

North Carolina Statewide Birth to Five Needs Assessment Update Addendum

Family Child Care Home and Child Care Desert Needs Assessment and Strategic Plan

Literature Review | Qualitative Data Collection

FINAL REPORT - MARCH 2024

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This publication was made possible by grant 90TP0056-03-03 and 90TP125-01-00 of the Preschool Development Grant Birth through Five (PDG B-5) from the Office of Child Care, Administration for Children and Families, U.S. Department of Health and Human Services.

The contents of this report and the production of this publication was supported by grant 90TP0056-03-03 and 90TP125-01-00 from the Administration for Children and Families. Its contents are solely the responsibility of The Hunt Institute, Duke University Center for Child and Family Policy, and Afton Partners and do not necessarily represent the official views of the Administration for Children and Families.

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INTRODUCTION



The Preschool Development Grant B-5 (PDG B-5) provides states with federal funding to develop and coordinate comprehensive, mixed delivery early care and learning systems for all children and families to achieve equitable access to high-quality early care and learning. In November of 2022, an update to the original Statewide PDG B-5 Needs Assessment was completed and released as part of North Carolina's PDG B-5 renewal grant. This report is to serve as an update and addendum to the North Carolina Statewide Birth to Five Needs Assessment Update to include data and recommendations on family child care homes and child care deserts. This addendum will include two parts to deepen the assessment of family child care homes and child care deserts:

1. Literature Review and Analysis of Early Care and Education Research and Data Systems
2. Qualitative Data Collection and Analysis of Stakeholders

NORTH CAROLINA FAMILY CHILD CARE HOMES & CHILD CARE DESERTS LITERATURE REVIEW



EXECUTIVE SUMMARY

In North Carolina and across the country, the demand for child care outpaces the supply. Communities across the country experience child care deserts, which are geographic regions where available child care does not meet the need. The most recent available data shows that in North Carolina, 44% of families live in a child care desert. Rural and immigrant families are more likely to live in a child care desert, and families with infant and toddlers and children with disabilities also have greater difficulty accessing care for their children.

Supporting the mixed delivery child care system where families can choose care in different settings- such as centers or homes- can help to address child care deserts. Family child care homes (FCCH), or child care provided in a residence with no more than nine children, are a key part of the North Carolina's mixed delivery system. Families who need affordable care- especially during non-traditional hours- often choose family child care homes. These settings can also align with families' cultural and linguistic preferences and offer a home-like feeling, which is important for many parents. However, the number of family child care homes in North Carolina and nationally have decreased over the past few decades, likely contributing to the prevalence of child care deserts. Family child care home providers face many barriers to opening, operating, and expanding their business. Some of these barriers include expensive start up and maintenance expenses, burdensome and sometimes confusing regulatory and licensing requirements, long hours and low compensation, challenges balancing requirements as a business owner and educator, and lack of accessible training and professional development. Addressing these barriers is critical to preventing more family child care homes from closing and decreasing the prevalence of child care deserts in the state. Several ideas to better support family child care homes include providing owners with training, access to substitutes, peer support, and technical assistance, as well as enacting key state and administrative policies such as increasing compensation for early childhood educators, increasing access to scholarships for higher education, and reconsidering the quality rating system and other licensing requirements with input from FCCH staff to work better for this population. Supporting family child care homes to successfully open and operate can address child care deserts and benefit children and families in North Carolina.

This literature review will focus on addressing the following research questions:

1. What barriers and challenges do family child care home providers experience with opening, operating, and/or expanding their business?
2. Where are child care deserts across the country and in North Carolina?

INTRODUCTION

Family child care homes (FCCHs) are an important part of the child care mixed delivery system in North Carolina. These child care providers make up a quarter of all licensed child care in the state (NC CCR&R Statewide Family Child Care Home Initiative, 2020) and are particularly valuable to families who work non-traditional hours or variable schedules, live in rural communities, earn low-income wages, and speak a primary language other than English. FCCHs are an important part of a solution to address the shortage of child care in North Carolina and yet, the number of licensed family child care homes in North Carolina and across the nation has declined in the last few decades. This decrease creates challenges for parents to find affordable care for their children. As of 2018, 44% of all North Carolina residents live in a child care desert, where there are more than three times as many children, ages 0-5, as licensed child care slots (Center for American Progress, 2018). Retaining and expanding family homes is a critical strategy for North Carolina to address these supply gaps as well as meet families' needs and preferences. This literature review provides recent and relevant information that describes the barriers and challenges family child care providers experience opening and operating their business in North Carolina, as well as an examination of child care deserts across the country and in North Carolina.

44%

AS OF 2018, 44% OF ALL NORTH CAROLINA RESIDENTS LIVE IN A CHILD CARE DESERT, WHERE THERE ARE MORE THAN THREE TIMES AS MANY CHILDREN, AGES 0-5, AS LICENSED CHILD CARE SLOTS (CENTER FOR AMERICAN PROGRESS, 2018).

BACKGROUND AND METHODOLOGY

In 2022, North Carolina completed a needs assessment as part of their Preschool Development Grant Birth through Five (PDG B-5). Findings from this needs assessment identified a decline in FCCHs in North Carolina over the past few decades (The Hunt Institute & Center for Child and Family Policy, Duke University, 2022). These findings motivated this literature review to help state policy makers better understand the decline in FCCHs and consider options to address this issue. This review specifically looks to answer the following research questions:

- 1) What barriers and challenges do family child care home providers experience with opening, operating, and/or expanding their business? and
- 2) Where are child care deserts across the country and in North Carolina?

This review organizes findings from published papers, reports from respected sources, and articles about family child care homes and child care deserts nationally and in North Carolina. Sources were identified, reviewed, and catalogued to determine key findings. Most sources were published within the last 5 years and where possible, we used sources which offer insight on the child care landscape during and after the COVID-19 pandemic.

Findings from this literature review will inform strategies for the North Carolina Department of Health and Human Services, Division of Child Development and Early Education (NCDHHS DCDEE) to address child care deserts and guide systems-level improvements to the Family Child Care Home Network. This research is part of a broader strategy and partnership between



NCDHHS DCDEE, Afton Partners, The Hunt Institute, and Duke University's Center for Child and Family Policy to understand the family child care home providers' needs and priorities. Duke University connected with FCCHs, parents and experts in the field through stakeholder roundtables, stakeholder interviews and advisory panel discussions to gain insights from these groups in North Carolina, and Afton Partners created maps that illustrate child care deserts in North Carolina.

DEFINITIONS AND SCOPE

This literature review focuses on licensed family child care home providers and child care deserts in North Carolina and a few definitions are offered below to clarify the focus of this research.

Family child care homes in North Carolina are defined as a child care arrangement located in a residence where, at any one time, more than two children, but less than nine children (North Carolina General Statutes, 2020), receive child care (North Carolina Department of Health and Human Services, n.d.). County zoning restrictions can further reduce the allowed capacity of family child care homes. The department also states that if a provider is caring for more than two children who aren't related and they provide care for more than four hours a day, the provider should be licensed. This review does not focus on programs exempt from regulation including recreational programs, specialized activities, and drop-in or short-term care.

