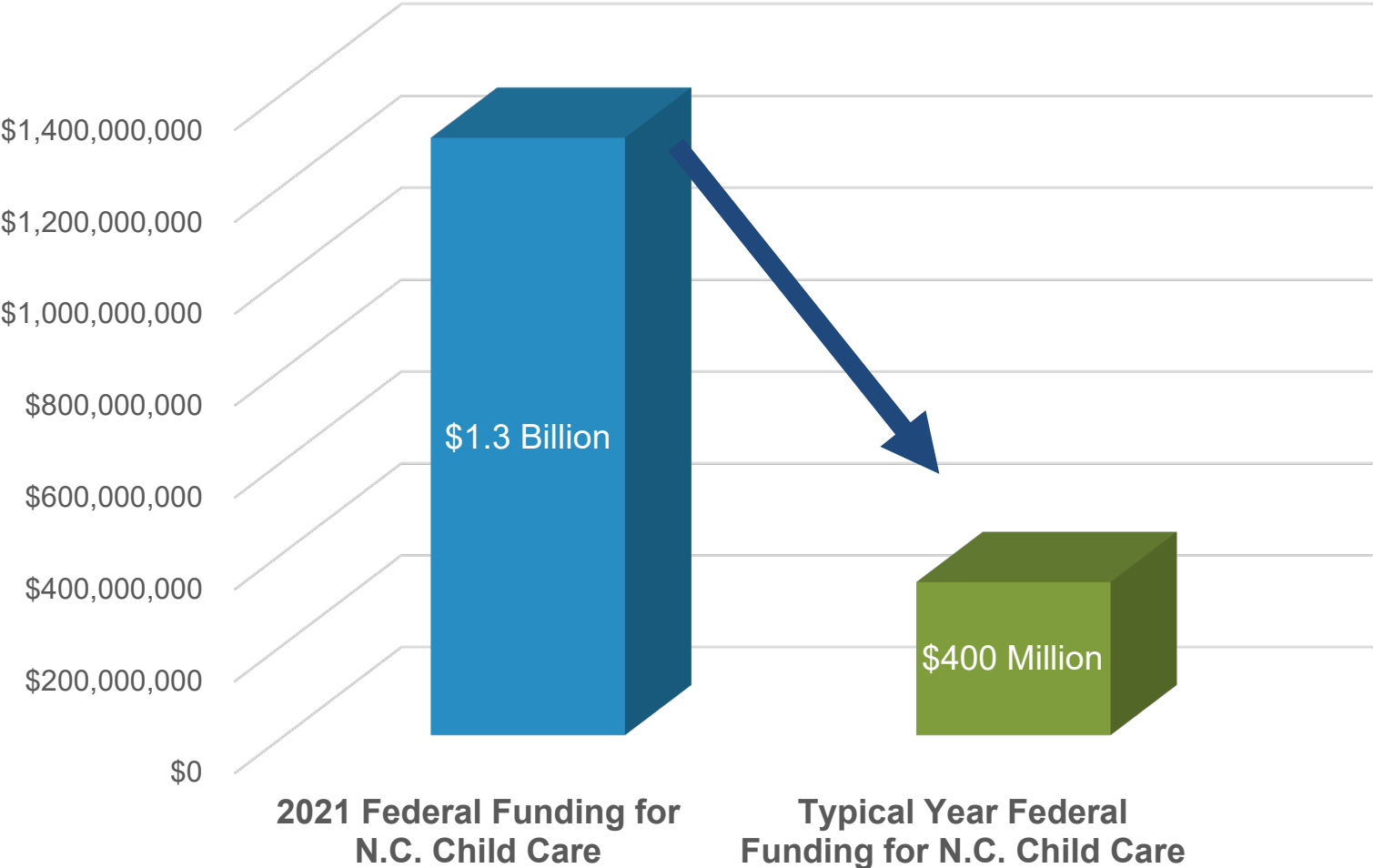
	Child Care Centers	Family Child Care Homes	Total
# of Approved Programs Paid	3,312	1,228	4,540
Total Compensation Support Grants Payments	\$431M	\$21M	\$452M
Total Fixed Costs and Families Grants Payments	\$519M	\$39M	\$558M
Total Payments	\$950M	\$60M	\$1.01B

Source: Division of Child Development and Early Education (as of January 30, 2024)

