

EXPANDING CHILDCARE

in the Village of Clemmons, the Town of Lewisville, and Yadkin County, NC



*A report on the need for childcare
in the communities we serve.*

OCTOBER 2021



Shallow Ford
FOUNDATION

INTRODUCTION

Childcare is an essential part of a vibrant community. Its availability, affordability, and quality significantly impact every aspect of family and community life – education, income and employment, health and wellbeing, and even a topic headlining today’s news - our supply chain. The childcare shortage is not news for local families with small children. They live with the stress of finding reliable, quality childcare every day.

In June 2021, the Shallow Ford Foundation was asked to look into the shortage of childcare in our footprint of Clemmons, Lewisville, and Yadkin County. We unknowingly thought we might quickly grasp the issues and start considering remedies. Instead, every conversation led us to more issues, the need for additional information and more research. Sarah Boudreau, a recent college graduate with a degree in public health education and now a graduate student, agreed to a part-time project to help us collect and assess the information we needed. In our first conversation, I advised, *“This is not an academic research project and our goal is not a report. Rather, we are simply needing information to help inform the best solution.”* We now laugh. Four months and numerous reports, surveys, and conversations later, we humbly present the *report* of what we learned. The layers of complexity behind the childcare shortage required us to gain a deeper and broader understanding. The results are worth sharing because the solutions will require partnerships and community-wide support.

We are very grateful for the experts, the providers, parents, and employers who informed and guided us throughout our learning experience and this report. The environment and issues surrounding childcare are regularly changing with a growing priority within governments and a labor force redefining itself as it comes out of a pandemic. Despite the likely changes, childcare will remain an essential service and need. The issues predate and were made worse by the COVID-19 pandemic.

The report also offers some childcare expansion strategies to explore. In fact, through the relationships formed during this project, we are encouraged by some of the new and promising solutions now in discussion.

We all want a community that is attractive to young, working families and to new and existing employers seeking an available labor force. A dearth of high-quality childcare can be an impediment to growth on many levels. Identifying the issues is step #1. We look forward to the next steps – practical and lasting solutions that help alleviate the shortage.

Sandi Scannelli
President/CEO
Shallow Ford Foundation



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EXECUTIVE SUMMARY

Our goal in starting this project was to understand the issues enough to find ready solutions to expand childcare in Clemmons, Lewisville, and Yadkin County. Childcare is an unsolved need that requires urgent solution for families, employers, education, and economic/community development. There are reasons the childcare problem lingers. Childcare is a government-regulated field with complex issues in an ever-changing marketplace. This report is not all-encompassing, despite its length. We expect that there are layers we did not uncover. However, this report will provide some insight into the problem and perhaps spark some strategies to ensure that high-quality childcare is an available community asset.

What we learned:

- There is a **critical labor force shortage** and high turnover due to low wages (\$8.00-\$12.00/hour when entry level wages in other occupations are being increased to \$15.00/hour) and few, if any, benefits. Care centers are unable to increase wages because of the increasing cost of maintaining a licensed center and an inability to raise rates without further burdening families. Some centers have more licensed capacity but can't find the staff to meet the required staff/child ratios.
- There are **too few centers/slots** for full-day care; there are up to two-year waiting lists at every center. State licensing is difficult and expensive to obtain and retain. Infant/toddler care is the most significant need. In Yadkin County, there are 19 children for every licensed slot, compared to 5.66 children per slot in Forsyth County, and the ratios are increasing with closures and labor shortages. Consider that 62% of parents with infants/toddlers are in the workforce.
- There is some **need for 2nd and 3rd shift care** – it does not exist.
- **Childcare is costly.** While there are childcare subsidies for low-to-moderate income families, there is an insufficient amount of state-allocated childcare subsidies. Without subsidy, for many, childcare is unaffordable, especially for lower-income and larger families. To illustrate the demand, 1,800 children have been on the waiting list since Feb 2020 in Forsyth County; Clemmons has 136 on the waitlist for subsidy; Lewisville has 169 children on the waitlist. However, even with more family subsidy, there still are not enough childcare slots.
- **Employers are impacted.** The lack of childcare is contributing to the shortage of labor. Even for employed workers, childcare issues impact employee attendance, scheduling, and productivity.
- **Parents are forced to find workarounds** to the lack of care, including not returning to the workforce, driving children long distances for open slots, placing children in unlicensed home-based care, forming unlicensed family pods, and turning to extended family, friends, and sitters for care (too often with great inconsistency).

Recommendations:

There are not quick or easy solutions. Based on our research, the following ideas may make some difference:

1. Find a sustainable way to **raise wages** of childcare workers.
2. When wages are improved, develop a compelling marketing campaign to **re-attract workers** to the field.
3. Develop and help fund and otherwise resource programs to help those who might be interested in **starting licensed home-based childcare**.
4. **Help other potential providers enter this field** in partnership with existing and near-ready facilities, perhaps with churches that have the facilities and no longer provide childcare.
5. Consider models to **increase operating efficiencies** for wage improvement. Two models are promising – back office administration and the multi-unit family care centers.
6. **Convene all stakeholders together to find other collaborative solutions.**

Ultimately, due to the highly-regulated and dynamic nature of the field and shifting workforce trends, sustainable solutions may require a closer look at the government mandates and licensing regulations for change or additional subsidy to offset required operational expenses.



BACKGROUND

In June of 2021, the Shallow Ford Foundation was notified that many parents were waitlisted to enroll their children at childcare facilities following the temporary closure of a larger childcare program in the area. More than 60 children were left without care when families were given only one week’s notice of closure. Upon seeing the impact that this closure had on the community, the Foundation launched a project to research the full scope of the childcare capacity shortage in Clemmons, Lewisville, and Yadkin County. Information was gathered from several local organizations, care centers, families, and other stakeholders to better understand the potential need and issues related to childcare expansion and to explore options to help reduce the burden of shortages on families and facilities.

AREA SNAPSHOT

Clemmons and Lewisville are adjoining, suburban towns of Winston-Salem in Forsyth County, central North Carolina. According to Data USA, the 2019 total population was 20,313 in Clemmons¹ and 13,861 in Lewisville², with about 16,000 residents employed. The median household incomes for Clemmons and Lewisville were \$70,659 and \$78,464, respectively, and the median ages were 41 and 45.8 year. In 2019, an estimated 16,370 workers reside in Clemmons and Lewisville.

When considering the need for childcare, many workers travel out of county and choose childcare closer to their workplace, if they can find a provider. The average commute time for Clemmons and Lewisville residents was 22.4 minutes. The most common job groups were healthcare (1,975), retail (1,701), and office/administration/education (1,530).

Yadkin County is classified as rural and borders west of Forsyth County. In 2019, Data USA reports its population as 37,602 with 10,383 residents between the ages of 20-44.³ The median age was 44.4 years. According to the NC Department of Commerce, more than half (52.7%) of workers aged 16 and older worked outside of the County.⁴ The most common jobs held by Yadkin County residents were manufacturing occupations (3,486) healthcare (2,268), and retail trade jobs (1,610). The primary industries are manufacturing, government, and transportation/warehousing, representing 53% of employment. The average commute time was 25.3 minutes. The estimated median family income for Yadkin County in 2019 was \$44,682, while the median worker earnings were \$31,634.

Figure 1. Clemmons & Lewisville Employment 2019 (DataUSA)

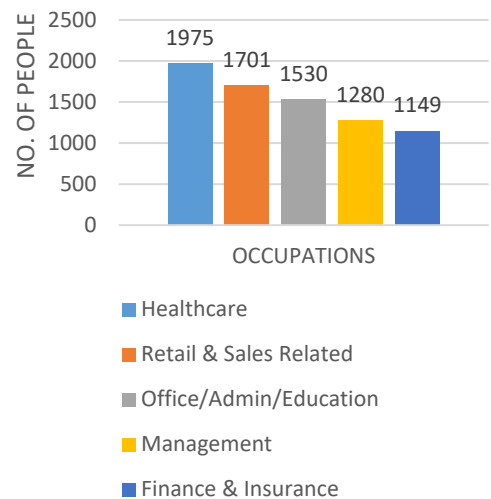
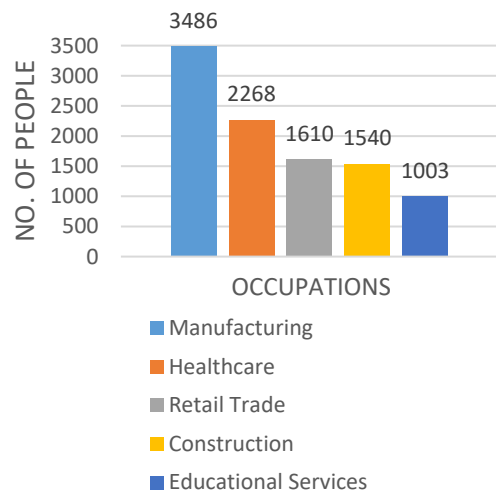


Figure 2. Yadkin County Employment 2019 (DataUSA)



OVERVIEW OF CHILDCARE

The childcare system in North Carolina is multifaceted with many laws and regulations in place to maintain quality and safety across all providers. The NC Division of Child Development and Early Education (DCDEE) defines child care as, “A program or arrangement where three or more children less than 13-years-old, who do not reside where the care is provided, receive care on a regular basis of at least once per week for more than four hours, but less than 24 hours per day, from people other than their guardians or full-time custodians, or from persons not related to them by birth, marriage, or adoption.”⁵

The state recognizes two types of childcare programs:

Family childcare home: “A child care arrangement located in a residence where, at any one time, more than two children, but less than nine children, receive child care.”