Family, friend, and neighbor (FFN) care is child care provided by family members or friends that is not regulated to meet child/staff ratios, safety and environmental standards, discipline practices, and staff education and certification (Stephens, 2020). FFN care is not a focus of this review.

Family child care homes are part of a **mixed delivery system** where children can receive care in different settings that meet families' preferences and needs. The mixed delivery system in North Carolina includes center-based and home-based care funded by various public funding streams and private tuition.

This review pays particular attention to **focal populations** identified in the North Carolina Statewide Birth to Five Needs Assessment Update. These populations include children and families who: live in families with incomes at or below 75% of the State Median Income (SMI), have experienced multiple adverse childhood experiences, are experiencing homelessness, have an identified disability or chronic health condition, have Limited English Proficiency, live in rural areas, and are part of a tribal population (The Hunt Institute & Center for Child and Family Policy, Duke University, 2022). This review focuses on how family child care homes serve these populations and how these populations experience child care deserts, per existing research.

STRENGTHS OF THE NORTH CAROLINA CHILD CARE SYSTEM

The child care and early education system in North Carolina has several strengths and provides a supportive infrastructure for the Family Child Care Home Network. Key system-level supports for family child care providers and families include: NC DHHS Division of Child Development and Early Education, the Child Care Resource and Referral (CCR&R) system, Smart Start, the Quality Rating and Improvement System (QRIS), and Home Grown. Each of these strengths contributes to FCCH's successes and offers a foundation to assist FCCHs to overcome challenges. These strengths can be leveraged and expanded in statewide strategies to support family child care home providers.

North Carolina's DHHS, Division of Child Development and Early Education offers many supports to early care and education providers. DCDEE's mission is to "ensure the health and safety of children in child care programs, to promote quality child care by implementing evidenced-based standards and to increase access to quality child care to families and children across North Carolina." This division is responsible for licensing and monitoring child care programs to ensure the health and quality care of children, administering the Child Care and Development Fund federal block grant, North Carolina's Subsidized Child Care Assistance Program, and the NC Prekindergarten program. They also fund the Child Care Resource and Referral System, collaborate closely with Smart Start, provide training and technical assistance for early childhood professionals, provide parents a web-based tool to search for quality child care programs in the state, and much more (North Carolina Department of Health and Human Services, Division of Child Development and Early Education, n.d.c.). All these services provide the backbone for the early childhood system in North Carolina.



North Carolina Child Care Resource & Referral (CCR&R) agencies support 14 regions across the state with essential services including helping families find child care that meets their needs, improving quality of child care services through training and technical assistance to providers, and collecting and sharing data for planning and policy development. North Carolina has a CCR&R Council, which manages and oversees the 14 regions. The CCR&R Council seeks and distributes funding from North Carolina's Division of Child Development and Early Education (DCDEE), manages contracts and oversees service delivery, provides leadership and coordination for systems change efforts, and offers training and technical assistance to the CCR&R agencies.



The CCR&R Council also oversees several special projects to improve the quality of child care in North Carolina, notably including the Statewide Family Child Care Project which works to support and enhance family child care homes in the state. The CCR&R Council is made up of staff from three Council Management Agencies – Child Care Resources Inc (CCRI), Child Care Services Association (CCSA) and Southwestern Child Development Commission (SWCDC). Each of these non-profit organizations are long-standing community organizations and CCR&Rs. CCRI was the first nationally recognized CCR&R, is the lead agency for Region 6, and administers child care subsidy funds; all in an effort to “ensure children have access to high-quality, affordable, early learning and school-age opportunities and experiences which enable them to succeed in school and life.” CCSA conducts research and leads efforts to “strengthen accessible and affordable quality early care and education by providing supports for families, communities, and the workforce.” CCSA created the T.E.A.C.H. early childhood program, Child Care WAGE\$ Program, and Infant-Toddler Educator AWARD\$ which work to increase education and compensation of the early childhood workforce. CCSA is also the lead agency for Wake, Durham, Orange, Alamance, Caswell, Franklin, Granville, Person, and Vance counties. SWCDC provides direct care and child development services, participates in several initiatives that provide system change for early childhood education, serves as the lead agency for Region 8, provides child care subsidy funds, and more (North Carolina Child Care Resources & Referral Council, n.d). SWCDC notably provides many resources to the FCCH community including a support group, resource guides, videos, and information about available financial assistance (Southwestern Child Development Commission, n.d). While all states have CCR&Rs, North Carolina’s system is particularly coordinated and aligned through the Council and offers an established mechanism to support family child care home providers.

Smart Start is a network of 75 nonprofit local partnerships serving all 100 North Carolina counties, led by the North Carolina Partnership for Children (NCPC) (The North Carolina Partnership for Children, 2021). Smart Start provides state funding to local communities, brings community stakeholders together to coordinate services and address any gaps as well as provides tools and resources to child care providers – all in an effort to improve quality, accessibility, and affordability of child care (The North Carolina Partnership for Children, 2021; The Hunt Institute & Center for Child and Family Policy, Duke University, 2022). This network structure allows for statewide coordination as well as local innovation and flexibility. Smart Start has accomplished a great deal for the early care and education system over the past few years including supporting family engagement and leadership coalitions to elevate family voice in child care system design, creating innovative tools to support providers and families, improving home visiting services, providing infrastructure support for North Carolina Pre-K, and much more (The North Carolina Partnership for Children, 2021). This innovative system and structure also provides opportunity to address local child care supply gaps and support family home providers.

Another system-level support for family child care homes is the Quality Rating and Improvement System (QRIS), which is called the Star Rated License. North Carolina was among the first in the nation to develop their QRIS system to measure quality and encourage quality improvements in child care, though many states have since adopted similar systems (Bassok et al., 2019). North Carolina developed their QRIS in 2000 to assist child care businesses with demonstrating their quality and to share information with parents so they can make informed decisions about care for their child. Since its inception in the early 2000's, more providers have received higher quality ratings over time. In North Carolina, the QRIS system is integrated into licensing and all newly licensed providers receive a 1-star rating and can improve their rating by increasing staff education and engaging in program improvements (NC Institute for Child Development Professionals, n.d.; NC Department of Health and Human Services Division of Child Development and Early Education, 2023). In 2019, the Journal of Policy Analysis and Management examined the North Carolina QRIS and found that programs that initially received a low star rating were motivated to improve their rating.

Finally, MDC is an organization focusing on supporting home-based providers in North Carolina by facilitating communities of practice for family child care homes and family, friend, and neighbor providers across the state to support collaboration, shared learning, and policy and systems change. Additionally, MDC runs Leading from Home, a national model developed by Home Grown, a cohort-based leadership training for home-based providers to advance policy change (MDC, n.d.; Home Grown, n.d.).

FAMILY CHILD CARE HOMES

Family child care homes serve a critical role in North Carolina's mixed delivery system, but the number of family child care homes has declined across the country and in North Carolina in the past few decades.

The Bipartisan Policy Center's Family Child Care Policy Framework states that, "for more than a decade, the number of licensed family child care programs significantly declined across the country, with small family child care programs...showing a decrease of 13% from 2008 to 2011 and 24% from 2011 to 2014. This decline is attributed to myriad issues, including low pay, long hours, lack of benefits, isolating work conditions, and an aging workforce" (Bipartisan Policy Center, 2021, p. 2). The National Center on Early Childhood Quality Assurance (2020) finds that more than 90,000 licensed family child care homes closed in the United States between 2005 and 2017. While reasons for the decline can vary state by state, common contributing factors include low compensation, retiring workforce, long hours, lack of business expertise, and difficulty navigating multiple and changing requirements (National Center on Early Childhood Quality Assurance, 2020).