Investment in Teachers Paid Off

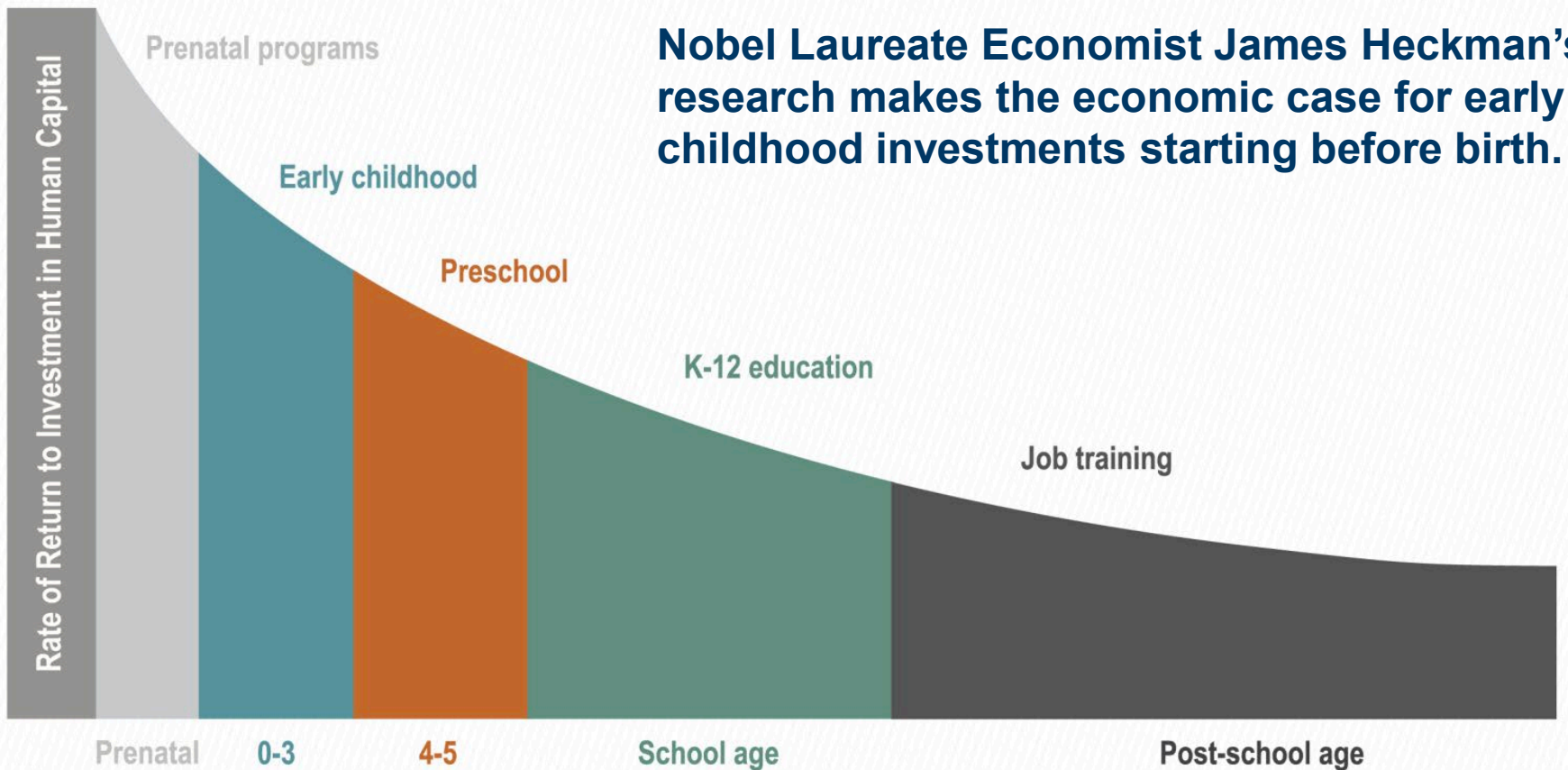
- **North Carolina's approach to using one-time federal stabilization funding allowed its child care system to fare better than most states.**
- **The nation lost on average 8% of its child care workforce. North Carolina was down 1%.**