Childcare center: “A child care arrangement where, at any one time, there are three or more preschool-age children or nine or more school-age children receiving child care. This also includes a center located in a residence, where the program is in a residence and the licensed capacity is six through twelve children or up to fifteen school-age children.”⁶

Licensing Process

To become a licensed provider, each type of facility must meet specific requirements, proving that it is a safe, high-quality environment to operate a childcare program. The first step in opening a care center is to register and attend a pre-licensing workshop. The workshop is 2 days for prospective childcare centers and 1 day for family childcare homes. Next, the operator must submit a letter of intent to the state licensing consultant at the NC Division of Child Development and Early Education. The location of the new center must also undergo several inspections for building, fire, and sanitation compliance. Buildings must have at least 25 sq. feet per child indoors and are subject to comprehensive inspections for potential safety risks that may affect a child or adult, such as ventilation, the size of doorways, types of locks installed, and more.⁷

The interested operator must submit an application along with her/his background check, workshop completion certificate, and the floor plan to the lead childcare consultant at the DCDEE. After all documents are submitted and materials for the center have been purchased, final building, fire, and sanitation inspections are performed to ensure that all equipment is safe. After all steps are completed and staff are employed, a final inspection is completed with the lead childcare consultant. If the center passes, a license is issued.⁸



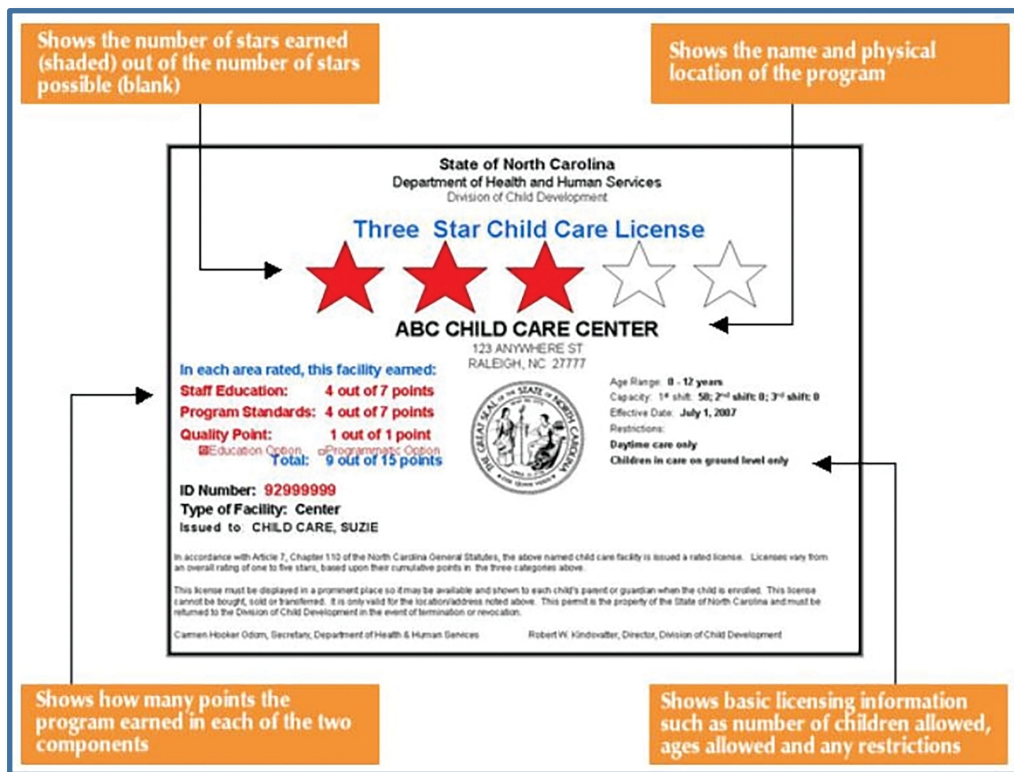
Star Ratings

Star ratings are given to centers that demonstrate state-defined criteria for “high-quality care”. If a center shows a particularly strong record of adherence to guidelines, it may be eligible for a star rating. Stars are assigned using a points system with points based on 3 main criteria:

1. The quality of the program’s learning space and practices, such as the number of activity areas, enhanced space, or enhanced staff-to-child ratios.
2. Education standards, based on the education level and experience of staff. Teachers’ transcripts and credentials are evaluated to for this category, as well as other professional development and years of experience to determine the number of points awarded.
3. Each center can earn one additional quality point by fulfilling an extra requirement related to the first two areas (programmatic or education). Some examples include business training courses completed for the administrator or 75% of lead teachers obtaining an infant/toddler certificate.⁹

Even after a star rating is assigned, star ratings are still subject to change, as standards must be upheld for each point category. If a center is assigned fewer than 5 stars, the center may apply for a higher rating at any time

Figure 3. NC DHHS Childcare License



Regulations

Once a license is issued and a center begins operation, the center is subject to visits from the childcare consultant at any time. Comprehensive regulations exist to ensure the safety and wellbeing of everyone at the center.

For an example, the classroom staff-to-child ratio must be maintained, which states the number of teachers required to supervise children in each age group. Illustrated in Table 1, the state minimum requirements ratio (center column) cites how many children in each age group may be in a classroom with one staff member present. The maximum group size (third column) limits the number of children that may be in a classroom for each age group, even if multiple staff members are present.

Table 1.

NC CLASSROOM STAFF TO CHILD RATIO (minimum requirements)		
	State Minimum Requirements	Maximum Group Size Permitted
Age of Children	Staff/Child Ratio	
0-12 months	1/5	10
12-24 months	1/6	12
2-3 years	1/10	20
3-4 years	1/15	25
4-5 years	1/20	25
5+ years	1/25	25

Activities and learning curricula are also regulated by the state in order for adequate learning to take place. Since infants, toddlers, and pre-k age groups learn differently from each other, certain curricula must be followed for each and regulations differ by type of center. The following are some examples from the NC Child Care Center rules:



- Centers with a licensed capacity of 30 or more children shall have at least four activity areas available in the space occupied by a group of children.
- Each center shall provide materials and opportunities for music and rhythm activities, science and nature activities, and sand and water play for each group of children at least once per month.
- For children under 3 years of age, each center shall have developmentally appropriate toys and activities for each child to promote the child's physical, emotional, intellectual and social well-being including appropriate books, blocks, dolls, pretend play materials, musical toys, sensory toys, and fine motor toys.¹⁰

Staff Training Requirements

Training is a requirement in operating a childcare center. North Carolina links staff background directly to the quality of care provided. Below are the staff qualifications.

- **Teacher's Aide** - 16 years old and literate.
- **Teacher and Lead Teachers** - 18 years old and a high school diploma or G.E.D., AND
 1. North Carolina Early Childhood Credential or equivalent, AND
 2. One of the following:
 - One year of experience in childcare.
 - Twenty additional hours of child development training in the first six months of employment.
 - Completion of DPI Child Care Services Program.
- **Administrator** - 21 years old and high school or G.E.D., AND
 1. Two years of experience in child care, or an undergraduate, graduate or associate degree with at least 12 hours in child development, early childhood, etc.; or a CDA credential; or completion of community or technical college early childhood curriculum; or one year of experience and the NC Early Childhood Credential; AND
 2. One year of administrative experience; or completion of or enrollment in a child care program administration course.⁷

The NC Division of Child Development and Early Education states that licensed centers must have at least one “lead teacher” per group of children. This individual must be in the classroom with their group for at least two-thirds of the workday. Since lead teachers are responsible for planning and implementing daily programs, they have the highest education requirements. They must also submit their transcripts to the DCDEE. Administrators are primarily responsible for maintaining the operations of their center, including staffing, developing policies and procedures, and ensuring that state and local regulations are met.



LOCAL PROVIDERS

The Foundation contacted several (but not all) local childcare providers in Clemmons, Lewisville, and Yadkin County. Providers in Clemmons and Lewisville are mostly child care centers, and only a few are family child care homes. While Yadkin County has very few providers, most programs are either afterschool programs or family child care homes. Tables 2 and 3 lists providers in each area, according to the July 2021 NC Child Care Statistical Report.¹¹

Table 2.

IN CLEMMONS & LEWISVILLE
A Child's World Learning Center
Childcare Network
Child Day Care - Social Services
Clemmons First Baptist Church
Clemmons Learning Center
Clemmons Moravian Child Care
Clemmons Moravian Child Care Preschool
Connie's Home Daycare
Fairy Tale Cottage
Hoffman Family Day Care Home
Immanuel Baptist Church Day Care
Lewisville United Methodist Church Preschool
Montessori Children's Center of Winston-Salem
Nett's Discovery Place
New Horizons Child Care
Shallow Ford Presbyterian Church
Sunrise United Methodist After School Child Care
Stepping Stones Baptist Day Care
The Nest Schools
West Forsyth Christian Preschool

Table 3.