In North Carolina specifically, over 3,000 providers closed between 2005 and 2022, representing a 73 percent decline (The Hunt Institute & Center for Child and Family Policy, Duke University, 2022). According to the Family Child Care Home Project Report, North Carolina had 4,750 licensed family child care homes in 2004 and by 2020, only 1,468 licensed family child care homes were open (NC CCR&R Statewide Family Child Care Home Initiative, 2020). In August 2022, there were 1,253 family child care homes in North Carolina (North Carolina Department of Health and Human Services, Division of Child Development and Early Education, 2023a). The

rate of closures appears to have slowed in more recent years, with 13 percent of the decline occurring in 2018 and 4-5% occurring between February 2020 to February 2022, of the total 73% decline between 2005 and 2022 (The Hunt Institute & Center for Child and Family Policy, Duke University, 2022). Multiple sources indicate a steep decrease in the number of family child care homes in North Carolina from 2004 to today.

Strengths and Characteristics of Family Child Care Homes

Several sources describe the strengths of family child care homes as serving families who need care during non-traditional hours, providing a home-like feeling that enables trusting relationships, offering lower cost and flexible tuition policies, delivering care in rural communities, and reflecting the culture and language of local communities. (NC CCR&R Statewide Family Child Care Home Initiative, 2020).

Family child care homes often serve families that need child care during non-traditional work hours. The 2012 National Survey of Early Care and Education (NSECE) considers non-standard hour care as care that occurs between 6-11 pm Monday through Friday, as well as overnight care (11 pm-8 am) and weekend care. The North Carolina Division of Child Development and Early Education reported that as of 2020, 1,407 children were served in family child care homes compared to 809 children cared for in centers during non-traditional work hours (NC CCR&R Statewide Family Child Care Home Initiative, 2020). Updated 2022 data from DCDEE shows that family homes are more likely to be licensed to provide care during non-traditional hours (2nd and 3rd shift) than child care centers. For example, 73.82% of family child care homes are licensed to care for children during 2nd shift whereas only 19.93% of centers are licensed to do the same. While this data does not guarantee that these programs offer care during these hours, programs with this license have the option to provide care during these hours (North Carolina Department of Health and Human Services, Division of Child Development and Early Education, 2023a). In 2018, the Urban Institute researched access to quality child care for priority populations and found that, “parents with nontraditional work schedules disproportionately use home-based providers” (Henly & Adams, 2018a, p. viii). Very few child care centers are open during non-traditional hours and centers often require families to adhere to a regular, predictable schedule and pay for full-time attendance (Henly & Adams, 2018a). Given these limitations, parents who work at jobs with variable shifts including during the evening and weekends depend on family, friend, and neighbor networks or family child care homes. The Urban Institute’s analysis also found that 58% of the low-income children with working parents are in households where all principal caregivers work at least some non-traditional hours, and for about 25% of those children, most of those hours are during non-traditional work times (Henly & Adams, 2018a). FCCHs play an important role in meeting the needs of families whose work schedules do not align to standard working hours.

Strengths

FCCHS PLAY AN IMPORTANT ROLE IN MEETING THE NEEDS OF FAMILIES WHOSE WORK SCHEDULES DO NOT ALIGN TO STANDARD WORKING HOURS.

FAMILY CHILD CARE HOMES MAY ALIGN MORE WITH FAMILIES’ VALUES, CULTURES, AND BACKGROUNDS, AND IN GENERAL PROVIDE A FAMILY-LIKE SETTING WITH MORE ENGAGING AND TRUSTING RELATIONSHIPS (NC CCR&R STATEWIDE FAMILY CHILD CARE HOME INITIATIVE, 2020).

FAMILY CHILD CARE HOMES MAY ALSO OFFER MORE FLEXIBILITY WITH TUITION POLICIES (NC CCR&R STATEWIDE FAMILY CHILD CARE HOME INITIATIVE, 2020) WHICH IS VERY IMPORTANT PARTICULARLY IN LOW-INCOME NEIGHBORHOODS WHERE CHILD CARE CENTERS MIGHT NOT EXIST OR MAY BE OUT OF BUDGET (CONNECTIVE, 2022).

FAMILIES USE FCCHS MORE FREQUENTLY IN RURAL COMMUNITIES BECAUSE OF AVAILABILITY AND MORE CONVENIENT LOCATION AS COMPARED TO CENTERS.

FAMILY CHILD CARE WORKFORCE IS OFTEN DIVERSE AND “REFLECTIVE OF THE COMMUNITIES’ DEMOGRAPHICS IN WHICH PROGRAMS OPERATE”



Parents also report choosing family child care because of a more home-like feeling and the opportunity to build trusting relationships with their care provider. The smaller residential environment is beneficial for children because it encourages meaningful relationships in a familiar setting and often allows for continuity in care from infancy to school age (Bipartisan Policy Center, 2021). Family child care homes may align more with families' values, cultures, and backgrounds, and in general provide a family-like setting with more engaging and trusting relationships (NC CCR&R Statewide Family Child Care Home Initiative, 2020).

Family child care homes may also offer more flexibility with tuition policies (NC CCR&R Statewide Family Child Care Home Initiative, 2020) which is very important particularly in low-income neighborhoods where child care centers might not exist or may be out of budget (Connective, 2022). FCCHs know that families often struggle to afford care and they often charge less than centers so families can afford the cost (NC CCR&R Statewide Family Child Care Home Initiative, 2020; National Center on Early Childhood Quality Assurance, 2020).

In rural areas, center-based care is less available compared to urban and suburban environments (Henly & Adams, 2018b). Families use FCCHs more frequently in rural communities because of availability and more convenient location as compared to centers. In many ways, family child care homes may be more suitable for rural families, as they may be located closer to home or work in areas where transportation is challenging (Bipartisan Policy Center, 2021).

The Bipartisan Policy Center Family Child Care Policy Framework reports that the family child care workforce is often diverse and “reflective of the communities’ demographics in which programs operate” and family child care providers are more likely to speak the language of a dual-language child than center-based child care programs (Bipartisan Policy Center, 2021, p. 6). Additionally, they found that among dual language learner families, immigrant mothers were much more likely than U.S. born mothers to place their children in a home setting (Espinosa et al., 2017). A report from the Children and Youth Services Review compared the family child care and center-based teaching workforce and found that family child care providers often excel at providing bilingual and culturally responsive instruction in a setting that nurtures trusting culturally consonant relationships with families (Reid et al., 2021).

Impacts of COVID-19 on North Carolina Family Child Care Homes

During the COVID-19 pandemic, both demand and supply of child care declined. Demand and enrollment decreased due to increases in unemployment, lower incomes and inability to afford child care, and fear for children's health and safety in a child care setting. At the same time, states enhanced safety procedures during the pandemic which increased the cost to operate and reduced profits for providers (Zhang et al., 2022). This sometimes resulted in providers closing, which reduced the overall supply for families.