July 2024 North Carolina Child Care Pandemic Relief Funding Cliff



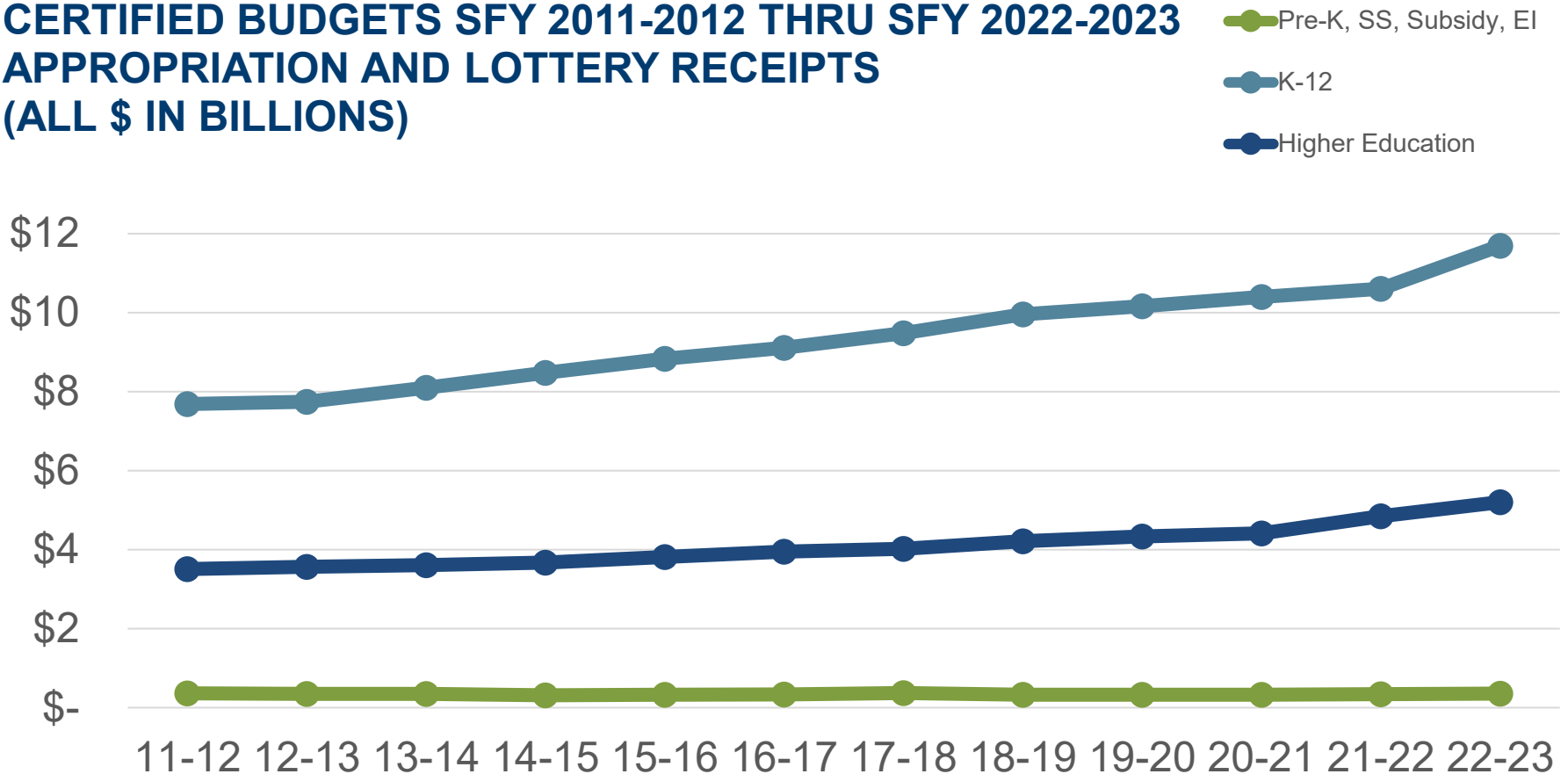
Scale of ARPA Funding

Early Investment Pays Off



Yet Our Investments Don't Align

**CERTIFIED BUDGETS SFY 2011-2012 THRU SFY 2022-2023
APPROPRIATION AND LOTTERY RECEIPTS
(ALL \$ IN BILLIONS)**



Innovation is One Driver

- **Subsidy Market Rate Increase – complete**
- **Tri-Share Pilot – (NCPC) communities being finalized**
- **Family Child Care RFA – closing 2/26**
- **Family Child Care capacity expansion**
- **Compensation Grant extension**
- **Expansion and Access Grants –
~ 3000 applications for ~200 awards;
total over \$700M requests for \$20M
awarded**

Using Every Lever to Recruit Teachers

Teachers can now enter the classroom out of high school and get free education to build their skills or they can participate in apprenticeships while still in school. They can also get college credit for their work experience.

- **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**

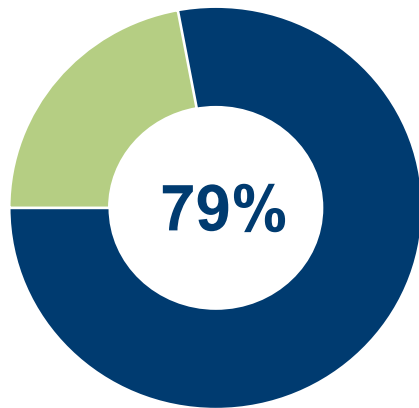
QRIS Modernization Recognizes Multiple Paths to Quality to Meet Family and Community Needs

- **Gives programs a choice of three options for measuring quality**
- **Creates career pathways that recognize learning happens in the workplace, in college, and in alternative programs (mentorship, apprenticeships)**
- **Focuses on quality every day rather than “passing a test” on one day**
- **Reduces administrative burden**

A Child Care Financing System that Works for Everyone

- **Prioritizes the early care and learning workforce**
- **Accounts for real operational costs to deliver quality child care**
- **Recognizes rural costs**
- **Increases access to affordable, quality care so parents can work**
- **Is simple and accountable**

North Carolinians Want the State to Act



of North Carolina voters agree that quality, affordable child care is important to strengthen the economy and help workers provide for their families.

95%

say that quality child care programs help ensure workers are able to go to work reliably.

94%

say that quality child care programs help children develop important social skills, such as self-confidence, self-discipline, and the ability to work well with others.

93%

agree that quality child care programs help children have academic success in school.

Source: "NC Chamber Foundation Child Care Survey Findings" ncchamber.com/2023/05/10/nc-chamber-foundation-child-care-survey-findings-summary/