IN YADKIN COUNTY
Boonville Headstart
Childrens Center, The
Jonesville Head Start
Little Darlings Childcare, INC
Mother Hen Child Care
Reecie's Day Care
RD's Loving Care
Small Folks Child Care Center, INC
Yadkinville Headstart
Yadkin Valley Migrant Head Start

Table 4.

NC PRE-K PROVIDERS IN YADKIN COUNTY
Boonville Preschool and Development Day
Courtney Preschool and Development Day
East Bend Preschool
Fall Creek Preschool
Forbush Preschool
Jonesville Preschool
West Yadkin Preschool
Yadkinville Preschool

For families at or below 75% of the state median income or children who have developmental disabilities or other risk factors, North Carolina offers a Pre-kindergarten Program (NC Pre-K), which offers enrollment at no cost if the child is four years old turning five during the school year.¹² These programs are operated by public school systems and other organizations depending on the county. In Forsyth County, NC Pre-K is also offered in private centers that have at least a 4-star rated license. Table 4 lists Yadkin NC Pre-K programs operated by Yadkin County Schools. Childcare Network is the only NC Pre-K program in Lewisville; there are no NC Pre-K locations in Clemmons. Of the 24 Pre-K programs operated by Winston-Salem/Forsyth County Schools, none of the programs are physically located in Lewisville or Clemmons.



ABOUT OUR RESEARCH

The information for this report was gathered through email, published data, personal interviews with local leaders in childcare, an online survey of a Facebook Mothers' group, and an online survey of local employers.

The Foundation consulted with the Child Care Resource Center (CCRC) and Forsyth County Department of Social Services (DSS) to request updated figures about childcare center capacity limits and current waitlists. Interviews with the directors at these local organizations provided knowledge and insight regarding the operations of several establishments in the area, including COVID-19 procedures, funding, staffing, and more. The data from these resources detailed the care shortage in Forsyth County and how many families are affected in Lewisville and Clemmons alone.

The Foundation also spoke with Smart Start of Yadkin County, learning more about the operations and licensing process for both new and existing centers, as well as concerns of Yadkin County families and facilities. The agency supplied information about Yadkin County's childcare trends, including the types of centers in the area and the ways that parents are handling the care shortage.

Representatives from childcare providers were contacted, including Clemmons Moravian Church, New Horizons Preschool, Little Darlings Childcare, Small Folks Child Care Center, Lewisville United Methodist Church, and Immanuel Baptist Church Daycare.

A staffing agency in Yadkinville was also consulted to learn how limited childcare capacity has affected local employers. A recruiting advisor cited the struggles that businesses face due to the childcare shortage, including its effects on employee availability and her own experience as a working parent.

Lastly, two electronic surveys were conducted. The first survey was completed by mothers in Lewisville, Clemmons, and Yadkin County through a Facebook mothers' group of more than 8,000 parent members from a multi-county area. The survey link was active for 13 days for respondents to answer the questions anonymously. There were 44 responses from Clemmons, Lewisville and Yadkin County and included a few parents who have worked in childcare facilities.

The second survey was sent to employers in an email by the Lewisville-Clemmons and Yadkin County Chambers of Commerce. It invited employers to share how the need for childcare impacts their employees and business operations. A total of 18 responses were completed.

FINDINGS

The Foundation identified several areas of concern. However, a few issues were consistently raised and are summarized below.

INSUFFICIENT REVENUE

Centers and Support Services

Insufficient revenue is a primary contributor to the lack of childcare capacity in Clemmons, Lewisville, and Yadkin County. Licensed centers are eligible for state-issued family subsidies for childcare. Non-profit centers can also apply for grants. Often grants have expenditure restrictions and stipulations. Yadkin County Smart Start, which also has little funding, is a nonprofit organization that supports childcare centers. The agency holds various fundraising events throughout the year to support Smart Start's operations.

The Child Care Resource Center (CCRC) is another underfunded childcare-supporting non-profit. Roughly 80% of its funding comes from the state, while 10-15% is from foundation grants and fees for services, such as training teachers.



Family Subsidies

The CCRC representative reported that a county's "market rate" is another factor that affects childcare revenue. The market rate is the maximum amount that childcare centers may be paid through state subsidies for services provided. The local rate is low relative to other counties. As illustration, the cost of doing business in Yadkin and Forsyth Counties is comparable to that in Guilford County; yet, Guilford County's market rate is approximately \$400 more per child per month than Forsyth and Yadkin Counties. Further, CRCC reports that in North Carolina, the cost of providing high-quality childcare, regardless of the setting, is approximately \$1,000 per month; nationally, the cost is \$1,200.

Market rates are based on the geographic area, type of provider, and the age of the child in each county. Funding is appropriated by the NC General Assembly for each county.¹³ Subsidy vouchers are given to parents through the Department of Social Services and then submitted to the childcare provider upon enrollment. Tables 5 and 6 detail the 2021 market rates for 4- and 5-star rated facilities in Forsyth and Yadkin Counties, according to NC Early Education Coalition. Note that these rates are not the true or average cost of care but are established using the 75th percentile by child, meaning "the price at or below which 75 percent of child care providers reported charging for services."¹⁴

Although subsidies help to cover center operating costs, unlicensed establishments do not qualify for subsidies and have few grant opportunities. Since these providers are not eligible for subsidies, fee-based tuition alone must be used to maintain the program, which includes furniture, food, teacher pay, and playground maintenance.

Table 5.

Forsyth County Childcare Market Rates¹⁵				
Age of Children	Centers		Homes	
	5-star	4-star	5-star	4-star
Infants	\$878	\$842	\$843	\$792
Toddlers	\$878	\$842	\$774	\$731
Twos	\$799	\$768	\$746	\$713
Three-Fives	\$769	\$738	\$684	\$664

Table 6.

Yadkin County Childcare Market Rates¹⁶				
Age of Children	Centers		Homes	
	5-star	4-star	5-star	4-star
Infants	\$779	\$634	\$488	\$458
Toddlers	\$779	\$634	\$453	\$444
Twos	\$726	\$613	\$449	\$439
Three-Fives	\$481	\$387	\$393	\$378

Additionally, the DSS requirements and reimbursement amount for older children is much lower than preschool-aged children. Many families with school-aged children who are not income-eligible for subsidies still do not earn enough to pay for childcare. The CCRC representative also explained that the subsidies are limited per county and insufficient. As an example, Forsyth County DSS has had 1800 children on the waiting list for subsidies since February 2020. If there are no vacancies within the county, families may use the subsidy to enroll their child out of the county in which they reside.

Families who meet the DSS income-eligibility requirements can offset their childcare expenses through subsidy vouchers in the amount of the county's market rate depending on the age of the child and type of provider. Vouchers are mailed to families and issued for the specific childcare center selected by the parent. Many families who are not income-eligible for subsidies still do not earn enough to pay for childcare. See the income eligibility requirements in for subsidy listed in Tables 7 and 8.¹⁷

Table 7.

200% FEDERAL POVERTY LEVEL	
<i>(all children ages 0-5 and all special needs)</i>	
Family Size	Monthly Income
1	\$2,147
2	\$2,903
3	\$3,660
4	\$4,417
5	\$5,173
6	\$5,930
7	\$6,687
8	\$7,443

Table 8.

133% FEDERAL POVERTY LEVEL	
<i>(all children ages 6-12, no special needs)</i>	
Family Size	Monthly Income
1	\$1,428
2	\$1,931
3	\$2,434
4	\$2,937
5	\$3,440
6	\$3,943
7	\$4,447
8	\$4,943

Waitlists for Subsidy

At the time of this report, 4-year-olds represented the largest age group (200 children) awaiting subsidy at the Forsyth County Department of Social Services. The DSS representative mentioned that there are plans underway to start a collaboration between community organizations to reduce the waitlist of 4-year-old children. Creating a separate program would give them a place during the day and significantly shorten the waitlist for other younger children needing care.

Tables 9 and 10 list the ages of children awaiting childcare subsidies from DSS in the zip codes for Clemmons and Lewisville, respectively.

In Yadkin County, Smart Start also cited a list of 22 children under the age of five waiting for subsidies at the time of this report. Further, there are no licensed after-school Pre-K locations in Yadkin County. Many working parents have no choice but to enroll their Pre-K-aged children into daycare centers with differently qualified staff than the NC Pre-K teachers. Thus, these children do not get the same education and enrichment activities for their age group that are available through the NC Pre-K program.

Table 9.

FOR CLEMMONS (Zip code 27012)	
Age Group (years)	Number of Children Waiting
1	8
2	14
3	18
4	24
5	10
6	18
7	7
8	8
9	9
10	20
TOTAL	136

Table 10.