Early Childhood Research Quarterly (2022) conducted an evaluation of the impacts of the COVID-19 pandemic on the U.S. using information from the North Carolina child care market.

They found that county level child care enrollment rates declined by 40.6% between February and December 2020 as a result of the pandemic.

Although enrollment decreased, their analysis showed that family child care enrollment did not decline as sharply as center-based providers. Studies also show that decreases in child care enrollment during the pandemic were more evident among low-income, Black, Hispanic, and dual language learner children (Zhang et al., 2022).

The decline in supply was not quite as severe as the decline in demand, though providers experienced many challenges with continuing to operate during the pandemic. Early Childhood Research Quarterly (2022) found that the number of providers declined by 2.2% from February to December 2020. They also found that counties with a higher percentage of Hispanic residents had significantly more provider closures than counties with less Hispanic residents, increasing existing inequities in access to care. In the updated PDG B-5 Needs Assessment, they found that while the child care field lost many staff early in the pandemic across the country, North Carolina's decline was more gradual and even showed a small increase starting in November 2021 (The Hunt Institute & Center for Child and Family Policy, Duke University, 2022).

Family child care homes were more likely than centers to remain open during the peak of program closures in April 2020
(NC CCR&R Statewide Family Child Care Home Initiative, 2020).

This is likely due to some child care providers needing to stay open to support essential workers and FCCH's often serving families with caregivers who work non-traditional hours, which made up a large swath of essential workers (The Hunt Institute & Center for Child and Family Policy, Duke University, 2022; NC CCR&R Statewide Family Child Care Home Initiative, 2020).

For those that stayed open, child care providers experienced significant financial losses during the pandemic due to higher costs to keep up with new safety regulations and lower enrollment. While child care providers overall received critical pandemic relief funds, family child care home providers had limited access to PPP loan forgiveness, often received less grant funding, and often faced more severe financial hardship than centers (Zhang et al., 2022). These losses led to decreased capacity, lay-offs and even some closures (The Hunt Institute & Center for Child and Family Policy, Duke University, 2022).

Family Child Care Homes and the SCCA Program

The North Carolina Child Care Snapshot from the Department of Health and Human Services shows that as of 2017, 63,509 children received subsidies through North Carolina's Subsidized Child Care Assistance (SCCA) Program. An update from DCDEE shows an increase; in calendar year 2022, 89,569 children received subsidies through the SCCA program (North Carolina Department of Health and Human Services, Division of Child Development and Early Education, 2023a). However, data from 2019 shows that child care subsidy shortages exist in every county in North Carolina, with every county serving less than one third of children ages 0-5 who could qualify or are eligible for subsidies. In 2019, of the 609,780 children in North Carolina ages 0-4, 304,096 of them were eligible or could qualify for child care subsidies, but only 22% of eligible children ages 0-5 and 17% of eligible infants and toddlers received subsidies. Thirty thousand children ages 0-5 are on the waitlist for subsidies, with more than half of the waitlist comprised of infants and toddlers (North Carolina Early Education Coalition, n.d.; North Carolina Early Education Coalition, 2019a; North Carolina Early Education Coalition, 2019b; Kids Count Data Center, 2022). A few years ago, a large population was eligible for SCCA but did not receive subsidy. Reliable data is needed on the current number of children on the SCCA waitlist as this would give us a more complete picture of the population not being served by the program and a better understanding of inequities. Data from DCDEE shows that of the 767 family child care homes licensed in North Carolina in August 2022, 62% received the SCCA subsidy and of the 2,442 centers operating that month, 57% accepted the subsidy (North Carolina Department of Health and Human Services, Division of Child Development and Early Education, 2023a).

30,000

THIRTY THOUSAND CHILDREN AGES 0-5 ARE ON THE WAITLIST FOR SUBSIDIES, WITH MORE THAN HALF OF THE WAITLIST COMPRISED OF INFANTS AND TODDLERS (NORTH CAROLINA EARLY EDUCATION COALITION, N.D.; NORTH CAROLINA EARLY EDUCATION COALITION, 2019A; NORTH CAROLINA EARLY EDUCATION COALITION, 2019B; KIDS COUNT DATA CENTER, 2022).

Given the low number of family homes operating in the state, it is likely that families have a difficult time finding family child care homes that accept subsidy.

We analyzed the 2022 subsidy reimbursement rates for centers versus homes and found that the average rates by county for centers were consistently higher than homes, sometimes much higher, across age groups and quality rating. Overall, the average subsidy reimbursement rate across age groups, counties, and quality ratings for centers was \$596 per child per month and was \$519 per child per month for family child care homes¹. Subsidy rates increase if a provider has a higher quality rating and are higher for younger children (North Carolina Department of Health and Human Services, Division of Child Development and Early Education, n.d.a).

¹ Based on analysis done by Afton Partners using data from DHHS DCDEE.

Barriers for FCCH Providers in Opening, Operating, and Expanding

Family child care homes – both nationally and in North Carolina -- face numerous barriers in opening, operating, retaining, and expanding their business. The sharp decline in family homes over the past few decades aligns with the many challenges with successfully running this type of business. And yet, family homes provide a critical service to many families with young children and are a necessary part of the mixed delivery system. As the state of North Carolina works to increase the supply of child care and decrease the number of child care deserts, addressing barriers for family homes will be a critical strategy.

Barriers to Opening

Family child care homes experience several challenges with starting their business. A 2023 guide from North Carolina Department of Health and Human Services Division of Child Development and Early Education provides detailed information to potential providers about starting a child care business – whether in a center or home-based setting. The guide lists potential types of startup costs for family child care home providers to meet licensing requirements which include required training for staff such as first aid and CPR, furniture for the children, supplies such as diapers and cleaning products, food, developmentally appropriate toys, salary and benefits for any additional staff, and licensing fees² (North Carolina Department of Health and Human Services, Division of Child Development and Early Education, 2023b). This long list of potential expenses can quickly add up. Small business website bizfluent.com, estimates national costs for starting a home-based child care business range from \$10,000 to \$50,000 (Gardner, 2018).

Additionally, like starting any small business, extensive planning and research is required. Child Care Aware of America created a 54-page guide on opening and operating a successful family child care home with considerations for opening such as learning about licensing and background checks, researching legal, tax, and insurance considerations, preparing a budget, finding a location, developing policies and procedures, hiring staff, and more (Child Care Aware of America, 2018).

An additional barrier to opening is finding suitable housing to operate a family child care home. Family child care home providers across the country face challenges with onerous licensing requirements and regulations, resistance from landlords and HOA's, and generally affording housing expenses. In North Carolina, potential family child care providers are instructed to contact their local zoning and planning office to determine if their residence meets requirements for a family child care home (North Carolina Department of Health and Human Services, Division of Child Development and Early Education, 2021). Providers have to comply with state, county, and local zoning requirements. These requirements can often be burdensome and require extensive research. In the city of Durham, for example, requirements include: meeting the requirements of the North Carolina Residential State Building Code, acquiring a permit from the Durham City-County Planning Department, submitting a site plan to the Planning Department, getting an inspection, possible building modifications, and submitting floor plans and a building permit form. In this review process, Durham is looking for specific criteria such as: rooms for children under

\$10,000 - \$50,000

SMALL BUSINESS WEBSITE BIZFLUENT.COM, ESTIMATES NATIONAL COSTS FOR STARTING A HOME-BASED CHILD CARE BUSINESS RANGE FROM \$10,000 TO \$50,000 (GARDNER, 2018).

