

## Blowing Rock Academy Case Study: How one North Carolina town added child care as a benefit

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During COVID, the town of Blowing Rock, North Carolina, stumbled upon a potential solution to its ongoing staff recruitment and retention challenge: child care as an employee benefit. For years, Blowing Rock had struggled to recruit and retain personnel across a wide range of town management roles and positions in the police and fire departments due partly to a low and expensive child care supply.

To keep key personnel working during COVID, the town adopted an informal policy of supervising the children of town employees. Previously, Blowing Rock Parks and Recreation had offered summer camps, and the town used this experience as a blueprint to provide a safe, nurturing environment for employees' young children in an unofficial care arrangement. This adjustment allowed many individuals to keep working rather than quitting or curtailing their hours.

Town Manager Shane Fox and Jennifer Brown, director of Parks and Recreation, saw firsthand the positive effect this informal initiative had on town operations and employee morale. To continue supporting town employees with young children after COVID, they addressed an ongoing recruitment and retention challenge through an innovative approach: adding child care as an official benefit for town employees. Providing child care as a benefit has positively impacted employee recruitment, retention, and overall employee satisfaction.

### Getting to an Innovative Solution

If you happened to peek into the town offices of Blowing Rock in the midst of COVID, you would have witnessed an unusual scene. In addition to typical administrative work, there might also have been an episode of Mickey Mouse Clubhouse playing, young children amusing themselves with toys and puzzles, and employees carrying their infants snugly strapped to their chests. These children were there for one reason: their parents were town employees without other child care options.



As COVID exacerbated Blowing Rock's preexisting shortage of affordable child care, a number of town employees struggled to access child care for their young children. During the early weeks of COVID, many child care providers were closed, and temporary shutdowns were common whenever a child or staff member fell ill, leaving parents of young children without reliable child care options. These conditions meant the town could lose vital employees due to the lack of reliable and affordable child care.

To accommodate employees' needs and keep the town running, Fox allowed all city employees to bring their young children to work. While this arrangement started informally, over time, with guidance from the director of Parks and Recreation, the town developed a plan for providing makeshift, in-office care for the young children of town staff. Fox and Brown understood it was essential that public employees who were pivotal to town function and safety—including firefighters and police—could show up to work without scrambling for child care.

When the child care shortage did not abate post-COVID, Fox and Brown developed an innovative solution—providing child care as a benefit to municipal employees through a town-run, publicly funded center. The need for a child care solution continued to grow, as many families with young children moved to Blowing Rock during and after the pandemic. Over the next two years, the Town of Blowing Rock transformed what began as informal child supervision during a crisis to a town-provided benefit available to all employees. The town opened a certified child care center with a 5-star rating: Blowing Rock Academy.

### Troubles Recruiting and Retaining Staff

Blowing Rock has 80 full-time and 15 permanent part-time employees, along with 20 to 30 seasonal employees for the town pool and summer camp. Difficulties with recruitment and retention were especially prominent in its police and fire departments, however. Although the town typically hired individuals while they were enrolled in training academies, young police and fire personnel would often leave Blowing Rock for larger towns that could offer a wider variety of work, possibly better pay, and more opportunities for growth. When fully staffed, the town has a total of 19 full-time police employees and 18 in the fire department. Year over year, however, Blowing Rock averaged two to three open positions in the police department and one to two in the fire department. These shortages made it difficult to meet the town's needs and strained the time and energy of existing employees.

The constant recruiting efforts in Blowing Rock came at a cost. When employees leave, there are both direct costs (e.g. paying out vacation, recruiting, and training new staff) and indirect costs (e.g. reduced productivity, overtime pay for remaining staff, and reduced community safety in the case of fire and police positions). It costs, on average, 6 to 9 months of an employee's salary to replace them.<sup>1</sup> For police, the starting pay plus benefits is around \$75K; the cost of equipment, uniforms, and training increases that amount to around \$100K for the first year. For fire personnel, the total is around \$85K. The Town of Blowing Rock was spending more than \$100K per year on recruiting and training for open police and fire positions alone.