FOR LEWISVILLE (Zip code 27023)	
Age Group (years)	Number of Children Waiting
1	3
2	18
3	6
4	8
5	5
6	12
7	42
8	16
9	27
10	10
11	22
TOTAL	169

Meal Reimbursements

Childcare providers may be eligible to receive additional revenue through meal and snack reimbursements by the Child and Adult Care Food Program (CACFP). This program, administered and federally funded by the US Food and Nutrition Service (FNS), provides reimbursements to caregivers for meals and snacks. In North Carolina, participation in the CACFP is restricted to licensed programs only and 20% of the center’s parents must meet income eligibility guidelines. Meals must be prepared according to the Dietary Guidelines for Americans and offered to children and adults who attend qualifying non-residential care facilities.¹⁸ This includes both public and private nonprofit childcare centers, as well as some licensed for-profit centers. NC CACFP Regional Consultants administer the program locally by county.¹⁹

There are two levels of CACFP reimbursement: Tier 1 and Tier 2. Tier 1 provides the highest rate of meal reimbursement. Providers may be reimbursed for all meals and snacks at either Tier rate or a mixture of both for children whose families meet the income eligibility requirements listed in Table 11 on the following page. One center director shared a significant obstacle to center participation is the requirement that parents must complete forms and share income with the center.



Table 11. MEAL REIMBURSEMENT

Effective from July 1, 2021 to June 30, 2022

HOUSEHOLD SIZE	YEARLY		MONTHLY		TWICE MONTHLY		EVERY 2 WEEKS		WEEKLY	
	Free	Reduced	Free	Reduced	Free	Reduced	Free	Reduced	Free	Reduced
	No greater than	No greater than	No greater than	No greater than	No greater than	No greater than	No greater than	No greater than	No greater than	No greater than
1	\$16,744	\$23,828	\$1,396	\$1,986	\$698	\$993	\$644	\$917	\$322	\$459
2	\$22,646	\$32,227	\$1,888	\$2,686	\$944	\$1,343	\$871	\$1,240	\$436	\$620
3	\$28,548	\$40,626	\$2,379	\$3,386	\$1,190	\$1,693	\$1,098	\$1,563	\$549	\$782
4	\$34,450	\$49,025	\$2,871	\$4,086	\$1,436	\$2,043	\$1,325	\$1,886	\$663	\$943
5	\$40,352	\$57,424	\$3,363	\$4,786	\$1,682	\$2,393	\$1,552	\$2,209	\$776	\$1,105

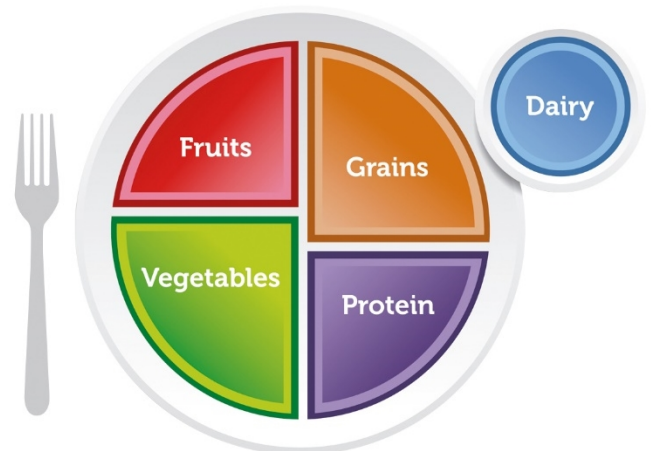
Table 12. REIMBURSEMENT RATES FOR MEALS SERVED

Child Care Centers				Child Care Homes			
	Breakfast	Lunch/Supper	Supplement (snacks)		Breakfast	Lunch/Supper	Supplement (snacks)
Paid	\$0.33	\$0.35	\$0.09	Tier 1 Homes	\$1.40	\$2.63	\$0.78
Reduced	\$1.67	\$3.26	\$0.50	Tier 2 Homes	\$0.51	\$1.59	\$0.21
Free	\$1.97	\$3.66	\$1.00				

The program’s meal pattern follows the United States Department of Agriculture nutrition standards and must meet specific requirements to be reimbursed.

Some of these requirements include:

- Serving components from 3 food groups at breakfast, 5 at lunch/supper, and 2 for snacks
- Claiming reimbursements for up to 2 meals and 1 snack, or 2 snacks and 1 meal each day per participant²²
- Reimbursing only unflavored whole milk for 1-year-olds, unflavored low-fat or fat-free milk for 2-5-year-olds, and unflavored low-fat, unflavored fat-free, or flavored fat-free milk for children 6 years and older²³



The NC reimbursement rates (per meal) for the 2021-22 fiscal year, effective from July 1, 2021- June 30, 2022²¹

Table 13.

An example meal pattern for infants and children is shown.²³

Lunch and Supper Meal Patterns			
	Ages 1-2	Ages 3-5	Ages 6-12
Fluid Milk	1/2 cup	3/4 cup	1 cup
Meat/meat alternatives	1 oz.	1 1/2 oz.	2 oz.
Vegetables	1/8 cup	1/4 cup	1/2 cup
Fruits	1/8 cup	1/4 cup	1/4 cup
Grains	1/2 oz. eq.	1/2 oz. eq.	1 oz. eq.

The National School Lunch Act states:

- Childcare centers may participate in the Program either as independent centers or under the auspices of a sponsoring organization.
- Day care homes can participate in the CACFP only through an eligible sponsoring organization.²⁴

Whereas independent centers may contract with the state to implement their CACFP programs, day care homes require a sponsoring organization to assume responsibility for program administration.¹⁹ According to Smart Start, approximately half of the day care homes in Yadkin County used CACFP’s services prior to the COVID-19 pandemic and the meals were sponsored by the county school system. Since then, some providers have stopped participating in the program because adhering to the reimbursable meal patterns (particularly serving milk) for children who are picky eaters led to waste.

Labor Force Shortage

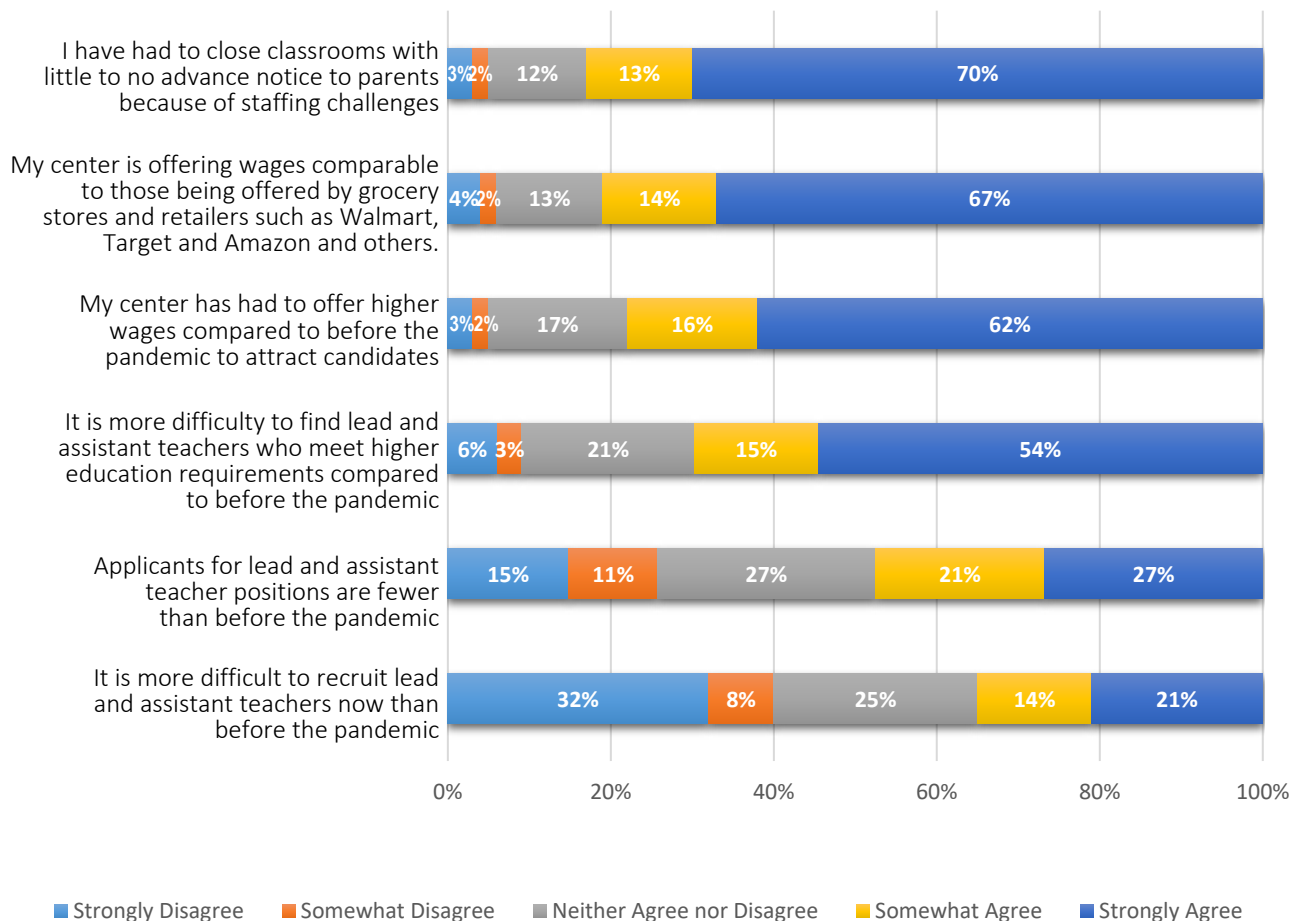
For most providers, attracting and retaining staff is a significant and growing challenge. This is partially due to inadequate revenue to pay livable wages. According to the Think Babies NC Alliance, the average wage for childcare teaching staff in Forsyth and Yadkin Counties in 2021 was between \$8.00-\$12.45 per hour, with the average being \$11.00 per hour.¹⁵ Yadkin Smart Start says low pay is a major contributor to a high turnover rate in childcare facilities. In the Foundation’s Facebook survey of local parents, one mother wrote that she holds a degree in childcare but left the field because of this exact issue. She also stated that it’s hard to find consistent care for her child when many of the larger franchise daycare centers experience frequent staff turnover.