² In North Carolina, an annual fee of \$52 is required for a space with 12 or fewer children.

three must have direct access to outside - if this is not currently true, family child care home providers have to make building modifications (City of Durham, n.d.). Additionally, if a family child care home provider rents or is part of a Home Owner's Association (HOA), they need written permission from the landlord or HOA to operate a family child care home. Many landlords and community members have unfounded misconceptions about what an early childhood program in their house or community means for increased wear and tear, noise, or traffic. Finally, the low compensation of family child care homes makes owning a home in general difficult to achieve – particularly one that meets licensing requirements (Tate Sullivan, 2023a). All these hurdles add additional disincentives for opening a family child care business.

While resources exist to support family child care homes to successfully open such as business planning guides, small business loans and grants³, local Child Care Resource & Referral agencies, and other community resources, the barrier to entry is too high for many. A 2020 Family Child Care Home Project Report highlighted insights from FCCH providers in North Carolina who shared it is nearly impossible to get individuals interested in becoming a family child care home provider. However, they also provided a few suggestions of what might help recruit individuals to the field including:

financial incentives to help offset start-up costs, business training, modifications to the pre-licensing workshops to help potential providers feel less overwhelmed, and mentorship opportunities

(NC CCR&R Statewide Family Child Care Home Initiative, 2020).

These ideas point to challenges with opening a family child care home, specifically with start-up costs and navigating an overwhelming system. Additionally, a 2020 study from the National Center on Early Childhood Quality Assurance found that across many states, providers faced common challenges such as: rising costs of housing and insurance, zoning restrictions, and high fees for licensing applications. Though more community-level research is needed in North Carolina, it is likely some of these challenges apply here as well.

Barriers to Operating

Family child care homes face several challenges to operating and maintaining their business. Financial challenges are a primary concern for FCCH providers. Many providers struggle to keep up with costs which include purchasing supplies and food, annual licensing fees, staff salaries and benefits, regular training and professional development, maintenance, renovations, and replacing equipment (North Carolina Department of Health and Human Services Division of Child Development and Early Education, 2023). In terms of revenue, FCCHs know that families often struggle to afford care and they charge less than centers so more families can cover the cost (NC CCR&R Statewide Family Child Care Home Initiative, 2020; National Center on Early Childhood Quality Assurance, 2020). Family child care home providers often accept both subsidy and private pay children and the subsidy rates for family child care homes are lower than for centers (North Carolina Department of Health and Human Services, Division of Child Development and Early Education, n.d.a). Given the lower subsidy rate and the restriction to serve a maximum of nine children (and local ordinances may further restrict the maximum number of children), many FCCHs are financially strained (NC CCR&R Statewide Family Child Care Home Initiative, 2020).

³ In fact, North Carolina recently was accepting applications for Early Care & Learning Expansion and Access Grants, to assist new or expanding child care providers with start-up costs, quality improvements, or capital improvements or renovations (North Carolina Department of Health and Human Services, Division of Child Development and Early Education, n.d. b)

Costs for infant toddler care are particularly high for FCCHs. The national average cost of providing care for an infant is 61 percent higher than the cost of serving a preschooler. However, the infant subsidy rate, is on average across the country, only 27 percent higher than the preschool subsidy rate (Workman & Jessen-Howard, 2018). In North Carolina, the subsidy rate for infants and toddlers, birth to two years old, for FCCHs is only 11.67% higher than the subsidy rate for three- to five-year-olds in family homes⁴ (North Carolina Department of Health and Human Services, Division of Child Development and Early Education, n.d.a). However, many family child care homes charge families less than centers for infant care. In North Carolina, centers charge families \$883 per month on average whereas family child care providers charge \$775 per month (Child Care Services Association, 2022).

Across the country, child care providers do not always receive prompt, reliable, or predictable subsidy payments. Provider request payment for reasonable child absences, payment to be made based on half day or full day attendance rather than by the hour, and payment before services are delivered rather than after. The lack of these policies can make a provider's income unpredictable and budgeting difficult. In North Carolina, providers are paid for some reasonable child absences but there should be further local research to determine if they experience some of these other policy barriers in accepting subsidy reimbursement (National Center on Early Childhood Quality Assurance, 2020).

This financial strain often leads to low compensation for FCCH providers. In the latest North Carolina Child Care Services Association Workforce Study from 2019, median hourly earnings for a family child care home provider were \$9.09 per hour, whereas starting teachers in center-based programs earned a median of \$10.50 per hour. According to the MIT living wage calculator, a full-time worker needs to make \$16.83 per hour in North Carolina to cover the costs of the basic needs of one adult. Additionally, 68% of family child care providers reported a total family income of less than \$50,000 per year which falls below the 2018 median family income in North Carolina of \$52,413.9 per year. Calculating wages for family child care home providers is challenging as many do not pay themselves a standard and regular wage but their income is considered any remaining revenue after they have paid all their expenses. The poverty rate for early educators in North Carolina is 17.6 percent, much higher than for North Carolina workers in general (10.6 percent) and 7.4 times higher than for K-8 teachers (2.4 percent). While wages are low across the early care and education field, they are even lower for family child care home providers. Family child care providers in North Carolina are also much less likely than early care and education center staff to receive any paid benefits (Child Care Services Association, 2019).

On top of low pay, running a family child care home is an extremely demanding job and unsustainable for many. Family child care home providers serve a dual role as a business owner and educator, providing care to children. Typically, a single family child care home provider “manages every

\$775/ MONTH

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ASSOCIATION, 2022).

68%

OF FAMILY CHILD CARE
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TOTAL FAMILY INCOME
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BELOW THE 2018 MEDIAN
FAMILY INCOME IN NORTH
CAROLINA OF \$52,413.9 PER
YEAR.

17.6%

THE POVERTY RATE FOR
EARLY EDUCATORS IN
NORTH CAROLINA IS 17.6
PERCENT, MUCH HIGHER
THAN FOR NORTH CAROLINA
WORKERS IN GENERAL (10.6
PERCENT) AND 7.4 TIMES
HIGHER THAN FOR K-8
TEACHERS (2.4 PERCENT).