Additionally, the town lost other employees who wanted to start or grow their families but discovered that the cost of child care was too high to afford on a town employee's salary. For families in Watauga County, where Blowing Rock is located, there are only 659 child-care slots available for nearly 2,000 children under five, and wait lists for child-care slots can be as long as two years.<sup>2</sup> The town of Blowing Rock was not alone in its challenges: a report from the North Carolina Chamber of Commerce estimates that, across the state, employers face a \$4.29 billion annual loss due to child care-related employee turnover and absenteeism.<sup>3</sup> These losses are tied to parental employment and child care access; 35 percent of parents who experienced employment disruptions in 2023 reported leaving the workforce as a direct result of child care issues.<sup>3</sup>

In cases where individuals can access child care, it comes at a staggering cost. Families in North Carolina spend on average \$977 per month on infant care and \$645 per month for four-year-olds, making infant care 57.2 percent more expensive than in-state tuition at a four-year public college.<sup>4</sup> Ultimately, with minimal supply and high costs, many families in Blowing Rock and other North Carolina communities often struggle to find safe, high-quality child care that is affordable—forcing families to make compromises about employment, family size, and career goals.

## Eliminating Alternatives

When considering how to make child care more available and affordable for town employees, Fox did not immediately land on the town providing child care for its employees. Fox first worked through the possibility of a public-private partnership.

In the public-private partner model, the town would subsidize tuition for children attending existing local child care centers. This approach, however, would not address the problem of low supply. Child care centers in Blowing Rock filled their classrooms year after year and did not have the capacity to support all town employees' children.



## Child Care as a Benefit

After evaluating alternative models, Fox determined it would be more affordable and efficient if Blowing Rock took on the project itself. Since the Blowing Rock Town Council had no desire to disrupt the current child care landscape and did not want to compete with existing providers, the benefit model emerged. By offering child care as a benefit to town employees, the town could provide a center exclusively for public employees. Blowing Rock would offer a formal child care arrangement in place of the informal, in-office setup it had used during the pandemic.

As this solution emerged, the town council had several important considerations. Their primary concern was to ensure that this undertaking was going to be a fair and efficient use of public funds.

Some key questions included:

- Would it be right to spend taxpayer dollars on an initiative that ultimately directly benefited so few individuals?
- How would community members react when they, too, struggled with child care affordability and access?
- Could Blowing Rock really pull this project off? Did the town have the necessary funds, resources, and buy-in?

Fox worked to address these concerns, ultimately focusing on the positive community-wide spillover. He emphasized the likelihood of more reliable town administrators and a more satisfied public workforce. Employees would no longer have to bear the mental and financial burden of child care, and turnover and absenteeism would decline. Further, offering child care could also attract young talent to the area across several essential public services, such as waste collection and fire safety. Providing a benefit that was otherwise a significant hardship for families with young children could help Blowing Rock not only attract high-quality talent but retain it. Reviewing the data, Fox realized that Blowing Rock would ultimately save time and money when it came to recruiting, training, and onboarding new employees by reducing turnover.





## Space Reparations

Fox first identified an underutilized community building as the best option for the child care center. It was one of the last old buildings in the town's possession, and for years, town officials had considered renovating it. Blowing Rock's annual income from renting it was only \$2,150. Seamlessly identifying a space for the center was especially fortunate, given the area's extremely limited and expensive real estate.

After selecting the building, Fox garnered recommendations and unanimous approval from the planning board and town council. Blowing Rock did not necessarily have a track record for wildly creative public policies, but the town council became passionate about having Blowing Rock be the first community to take on a project of this kind.

The first phase of the building approval required a rezoning process, changing the code from residential to institutional. The town held two public hearings for community comments or opposition; no community members attended. After rezoning, the building required renovations. The initial estimate of this undertaking was \$50-60K, though the final cost was between \$110-115K. Renovations started in summer 2023 and ended in spring 2024. Throughout the process, the town faced a number of unknowns and surprises. For example, contractors discovered that the building required a new HVAC system and child-sized sinks and toilets. Much of the initial construction was completed in-house with the help of a public works employee. While the final cost was higher than anticipated, this cost included curriculum, furniture, and materials. Fox noted that the greater cost was a result of completing the project to meet the highest quality standards, although the town probably could have achieved their end goal at a lower cost.