According to the NC Division of Child Development and Early Education, centers that employ more qualified teachers have a higher chance of being star rated. Stars help determine the market rate; thus, teachers working in 4- and 5-star centers have the potential to earn more than teachers at other centers. To create an incentive for teaching, Yadkin Smart Start runs a program called *Supplements Through Education*, in which teachers are reimbursed for taking college-level early childhood education classes. They can be reimbursed \$125 per semester hour up to \$1,000 per semester. Smart Start also provides low-cost training for teachers, including SIDS prevention, First Aid, CPR, and more. Despite this effort, the teacher shortage remains.

In a September 2021 NC Child Care Center Staffing Survey, 75% of the 1,269 child care centers responding are currently hiring lead or assistant teachers with 53% hiring both. Further, 83% agreed with the statement that “it is more difficult to recruit lead and assistant teachers now than before the pandemic” and 81% agreeing that “applicants for lead and assistant teacher positions are fewer than before the pandemic.”²⁵

A private, licensed center in Yadkin County noted that while training reimbursements are offered, individuals must pay class fees upfront, which can be up to \$450 for a college-level course, and often are not feasible for [low-wage] staff members. Training must be completed before a person is employed and then updated annually. Staff sometimes find it difficult to complete the annual training required because they are exhausted after a full workday.

Figure 4. Childcare Center Responses to Hiring Difficulty²⁵



A provider who works at a faith-based, half-day preschool commented on labor force issues, saying that many teachers resign because of the amount of job stress. For example, at the time of the interview, the center needed mulch for the playground, but the cost was roughly \$8,000. Because the state mandates that mulch should be 6 inches deep and fluffy at all times, someone must go outside to refill sparse areas up to 3 times per day or whenever it becomes flat after rain or children playing. For many teachers, the pressure of upholding standards like this is seen as too much for their hourly wage.

In contrast to most providers in the area, one privately-owned preschool reported that they were not struggling with staffing. The owner thinks this is because employees are paid \$2-3 higher than the average market rate. Full-time workers can make at least \$11.00 per hour after one month and have some benefits such as requested time off. The center has 27 staff members (7 part-time and 20 full-time) to care for 104 children. However, the center is still not running at full capacity, as it is licensed to fill 120 children. It has seen very little staff turnover since before COVID-19. Since the current employees are trustworthy, better-compensated, and comfortable at the preschool, the owner is not interested in disrupting their strong team by hiring additional staff until the pandemic is over. Despite the pandemic, operations at this center seem to be running smoothly and steadily.

Inadequate Capacity (Open Slots)

Limited capacity (available licensed openings) is the biggest issue that both families and providers experience. According to Think Babies NC Leadership Team, North Carolina is considered a “child care desert” for quality infant and toddler care. There is only 1 licensed childcare space for every 5 babies in the state; thus, only about 19% of infants and toddlers can be served in the existing supply of programs. Since 62% of parents with infants and toddlers are working, there is an urgent need for quality infant and toddler care.²⁶ The Yadkin County shortage is deemed “extreme” by Think Babies, having the 3rd lowest number of slots available for infants and toddlers in NC, with 19 children per available space. In comparison, Forsyth County has 5.66 children per available space.²⁷

Current Enrollment

At the time of this report, all of the centers contacted had waiting lists for children needing care, particularly for ages five and under. At a privately-owned daycare center, a staff member stated that there were 49 children waitlisted and they anticipated only eight openings before December. She also explained that there are two separate waitlists. The first is a formal waitlist for newborns. A fee is required to join the waitlist and the list is first-come, first-serve. Fees to have a child placed on a waitlist are common in the field. The second list, which is open to all other age groups served, is free for families to join. When a spot opens up in any age group, calls are made to parents so they may fill that spot.

Table 14.

Age breakdown of Clemmons Private Provider Waitlist	
Age	Number Waiting
Infant	15
Toddlers (1-2 yrs)	8
Two	9
Three	6
Four (3 turning 4)	6
Five (4 turning 5)	5

Table 15.

Age breakdown of Clemmons half-day provider waitlist	
Age Group (years)	Number Waiting
1	12
2	32
3	22
4	14
5	6

Meanwhile, the faith-based center reported that the half-day preschool program has 125 children currently enrolled and 86 children on the waitlist. Upon meeting with the Foundation, there were four inquiries the previous day that opted not to join the list. The breakdown of age groups on the waitlist is in Table 15. The tables affirm that the greatest need is for infant and toddler care. The director of the half-day program, could not cite the exact number on the full-day program waitlist, but she described that admittance operates on a lottery system. Parents must pay a fee for their child to be added to the waitlist.

When there is an enrollment vacancy, a random drawing is held and the family whose name is drawn is offered a spot. Families who are church members or expecting another child are allotted two entries in the lottery, thus doubling the “chance” of their child’s name being drawn.

In Yadkin County, one privately-owned center has a waitlist that has been more than 2 ½ pages for the past 2 years. The center serves several families from out of town, including Pfafftown, Forsyth County, and as far as Boonville. At the start of the COVID-19 pandemic, the center’s enrollment dropped to as low as 17 of the 50 spots they are licensed to fill. Most enrollment has returned to pre-COVID levels, but the center still cannot operate at full capacity due to an inadequate number of trained staff members.

The CCRC has also seen a shift in trends since the pandemic. As a childcare resource and referral organization, it provides education to families and helps them find childcare across nine counties. At the time of this report, it was serving 1,500 families per year in Forsyth County, compared to 2,500 per year before the pandemic. The respondent explained that this is because many facilities are either not operating at capacity or struggling to operate with the same level of staffing. As an example, some centers have hired additional staff to maintain COVID-19 screening and cleaning requirements that adhere to the state guidelines, leaving fewer dollars to add teaching staff or increase teacher pay. Another hypothesis she shared is that some families are not searching for care due to COVID-19 safety concerns.



Classroom Space

Limited physical classroom square footage contributes to the shortage of slots. Centers may not be licensed to operate at the maximum staff-to-child ratio unless they have the physical space that allows for at least 25 square feet per child. In outdoor settings, such as a playground, facilities must also allow at least 75 square feet per child.⁷

Some centers see significant changes in enrollment during the summer when public school is out of session. As an example, one provider stated she must give up some of her preschool classrooms every summer to create space for the daycare program. Out of the eleven classrooms she uses throughout the rest of the year, the full-day program may take any number of the classrooms needed for the summer.

Startup

There are many barriers to launching new childcare programs, as illustrated in this report. Perhaps the biggest hurdle is finding a building with suitable classroom space, securing the proper permits, and licensing. Even if a previous daycare space becomes available, it must undergo fire, sanitation, and environmental inspections under the most current codes and regulations. The facility operator must then attend a pre-licensing workshop to declare the intent to start a center. The cost can be significant to equip a center with appropriate safety features (such as sprinklers) and supplies (furniture, toys, and more). At a center in Clemmons, one respondent stated that opening new centers would lighten the burden placed on small centers, but it may also introduce new competition for staffing. Although there is a need for new centers, especially full-day programs, introducing new centers in the community may be detrimental to small, unlicensed centers that are already struggling to keep their staff.

With new programs comes new staffing. Many preschool teachers have families and children of their own; those who were stay-at-home mothers before working at the childcare center developed a newfound need for childcare upon being hired. One operator stated that when her center opened up after the COVID-19 closure, it had to open a program for the teachers' children because the children needed supervision during operating hours.