53.75 HOURS

ON AVERAGE, FAMILY CHILD
CARE HOME PROVIDERS
IN NORTH CAROLINA
WORK 53.75 HOURS PER
WEEK WHEREAS CENTER
TEACHERS WORK 39 HOURS
(CHILD CARE SERVICES
ASSOCIATION, 2019)

⁴ Based on data from DCDEE, the research team calculated the average subsidy rate for infants and toddlers (birth up to two-years-old) across all counties and all star ratings was \$555 and for three to five-year-olds was \$497 per month per child.

aspect of the business, including implementing effective business processes, complying with health and safety standards, following developmentally appropriate practices for children, and ensuring facility maintenance” (Bipartisan Policy Center, 2021, p. 3). On average, family child care home providers in North Carolina work 53.75 hours per week whereas center teachers work 39 hours (Child Care Services Association, 2019). When these providers are not caring for children, they have many other tasks as small business owners such as cleaning and preparing their child care environment (National Center on Early Childhood Quality Assurance, 2020), meeting licensing requirements, accessing grants/funding, and tracking tuition and parent paperwork (NC CCR&R Statewide Family Child Care Home Initiative, 2020). Providers expressed that meeting requirements beyond caring for children feels overwhelming (NC CCR&R Statewide Family Child Care Home Initiative, 2020). To add to this, family child care home providers are more likely than centers to provide care during non-traditional hours such as on evenings and weekends, which makes balancing schedules and other business demands even more difficult (NC CCR&R Statewide Family Child Care Home Initiative, 2020). Additional challenges with the job include feeling isolated, meeting physical requirements (i.e. sitting on the floor, picking up children), and balancing work and family (National Center on Early Childhood Quality Assurance, 2020). Additionally, family child care home teachers are more likely than center teachers to teach a mixed-age group of children, which may pose unique challenges in meeting each child’s unique education and care needs (Reid et al., 2021).

Many family child care home providers feel a lack of respect and recognition for their role as a business owner, director, and teacher (National Center on Early Childhood Quality Assurance, 2020; NC CCR&R Statewide Family Child Care Home Initiative, 2020). FCCBs often feel they are not offered similar resources compared to center-based providers. For example, some North Carolina providers shared that they are not able to access resources such as NC Pre-K, Healthy Social Behaviors, NC infant Toddler Quality Enhancement Project (now called NC Birth-to-Three Quality Initiative), and Raising a Reader book rotation and literacy program (this program is administered at a county level and inclusion varies across counties) (NC CCR&R Statewide Family Child Care Home Initiative, 2020).



Additionally, many family child care home providers find the regulatory and licensing requirements burdensome and confusing. Nationally, family child care home providers cite difficulty navigating multiple and changing requirements such as the comprehensive background check requirements or successfully participating in quality improvement systems that may have been designed for centers (National Center on Early Childhood Quality Assurance, 2020). State monitoring for licensing and quality rating and improvement systems create administrative burdens and additional responsibility for small businesses including site visits, paperwork, and communication. Another challenge to navigate is finding substitutes in order to get much needed relief from a demanding job (NC CCR&R Statewide Family Child Care Home Initiative, 2020). Many providers appreciated the flexibility with policies and regulatory requirements during COVID such as adjusting training requirements, format, and timeframes. Flexibility with inspections, record retention, indoor and outdoor space requirements, and background check requirements provided during COVID was also helpful for family child care home providers (Child Care Services Association, 2022).

Starting in 2017, requirements for training and education for many staff increased in North Carolina, which impacted family child care home providers. For example, FCCHs were asked to submit a floor plan of their child care space to ensure that children are cared for in appropriate areas of the home (North Carolina Department of Health and Human Services, Division of Child Development, 2017). In addition, FCCHs were required to create an emergency preparedness and response plan that outlined how they would handle emergency situations. In an article by Citizen Times, FCCH providers mentioned that these changes were sometimes expensive and difficult to comply with as they sometimes required additional resources such as finding substitutes to keep up with training, navigating new regulations, finding time to complete paperwork, and investing in additional food and supplies to meet new inspection requirements (Walton, 2017).

Family child care home providers also face barriers participating in additional training and education as well as quality rating systems

– which can limit growth in providers' knowledge acquisition, quality of service delivery, and enrollment. FCCH providers often experience difficulty navigating and participating in states' quality rating and improvement system. In North Carolina, providers receive a higher subsidy reimbursement rate when they have a higher star rating (North Carolina Department of Health and Human Services, Division of Child Development and Early Education, n.d.a), which provides an additional incentive to meet quality standards. QRIS systems often impose administrative burdens which are particularly difficult for small providers like family child care homes including lengthy paperwork, site visits, and additional communication (Bipartisan Policy Center, 2021).

FCCHs have also expressed that quality rating system standards often feel like they are designed for center-based settings and not family child care home settings

(National Center on Early Childhood Quality Assurance, 2017; Reid et al., 2021).

Although most states now include both FCCHs and centers in their QRIS, FCCHs tend to participate at lower rates when participation is voluntary (Reid et al., 2021). In North Carolina, licensed family child care homes are automatically included in the QRIS at the first level of quality for meeting licensing requirements. In other states where participation in QRIS is voluntary,



family child care homes often struggle to complete the administration requirements and choose not to participate.

Given the long number of hours family child care home providers work (Child Care Services Association, 2019), they often have little time to pursue training and education, especially during traditional work hours (Bipartisan Policy Center, 2021). North Carolina, and many other states, require professional development for child care staff. For instance, FCCH staff are required to attend training on health and safety and engage in ongoing professional development (NC Department of Health and Human Services Division of Child Development and Early Education, 2023)⁵. Providers receive a higher star quality rating if their staff have higher educational and credential levels (NC Department of Health and Human Services Division of Child Development and Early Education, 2023). FCCHs often do not have teaching assistants or substitutes that are common in centers which means participation in professional development is often deterred by time and staffing constraints (Reid et al., 2021).

Barriers to Expanding

Increasing the capacity of existing family child care homes could be a promising strategy to increase access to child care across North Carolina, and the state recently passed legislation to increase capacity for family child care homes. The statute describes maximum capacity for FCCHs depending on the ages of children. Despite these promising developments, several barriers prevent widespread expansion of FCCHs. First, a child care home in North Carolina cannot serve more than nine children so a limited number of children are able to receive care in each home setting. Additionally, in the North Carolina Infant & Toddler Landscape Report, center directors and family child care providers were asked about issues limiting their expansion of infant or toddler care. Their primary barriers to expansion were finding staff to be able to serve more children and licensing related issues around their facility, like the need for more physical space and equipment. Securing additional space, equipment, and staff are expensive to implement and the licensing requirements around this are confusing to understand. Additionally, some family child care providers serve below the maximum number of infants and toddlers allowed by licensing but would not feel comfortable serving more due to the chaos of mixed age care in a confined space (Child Care Services Association, 2019). While this report was focused on infant and toddlers, many of these challenges likely apply to expanding classrooms with older children as well.

⁵ In North Carolina, teachers must have the NC Early Childhood Credential or its equivalent or two years of experience in a family child care home or complete a two-year high school program of Early Childhood Education in Family and Consumer Sciences Education (NC Department of Health and Human Services Division of Child Development and Early Education, 2023).

DESERTS IN NORTH CAROLINA

In areas where child care is unavailable or there are not enough openings for the number of young children in the region, families are forced to make difficult decisions. They may have to leave the workforce or patch together unlicensed arrangements with family and friends. In areas with child care deserts, maternal labor force participation is three percentage points lower than areas where there is an adequate supply of child care (Malik et al., 2018). This reduction in the labor force likely has serious consequences for the local economy. The lost earnings, revenue, and productivity resulting from inadequate child care costs businesses \$16 billion annually (Belfield, 2018). Child care deserts need to be addressed and specifically, an understanding of the prevalence of and location of child care deserts in North Carolina is critical for the state to make targeted investments.

\$16 BILLION ANNUALLY

THE LOST EARNINGS, REVENUE, AND PRODUCTIVITY RESULTING FROM INADEQUATE CHILD CARE COSTS BUSINESSES \$16 BILLION ANNUALLY (BELFIELD, 2018).