The center underwent extensive inspections before opening. Fox and Brown note that this phase of the process was by far the most difficult and complex, particularly due to scheduling difficulties. Because the information and requirements were so siloed and the town lacked inspectors and state-level guidance in navigating the required processes, contractors sometimes had to wait one to two months for an inspection or go back and re-work what had already been done. Aside from the mind-boggling amount of information, Fox noted that the state has underinvested in child care center expansion, whereby inspectors are stretched thin and are not always equipped to provide comprehensive advice.



## Center Costs and Operations

After clearing the renovation and inspection hurdles, the center opened in March 2024. Blowing Rock Academy received a five-star rating from the North Carolina Department of Health and Human Services Division of Child Development.

For town employees, the cost of full-day care is \$400 per month, about half the market rate, regardless of the child's age. Today, the center serves 12 children, and the town anticipates that it will expand in the coming year. Since the program is offered as a benefit, Blowing Rock is committed to providing child care to every public employee who needs it. While the town does not anticipate needing to serve more children than the building allows, the center could be rearranged to serve between 20 to 25 children if necessary.

Blowing Rock Academy operates on an annual budget of \$188K, or \$200 per full-time employee per month. After collecting fees to curb the out-of-pocket costs, the town pays around \$135K; though in the future, Blowing Rock hopes to reduce this total cost to around \$125K. This cost is a fraction of the town's \$15 million budget, which includes \$1 million in insurance costs for town employees. To fund the center, the town did not need to generate any additional revenue through tax increases, in part because Blowing Rock has such a strong economy fueled by tourism. In early phases of the process, Fox considered funding the center at least partially through grants but discovered the center would be ineligible for most grant funding because it is a private child care center.

Blowing Rock employs a center director and one full-time teacher to run the center. The duties of the Blowing Rock Academy's director were wrapped into the director of Parks and Recreation role, which Brown already held. The center's full-time teacher is paid a \$40,000 annual salary. Further, part-time staff earn between \$16 and \$18 an hour, depending on their education level. Providing adequate compensation for the center's employees was a top priority for Fox and the town council in order to attract highly educated, quality talent. The Parks and Recreation department's prior experience in running a summer camp and after-school program also provided a blueprint for operating a child care center. Additionally, having the after-school and summer camp programs as precedents made it easier to configure an insurance policy for the center through the North Carolina League of Municipalities.



## Meaningful Outcomes

Offering child care as a benefit has had significant positive results for Blowing Rock, particularly in employee recruitment and retention. Today, the town's fire and police departments are fully staffed. As a result, the town's public services can run most efficiently and meet the community's needs.

Further, employees can show up to work more reliably and with peace of mind that their children are well cared for. Kristy Hayes of Blowing Rock's Human Resources Department is pleased to know her child is in the highest-rated child care center in the county and is not only being cared for but is receiving a quality educational experience. The center's proximity to town offices is also convenient, allowing Hayes to visit her son throughout the day or eat lunch with him. Further, some employees have also expressed that the provision of child care has made it possible for them to consider having more children.

The center has also provided the community with support during times of hardship, particularly in the face of severe weather and natural disasters, when it extends care to children up to 12 years old (which it is licensed to do). When Blowing Rock has significant snowfall, the center stays open. When Hurricane Helene devastated much of western North Carolina, Blowing Rock Academy was only closed for one day and provided care to many school-aged children until schools reopened.

## Caveats and Takeaways

It is important to acknowledge that this solution of offering child care as a benefit might not be a feasible goal for every municipality or business. At a larger scale, this particular model might not be sustainable. For organizations or towns that operate with approximately 100 people or less, however, this approach is certainly one to consider. While child care as a benefit requires collective buy-in and mobilization of resources, it has the potential to both transform and boost the attractiveness of workplaces.

The case of Blowing Rock Academy is an extraordinary testament to a community-wide commitment to employee well-being. Throughout the process, Fox and others have embraced learning from and responding to challenges in an effort to transform an informal phenomenon to a high-quality benefit. Tackling child care as a benefit ultimately requires a commitment to innovation and flexibility. Today, Blowing Rock Academy is one of the many reasons the town functions more smoothly and reliably than ever.

## REFERENCES

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