Parent Impact & Workarounds

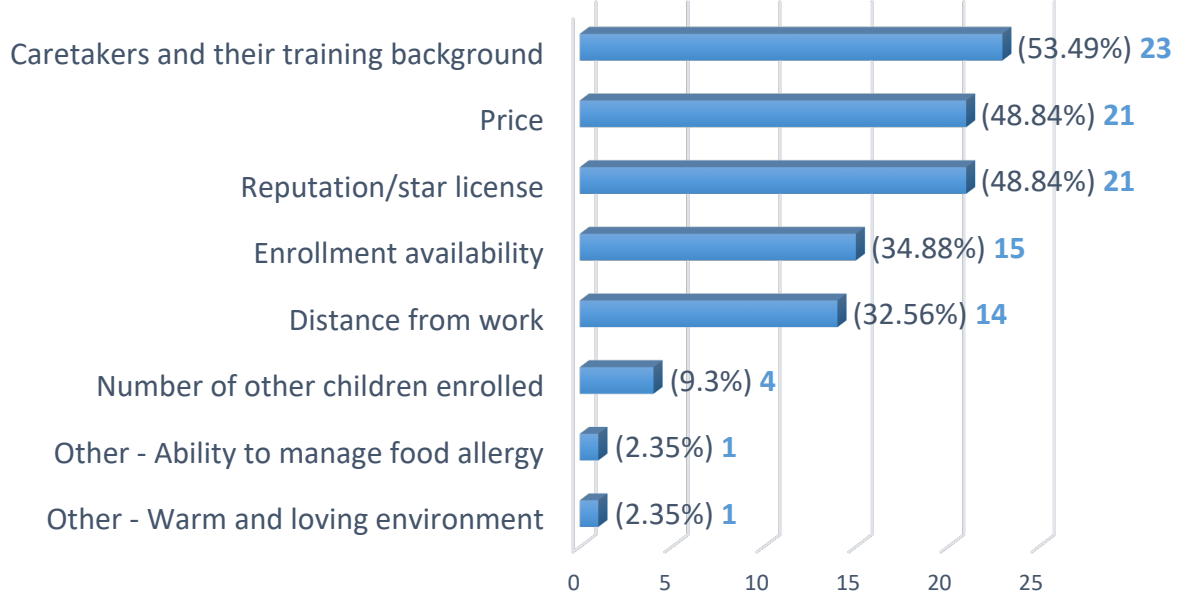
The survey of the Facebook Mothers' group affirmed concerns of parents struggling with the capacity shortage in Clemmons, Lewisville, and Yadkin County. On August 3, 2021, the survey was launched with ten questions regarding limited care in the area. It contained a mix of multiple-choice, multi-select, and free-response questions. Participants were asked about their family size, child's enrollment status, type of center they prefer, factors they consider when choosing a center, and more. There were 44 responses from Clemmons, Lewisville and Yadkin County. Parents affirmed each other in the need for affordable care, qualified staff, and more enrollment slots. The responses also included parents who have worked in care facilities.

The 44 respondents of the survey were primarily from Clemmons (59%), raising the child with another adult (91%) and living with three or fewer children in their household. There was a near 50/50 split between parents whose children were currently enrolled and had never been enrolled at a childcare facility. When asked in what city their child was currently enrolled, 1/3 of respondents reported that they brought their child to a center outside of their hometown, mostly to Winston-Salem (80%). Those who did not enroll their children in daycare primarily stayed at home, alternated care with a spouse or other family member, or hired a local babysitter.

Parents were asked to list their top 2 concerns when choosing a childcare provider (see Figure 5). Most respondents chose factors that contribute to their child's quality of care over the distance from home or work. Price and enrollment availability were other popular answers. A graph of the results is below.



Figure 5. Parent top concerns when choosing childcare.



Parents were asked to share other thoughts they had surrounding the childcare capacity issue. Some of the most common responses included:

- Complaints of long waitlists
- Need for child care outside the hours of 9-5
- More childcare centers/availability
- More high-quality locations (4- and 5-star ratings)

Parent Workarounds

Since many providers have long waitlists, families may need to separate their children between daycare centers or travel out of town to find care. A faith-based preschool employee says that several of the children enrolled in her program have siblings who attend other centers. She stated that she serves families from at least 4 different counties, including Forsyth, Davie, Davidson, and Yadkin. In the Facebook survey, 1/3 of parents whose children attended preschool or daycare said they enrolled their child outside of their hometown. In contrast, the Smart Start reported that families in Yadkin County will continue to search until multiple vacancies in one center are found, even though there are only seven licensed facilities in the county. One theory is that since many people are born and raised in Yadkinville, they have extended families to watch their children during the day. According to Think Babies NC, only 10% of infants and toddlers in Yadkin County are enrolled in high-quality childcare programs¹⁶ compared to 73% in Forsyth County.¹⁵

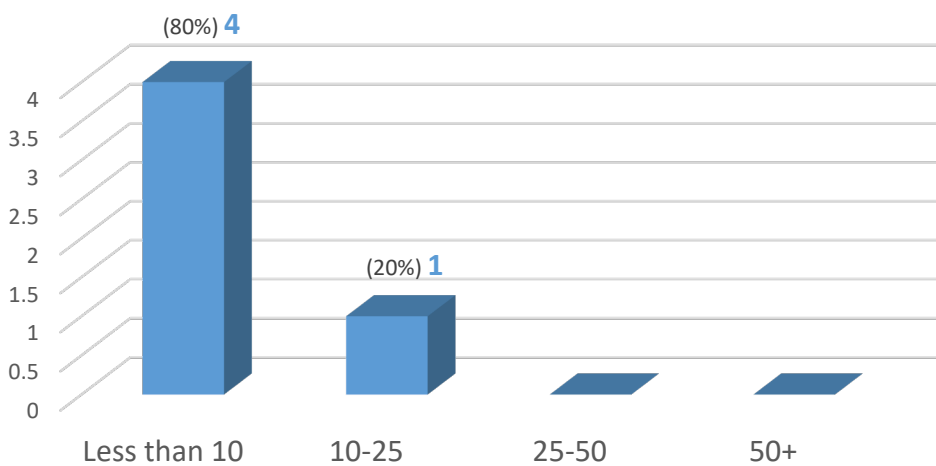
Smart Start is seeing a rising trend of “pods” where mothers take turns supervising local children, even though this practice does not comply with NC childcare laws. According to the DCDEE, a license is required for adults regularly caring for more than two children unrelated to them for more than four hours a day.⁵ However, North Carolina does not define “a relative” and some mothers in these pods satisfy the law by producing notarized forms to show they are related to the children, even when they are not.

Employer Impact

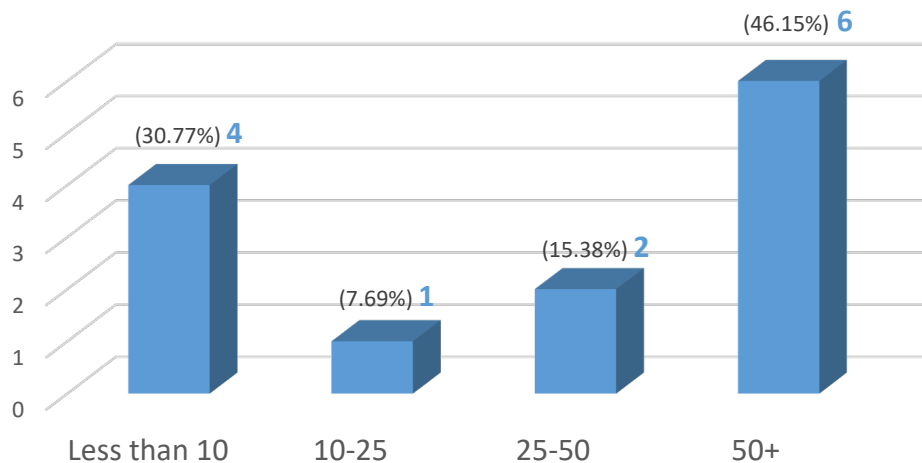
Local employers were surveyed to explore how the childcare capacity shortage impacts their businesses and staff. It included ten questions regarding employee attendance, quality of work, scheduling, and staffing concerning childcare arrangements. The survey links were sent to employers in Clemmons, Lewisville, and Yadkin County via each area's Chamber of Commerce. While not a significant number of responses were collected, the results affirm other state and national studies. Overall, 18 employers responded, including 13 from Yadkin County and 5 from Clemmons and Lewisville. Almost all of the employers from Clemmons reported having under 10 employees, while most in Yadkin County had over 50 employees. (See Figure 6.)

Figure 6. Employer Surveys

Number of Employees Reported by Clemmons/ Lewisville Employers Responding to Survey



Number of Employees Reported by Yadkin Employers Responding to Survey



In total, 88% of respondents reported that their staff includes employees with children under 6 years of age. Eighty-three percent (83%) of employers reported that their employees have indicated challenges in their preferred childcare arrangements that affect their work-related demands and scheduling. The greatest challenges facing employers due to the childcare shortage were employee attendance, reliability, and quality of work (including distraction and stress during the job).

Ninety-four percent (94%) of the employers stated that their employees work the day shift, with the remainder working afternoon or evening shifts. One of the biggest concerns was finding employees other than first shift and the inability to fully staff certain shifts due to childcare limitations. Additionally, most respondents (89%) shared that, on average, they have to cover all or part of a shift or replace an employee for their shift due to lack of childcare at least once per month. The percentage of times per month employers had to cover a shift due to childcare is listed in Figures 7 and 8.

Eighty-nine percent of employers have to cover all or part of a shift due to lack of childcare at least once per month.