To understand the prevalence of child care deserts in North Carolina and nationally, the research team explored explanations and maps of child care deserts on the national, state, and regional level. A close look at leading national sources allowed the team to compare North Carolina with the rest of the country, though all available data was from before 2020. As a part of the broader research efforts, Afton Partners conducted data analysis of child care deserts in North Carolina and mapped existing deserts in the state with licensing capacity and census data. The child care desert maps provide more up to date information that is not currently available in the literature about the prevalence of child care deserts in North Carolina after the pandemic. Please see Appendix A for desert maps and data limitations. The appendix will focus on the maps generated from data received in July 2023 and the information in the “Deserts in North Carolina” provides information from a variety of literature sources.

Defining Deserts

The term **child care desert** was first created by Child Care Aware of America (CCAA) in 2016, borrowing the term from U.S. Department of Agriculture’s food deserts.

Child Care Aware defined child care deserts as “areas or communities with limited or no access to quality child care.”

CCAA identified deserts to illustrate supply and demand of an essential service and defined ‘quality’ very broadly, not necessarily only through quality rating systems. Their indicators of quality include ratios, group size, facilities, activities and materials, professional development and training, and warm, positive interactions. They created this definition of child care deserts assuming more narrow and specific definitions would follow.

In 2018, Center for American Progress (CAP) defined child care deserts as areas with insufficient supply of licensed child care, focusing on the proximity of child care to families as a key component. Specifically, they define a child care desert as any census tract with more than 50 children under age 5 that contains either no child care providers or so few options that there are more than three times as many children as licensed child care slots. This is based on research published by the U.S. Census Bureau which finds one-third of children under age 5 are regularly in non-relative care and so the likelihood that parents have trouble finding care in areas where there are more than three times as many children as slots increases (Malik et al., 2018).

CAP used this definition to create an interactive map of child care deserts in the United States including the overall percent of individuals who live in a child care desert in each state, the percent of individuals disaggregated by race and income level, as well as the number of individuals in the state living in a child care desert by urban, suburban, and rural settings (Center for American Progress, 2018). These maps were updated again in 2020 (Center for American Progress, 2020).

Starting in 2019, Bipartisan Policy Center (BPC) also quantified the supply, need, and gaps in child care across the country. Similar to a child care desert, they defined the child care gap as the number of children under six who have all parents in the labor force and do not have access to child care within reasonable driving distance. BPC's definition of a child care gap looks at family preferences more closely than previous definitions of child care deserts. Specifically, they conducted a survey of parents with young children and found that 86% of parents drive to their child care arrangement, with 60% preferring arrangements closer to their home (as opposed to closer to work). Part of this analysis included considering reasonable driving distances for urban, suburban, and rural communities in each state. They used this information to map the child care gap in 35 states, including the District of Columbia and North Carolina. While BPC originally aimed to quantify the gap for all 50 states, they shifted their approach when the child care landscape changed during the COVID-19 pandemic. Their report included the 25 states they already started collecting data from prior to the pandemic along with an additional 10 states, and they examined the effect of the pandemic on those 35 states (Smith et al., 2021). BPC also created an interactive map of the child care gap (Bipartisan Policy Center, n.d.).

A few states and localities have also attempted to define and map child care supply and demand in their region. Similar to Center for American Progress definition, the Michigan League for Public Policy (2021) defined a child care desert as the ratio of children ages 0-5 to the number of licensed child care spots is greater than three (James, 2021). South Carolina also used Center for American Progress' definition in a 2020 report with results from a parent survey of the effects of COVID on child care arrangements (South Carolina Early Childhood Advisory Council, 2020). The Illinois State Board of Education has designated specific "preschool deserts" as an area of the state where there is an insufficient number of publicly funded slots/seats to serve at least 80% of 3- and 4-year-old children from low-income families (Illinois State Board of Education, n.d.). In 2016, the North Carolina Early Childhood Foundation cited the Center for American Progress's definition of a child care desert as zip codes with more than 30 children under age 5 with zero child care centers or so few centers that there are more than three times as many young children as spaces in centers (Syed, 2016). The Center for American Progress' definition for child care desert appears to be the most widely used and referenced in research.



Prevalence of Child Care Deserts

According to Center for American Progress, as of 2019, 51% of Americans lived in a child care desert. In North Carolina, 44% of all residents live in a child care desert. This means that 51% of U.S. residents and 44% of North Carolina residents live in a census tract with more than 50 children under age 5 with either no child care providers or so few options that there are more than three times as many children as licensed child care slots (Center for American Progress, 2018). These numbers were reported in 2019 by CAP, updated data is needed which reflects the situation post-COVID.

While identifying the need for and supply of child care is a critical step to address shortages and ensure children and families are well served, other factors also should be considered. Much of the data available and discussion of supply in the research only considers number of slots available compared to number of children in a region. This leaves out many additional factors for how families truly access early care and education. For example, when making decisions about where to send their children, parents and other caregivers likely consider cost of care compared to their income, proximity to their home or work, quality of care (whether defined by a quality rating system or other factors determined by the family), and if slot meets additional needs and preferences such as providing care in a language other than English, serving children with special needs, or providing care during non-traditional or unpredictable hours.

Populations Living in Child Care Deserts

The research on child care deserts also finds that certain populations of families and communities are more likely to live in a child care desert and struggle to access early care and education.

A study by Child Care Services Association, called the 2021-2022 North Carolina Infant-Toddler Child Care Landscape Study found that only 18% of the infant-toddler population (those from birth up to age three) can be served by the existing supply of licensed infant-toddler programs in North Carolina while 66% of the parents of infants and toddlers work (Child Care Services Association, 2022). This is likely, at least in part, due to the higher cost for providers to serve infants and toddlers, 61 percent higher than the cost of serving a preschooler (Workman & Jessen-Howard, 2018).

While Center for American Progress found that rural populations in North Carolina are more likely to live in a child care desert, Bipartisan Policy Center found that rural populations are less likely to live in a child care desert.

44% OF ALL RESIDENTS

**LIVE IN A CHILD CARE DESERT BUT 54% OF RURAL FAMILIES LIVE IN DESERTS
(CENTER FOR AMERICAN PROGRESS, 2018).**

Center for American Progress found that in North Carolina, 44% of all residents live in a child care desert but 54% of rural families live in deserts (Center for American Progress, 2018). Rural populations have unique challenges in accessing child care and as such, rural families are classified under the PDG B-5 activities as a priority focal population. In the PDG B-5 updated needs assessment, access to early care and education is particularly challenging for families living in rural areas (The Hunt Institute & Center for Child and Family Policy, Duke University, 2022). In many ways, family child care homes may be more suitable for rural families, as they may be located closer to home or work in areas where transportation is challenging (Bipartisan Policy Center, 2021). However, as of June 2020, 13 counties do not have any family child care homes, all of which are located in rural communities (NC CCR&R Statewide Family Child Care Home Initiative, 2020). Additionally, center-based child care may have more difficulty opening and operating in rural areas due to lower populations of children and potential challenges with

enrollment, so family child care providers can be a viable strategy to address child care deserts in rural communities (Henly & Adams, 2018b).