Employer Shift-coverage Incidents Per Month

Figure 7. Clemmons/Lewisville Employers

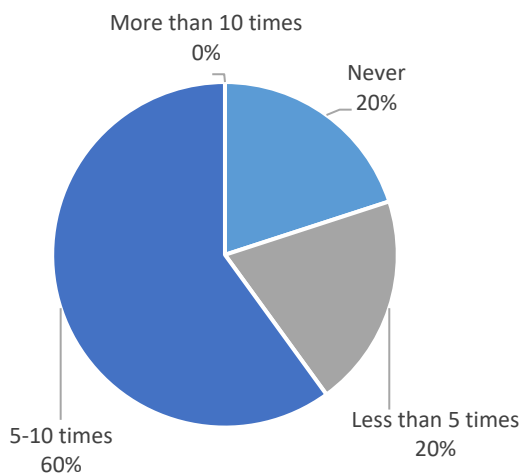
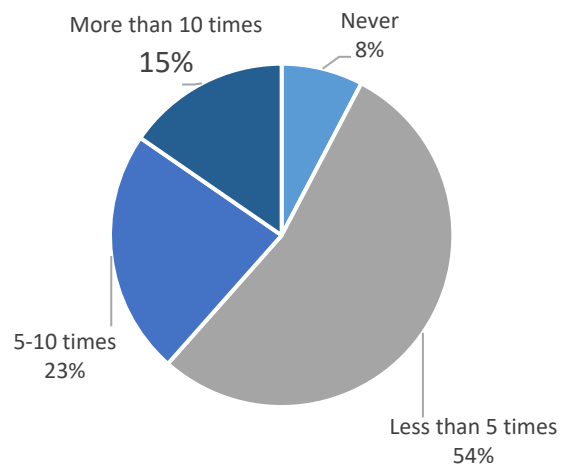


Figure 8. Yadkin County Employers



Lastly, when invited to offer ideas to expand childcare, one employee shared that on-site childcare could help employees have a greater sense of comfort and decrease distractions. None of the employers surveyed provided onsite childcare at the time of this report. Another respondent offered the idea that drop-in care could be ideal for part-time workers. Others commented that the price of care is too high for their employees and that prospective employees would rather stay home because of this cost.

A local staffing agency recruiter described her position and encounters with candidates who balance work with childcare, as well as her own challenges as a working mother. At the time of this report, she reported that her branch in Yadkin County had 140 openings and places about 10-15 jobs per week.

For daytime positions, employees have considerable trouble working outside of school hours. The recruiter said that for those who want to work, the lack of childcare is the biggest issue keeping candidates from accepting positions. Her temp-to-hire agency has positions available for all three shifts, as well as rotating 12-hour shifts. Many candidates prefer 3rd shift because family members or other adults were more often available to supervise their children between the hours of 11 pm-7 am, which eliminates the need for families to search and pay for childcare during the day. She stated that 2nd shift has the largest labor shortage and is difficult to fill because little childcare is offered locally during the 3-11 pm shift. The agency provides incentives for most 2nd shift positions by offering a higher starting wage compared to 1st or 3rd shifts.

Impact of the COVID-19 Pandemic

One of the greatest contributors to closures and low recruitment in childcare centers is the Coronavirus-19 (COVID-19) pandemic. In March 2020, the National Association for the Education of Young Children (NAEYC) conducted a survey of childcare providers in all 50 states regarding the early effects of the COVID-19 pandemic. Below is a summary of responses from 322 North Carolina providers:²⁸

In North Carolina, of the 322 providers who responded to survey,

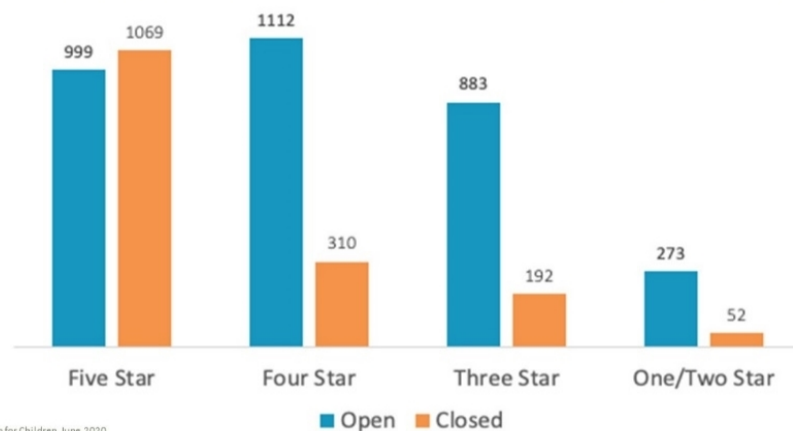
- 32% say they would not survive closing for more than two weeks *without significant public investment and support that would allow them to compensate and retain staff, pay rent, and cover other fixed costs.*
- 12% would not survive a closure of any length of time without these supports.
- 28% do not know how long they would be able to close their doors and be able to reopen without these supports.
- 43% have parents who cannot pay fees or copays.
- 22% have lost income because they are paid by attendance rather than enrollment and 30% have lost income based on families' own inability to pay.

Note that 59% of responses in North Carolina are from those working in community-based centers and 18% are from those working in family childcare homes.

Following the state's response to the pandemic, many childcare providers closed with the intent of re-opening after the quarantine period. According to data from the NC Partnership for Children, 41% of all childcare centers in NC remained closed as of May 29, 2020 and 52% of 5-star facilities statewide remained closed, as illustrated in Figure 9 (this includes childcare centers and family childcare homes).²⁹

Figure 9. A majority of five-star child-care facilities remain closed

NUMBER OF CHILD-CARE FACILITIES CLOSED IN N.C. AS OF MAY 29, 2020, BY QUALITY



Source: Special Data Request to the NC Partnership for Children, June 2020

In April 2021, the Harvard Business Review also published results from a national survey of parents impacted by the COVID-19 pandemic. It states that, “Childcare is not a family issue, it is a business issue. It affects how we work, when we work, and for many, why we work.” The survey placed emphasis on the childcare issue’s impact on the economy and job market. Of the 2,500 working parents that were surveyed, 26% of women who became unemployed during the pandemic said it was due to a lack of childcare. This high statistic coincides with the 2.3 million women nationwide who have left the workforce since February 2020, accounting for 80% of all discouraged workers during the pandemic. This has reduced the labor force participation rate to 57%, the lowest it’s been since 1988. The review also stated that working parents lost 8 hours per week on average due to lack of childcare. When combining the reported lost hours for individuals as well as their partners, it totaled a loss of 14.6 hours per week.³⁰

The Child Care Resource Center provided additional information about enrollment trends over the course of the pandemic per county in North Carolina. In February 2020, there were 6,512 children enrolled in childcare facilities in Forsyth County and 472 in Yadkin County. Between February 2020 and August 2021, there was a 34% decrease of children enrolled in Forsyth County and 27% decrease in Yadkin County. Tables 16 illustrates these changes, including a breakdown by age group and center type for each county (excluding school-age-only programs).

Table 16. CHILDCARE ENROLLMENT BETWEEN FEBRUARY 2020 & AUGUST 2021
(percent change by age and facility)

FORSYTH COUNTY								
	Infants	Ones	Twos	Threes	Fours	Fives	School-Age	Total
Child Care Centers	-32%	-33%	-34%	-30%	-39%	-42%	-34%	-35%
Family Child Care Homes	-23%	-13%	-26%	-41%	-18%	50%	-24%	-23%
TOTAL	-31%	-31%	-33%	-31%	-39%	-40%	-33%	-34%

YADKIN COUNTY								
	Infants	Ones	Twos	Threes	Fours	Fives	School-Age	Total
Child Care Centers	64%	-56%	-34%	-34%	5%	-79%	-77%	-28%
Family Child Care Homes	0%	-50%	-50%	100%	50%	--	25%	-5%
TOTAL	58%	-55%	-36%	-31%	5%	-79%	-68%	-27%

The CCRC also shared an updated number of vacancies within childcare programs by county. See Table 17, on the following page, listing the openings for Forsyth and Yadkin Counties as of August 2021.

Table 17. CHILDCARE VACANCIES IN AUGUST 2021
(percent change by age and facility)

FORSYTH COUNTY								
	Infants	Ones	Twos	Threes	Fours	Fives	School-Age	Total
Child Care Centers	81	91	146	131	384	86	131	1050
Family Child Care Homes	14	20	32	30	18	12	27	153
TOTAL	95	111	178	161	402	98	158	1203

YADKIN COUNTY								
	Infants	Ones	Twos	Threes	Fours	Fives	School-Age	Total
Child Care Centers	11	7	13	12	17	4	5	69
Family Child Care Homes	1	1	--	--	--	--	--	2
TOTAL	12	8	13	12	17	4	5	71

As shown in Tables 16 and 17, the COVID-19 pandemic has critically impacted centers in Forsyth and Yadkin Counties, causing enrollment to drop in both areas. While the enrollment drop during COVID has opened additional licensed slots, the resulting reduction in the childcare labor force has not returned post-COVID. Now, the staffing is insufficient to cover the licensed capacity. Many of these centers are not running at their licensed capacity but may be running at the highest capacity possible with their current staffing. When combining this data from the CCRC and the Shallow Ford Foundation’s research, it appears that additional staffing and funding could immediately avail childcare for over 1,000 additional children. Ultimately, the biggest obstacle for providers to address is staffing centers at the level needed to fill these vacancies.



SUMMARY & STRATEGIES

As this report details, immediate solutions are needed to expand childcare availability. The most critical shortage is in Yadkin County, which results in additional demand for limited spaces in neighboring communities such as Lewisville and Clemmons. Thus, addressing the critical shortage in Yadkin County may also open up capacity in neighboring communities.

One approach to expansion is to address micro-needs within the community. By pinpointing the most urgent issues affecting providers, families, and employers, an action plan can be developed and implemented in conjunction with other local stakeholders. Considering the strengths, networks, and resources of organizations in our community and surrounding areas will be beneficial to help plan and implement strategies. Without addressing licensing requirements (a much longer and more complex process), possible local strategies worth exploring further may include the following.

Address Wages

Existing Wage Supplements

Early education teachers and centers may benefit from existing income-enhancing resources and programs, including scholarship programs and salary supplements.

One example is the Child Care WAGE\$ Project, a statewide education-based salary supplement initiative. This project awards stipends to teachers, directors, and care providers and is designed to reduce turnover rates and increase teaching education. For every 6 months that the recipient continues to work in the same center, WAGE\$ provides them with a financial award (if they meet income and location requirements). Higher awards go to recipients who have higher education levels, providing incentives to pursue higher degrees. WAGE\$ operates through Smart Start partnerships in about 50 NC counties. Each year, partner Smart Start Eligible centers must choose which programs to fund. Thus, not every Smart Start partner offers the WAGE\$ program at all times. Eligible applicants must work in a licensed care program in a county that uses Smart Start funds to support the WAGE\$ program, which limits access to the program.³¹ In Yadkin County, this program was previously offered, but because workers were not advancing their education, they discontinued the program.



The T.E.A.C.H. Early Childhood North Carolina Scholarship Program is another resource that provides educational scholarships to childcare professionals who work in regulated early care centers and homes. It is a financial aid program designed to increase compensation related to increased education. According to the program’s website, a high turnover rate can negatively affect care and create difficulties for children. It aims to reduce staff turnover by requiring a “commitment period” to working in the field for one year after their scholarship year. To be eligible for T.E.A.C.H., an applicant must fulfill a certain number of work hours per week (depending on the individual scholarship model), be sponsored by their employing center, and make less than \$18 per hour.³²

Although T.E.A.C.H. has helped centers to reduce their staffing turnover rate, it only benefits workers who are pursuing early childhood education degrees.

Supplement Center Income

Philanthropic Support/Government Subsidies to Existing Centers

A grant or direct subsidy to childcare centers enables centers to offset operational financial burdens and potentially increase wages, introduce hiring bonuses, or create other incentives to work in the field. For example, grants might be used to pay for new toys, materials, or other expenditures that contribute to suppressing wage increases.

Grants are unlikely to be a long-term or permanent solution unless there is a lasting commitment by grant-makers or the government. Small businesses are not typically eligible for charitable grants, but grant-makers might be able to justify a grant award to business providers because the benefit to the public significantly outweighs the private benefit conferred upon the center’s owners. Childcare centers cannot raise wages without an increase in the cost of care, and most families already struggle to afford the current fees.



Expand Childcare Capacity

Expand Half-day Programs/After-school Programs

There are fewer licensing and staffing requirements for half-day programs. With expanded half-day programs at different nearby locations, children could attend a morning program and then be transported to an afternoon program. Obviously, transporting children midday may not be convenient or feasible. Half-day programs may more quickly help expand care capacity for children than it would take to start new, full-day programs.

In Yadkin County, some NC Pre-K-eligible children are enrolled in full-day childcare because there are no options for after-school NC Pre-K. These spots might be otherwise used for infant and toddler children. If there are available NC Pre-K program openings and an after-school program for NC Pre-K students, older children may move out of full-day care to the NC Pre-K program, which would avail full-day slots for toddlers. Creating a new, separate after-school program to supplement school-operated programs would allow children in both age groups to receive age-appropriate education and activities. This strategy would require a location and an operator to operate the program.

There is some need for care outside the hours of first shift. In addition to schools, local workplace locations may have the means to create onsite childcare, particularly a drop-in or short-term program, since regulation is not required for this type of care. According to DHHS,

“Employers may offer drop-in/short term child care for their part-time employees if the following are all true:

- The child does not receive care for more than 2 and a half hours during that day
- The parents are on the premises
- There are no more than 25 children in any one group in any one room”³³

The time limitation will not help most workers. However, if an employee’s child is in a Pre-K program, it may be an option for expanding care to full-day or workday hours.

Models for Expanding Family Childcare Homes

The Child Care Resource Center is working to help individuals who are interested in opening family child care homes in Forsyth County. According to Jackson, the greatest challenge is generating startup costs for homes and sustaining them. Startup can cost around \$10,000 per home, while sustaining the programs until they can achieve full enrollment is an even costlier issue. A considerable barrier to sustainability is the low hourly wages that are set for early education teaching staff. Yadkin County Smart Start is working on a similar strategy.

There is also a promising model for expanding family child care homes, namely the Multi-Unit Family Child Care Building. When meeting with Jeff Andrews, an early childhood business consultant, he described a model of multiple small centers within a turnkey facility. The site enables multiple new or existing in-home care providers to operate in a fully-equipped and licensed space. The model builds out large, unoccupied buildings (often viewed by economic development as “white elephants”) to satisfy the state’s Family Child Care Home guidelines and attracts small and specialized operators to affordably occupy the various spaces developed.

Growing A Qualified Labor Force

Colleges and Universities

Some colleges have added on-site childcare services at the school campus or have enhanced existing centers and student curricula. This has been helpful for parents who attend or work at the school. For example, Forsyth Technical Community College in Winston-Salem has created a 5-star licensed childcare center on campus, which serves children of both faculty and students.³⁴ Students and interns studying early childhood education are able to work in the childcare center while being supervised by certified teachers. They are able to gain hands-on learning experience and parents have quality childcare during the day. According to the school coordinator, the program represents an investment in the future since most of the students accept local childcare positions upon graduation.

Another possibility is to implement early education entrepreneurship courses within the certification/degree curriculum to encourage students to launch additional home-based childcare centers. With such an addition, students will be equipped with the necessary administrative and business knowledge to open their own center upon completion of the course. Perhaps these courses could result in dual certifications for the students upon completion, such as in small business management with a focus on early education, resulting in more portable credentials. Programs like this could pave the way for increased staffing and capacity over time. Schools might also consider offering scholarships to students enrolled in these programs or other early education courses to provide incentives to work in childcare.

An additional area to explore may be how in-home childcare can partner with community colleges and the Small Business Administration programs. It may even be possible to use home centers as internship locations for students wishing to gain more experience or those who have recently graduated.

High Schools

There may also be potential for creative service-learning opportunities for older high school students. The minimum requirement to be a teacher's aid is to be at least 16 years old and literate. With older high school students meeting the qualification, service learning could provide additional assistance in centers. Incentives or volunteer hour credit for time helping at childcare centers may help the staffing shortage and provide valuable experience for students.

In Yadkin County, Surry Community College provides high school students with a *High School to College Pathway* in Early Childhood Education. The program outlines the high school and college courses needed to fulfill the requirements to earn an early childhood education certificate. Even though this resource is available, few students are enrolled, perhaps due to the limited earnings potential.

Explore Efficiencies Such As Back-Office Administration

Throughout the study, at least one center was operating sustainably, which offers a bright spot. There were indicators that many centers struggled to manage the business side of operating, which may influence the efficiencies needed to support higher wages. One idea to further explore is the concept of a back-office administrator that could be engaged to handle administrative and management functions while center operators focused on childcare delivery. With enough centers, an administrator may be able to bring economies of scale to purchases, develop an affordable employee benefits program, and other cost-saving and stress-reducing benefits.



FINAL NOTE

The current childcare environment is highly dynamic, meaning that it seems to change almost weekly. As the most recent example, on October 8, 2021, as this report was being finalized, Governor Roy Cooper announced \$805 million in Stabilization Grants from the American Rescue Plan Act available to existing licensed childcare programs to address many of the issues identified in this report. The grant application is open to all private, licensed early care and learning programs in the state, including those inside homes and churches. The grants will be awarded starting in November 2021 and all costs must be incurred only up through September 30, 2023.³⁵ While this is encouraging news to assist existing providers in addressing issues that prevent operating at full licensed capacity, new operators are not eligible until they become licensed. Thus, the overall licensed childcare capacity may not expand unless existing providers have the facilities and choose to expand operations.

The childcare shortages pre-date COVID and may continue unless additional capacity is created. The unknown is whether the growing, post-COVID preference of workers toward home-based work will reduce the overall demand for childcare.

Ultimately, the childcare capacity shortage is complex, and potential solutions and strategies are equally complex. Due to the ever-changing environment that influences childcare demand and capacity, it is difficult to make plans with certainty. Because of the dynamic environment and the many agencies and stakeholders impacted by childcare, forming partnerships and alliances seems essential to well-designed strategies that are locally responsive to the best-anticipated long-term needs. Such alliances will also ensure that solutions are practical, maximize resources, and minimize duplication of efforts.



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