Other populations underserved by the early care and education system are parents who need care during non-traditional hours, Hispanic/Latino families, immigrant families, and children with disabilities (Malik et al., 2018). Only 26% of all child care programs in North Carolina have a staff person who speaks a language other than English, and 90% of these staff speak Spanish (Child Care Services Association, 2022a). In North Carolina, 11.8% of the population speak a language other than English at home and while 7.53% of that 11.8% speak Spanish, many other households also speak Chinese, French, Arabic, Vietnamese and more (Acutrans19, 2022). This data demonstrates a demand for bilingual child care providers. The Center for American Progress conducted a national study on families' child care experiences when they had children 0-5 with disabilities and found that a larger proportion of parents with disabled children experience difficulty finding care due to barriers including a lack of available slots (Novoa, 2020).

RECOMMENDATIONS FROM THE LITERATURE

Several sources identified options to address child care deserts and remove barriers to opening, operating, and expanding family child care homes.

Addressing the decline in family child care homes is a critical strategy to ensure families have access to early care and education.

Additionally, family child care homes are often a good fit for many populations that are currently underserved by the North Carolina early care and education system such as families who work non-traditional hours and live in rural communities, so expanding the family child care home footprint could address child care inequities in the state.

Increasing Supports for Family Child Care Home Providers

Family child care homes providers need additional support to more easily open, operate, and expand their businesses. Specifically, they could use additional technical assistance and support to better meet the demanding aspects of their position.

One promising strategy is to create and enhance family child care networks. These networks often offer training and mentoring opportunities, peer support, access to substitutes, and business and administration support.

FCCH networks work within a local community context and understand local needs such as specific languages spoken and available resources. Child Care Development Fund regulations even recommend FCCH networks as a way to “improve the supply and quality of child care programs and services for infants and toddlers through activities, which may include establishing or expanding the operation of community or neighborhood-based family child care networks” (National Center on Early Childhood Quality Assurance, 2020). Assistance with business and administration could help address specific challenges FCCH providers experience including keeping up with paperwork for licensing and QRIS, managing all aspects of the business, and the tight to non-existent profit margins. Access to substitutes and peer support could help relieve



some of the demanding aspects of the FCCH job and make the role more sustainable. Finally, training should be tailored to FCCHs' needs and offered at convenient times and in accessible formats. As of 2020, North Carolina only has four family child care networks, all located in Mecklenburg County (NC CCR&R Statewide Family Child Care Home Initiative, 2020).

In addition to family child care networks, Child Care Resource and Referral organizations often provide technical assistance and professional development tailored to FCCHs' needs (National Center on Early Childhood Quality Assurance, 2020); in North Carolina, some of these supports are available through the Statewide Family Child Care Project, which is operated by Southwestern Child Development Commission. Other complementary strategies include creating a family child care home business model framework that supports start up, day-to-day operations and sustainability and potentially replicating existing substitute programs (i.e. EC Workforce Development Program) (NC CCR&R Statewide Family Child Care Home Initiative, 2020). Training and technical assistance may also focus on supporting FCCH providers serving focal populations such as children with special needs, infants and toddlers, families in rural areas, and families who work non-traditional hours (Henly & Adams, 2018a; Henly & Adams, 2018b).

Additionally, family, friend and neighbor care providers could be supported to become family child care home providers. Some of these providers may not be familiar with the licensing and regulatory system and so engaging community members to identify these providers and providing training on the licensing system would be a critical step. Several other states have made efforts to support these types of providers including Arizona, California, Michigan, Nevada, and South Carolina. Examples from these states include local trainings and discussion groups featuring how to become licensed in South Carolina and cohorts of FFNs in Michigan with incentives to participate (i.e. gas cards) to improve quality of services including becoming a licensed provider (National Center on Early Childhood Quality Assurance, 2020). While it's hard to know exactly how many FFNs exist in North Carolina given they are unlicensed, strategies to help them become licensed and expand their capacity will likely help relieve child care deserts by some measure.

State Policy and Administrative Changes

One of the largest barriers for family child care home providers to open and operate is financial strain and insufficient profit to pay themselves a living wage. States can increase compensation through increasing subsidy reimbursement rates and salary supplement programs, and by doing so, help incentivize opening and operating a family child care home. One recommendation from the literature is for the state to create and implement a salary scale tied to education and experience with funding and implementation support (Child Care Services Association, 2019). North Carolina also already has several promising supports for early child care workers including

the TEACH Early Childhood Scholarship Program and Child Care WAGE\$ and Infant-Toddler Educator AWARD\$. The TEACH Early Childhood Scholarship Program which addresses the education, compensation, and turnover of the early childhood workforce across the state. Forty two percent of family child care providers have received the scholarship but 7% had never heard of it. Similarly, the Child Care WAGE\$ and Infant-Toddler Educator AWARD\$ are salary supplements to early childhood educators. These existing programs have been shown to increase job satisfaction (Child Care Services Association, 2019). Continuing funding for these programs as well as increasing awareness is a strategy to encourage retention of family child care providers. The state should also shift from paying providers a subsidy rate based on market prices to an alternative rate setting method based on cost modeling, ensuring they are being reimbursed for the true cost to deliver care to families (Bipartisan Policy Center, 2021).



Additionally, QRIS systems are often designed for centers, not necessarily family child care homes. For example, minimum teacher qualifications and required training and professional development sessions are more difficult for family child care home providers to attend without easy access to a substitute. Rethinking the requirements for QRIS for family child care homes, in partnership with family child care home providers, to make sure they are appropriate and attainable would make the system more accessible (National Center on Early Childhood Quality Assurance, 2020). Updating the QRIS system will require balancing the need to reduce barriers for FCCH providers without compromising quality and safety of services to children. Additional strategies include providing consultation and technical assistance to FCCH providers to achieve higher quality standards and designing these opportunities at times and in ways that are accessible to this population (National Center on Early Childhood Quality Assurance, 2020). North Carolina is currently exploring how to make improvements to their QRIS system, including how it can work better for family child care home providers.

Elevating family child care homes as an essential small business can support policy and administrative changes. Family child care homes can be included in the Workforce Innovation and Opportunity Act state plan and Community Services Block Grant state plan which develop programs for business assistance, economic development, and community lending specific tailored to family child care homes (Bipartisan Policy Center, 2021). In addition to bringing needed recognition to the field, this would also lead to tangible support for opening and operating a family child care business.

One of the most critical strategies is to seek family child care home providers' input when implementing regulatory changes, rolling out additional training and technical assistance, or designing other strategies. When implementing regulatory changes, the state should consider how changes will affect FCCHs and their ability to comply and continue delivering quality programming (National Center on Early Childhood Quality Assurance, 2020). Overall, including FCCH provider voice early and meaningfully ensures strategies are designed and implemented effectively.

Promising Practices from Peer States

Several comparable states have launched promising practices to support family child care home providers and address child care deserts in their region. Lessons from existing efforts can be applied to North Carolina.

In 2018, Kentucky launched their Family Child Care Home Network to recruit and support family child care homes across the states. Their mission is to “support in-home care, families and communities to increase and sustain access to quality early learning experiences” (Family Child Care Network of Kentucky, n.d.). Specifically, the network helps recruit and assist new providers in licensing, with educational support (i.e. curriculum planning), business acumen, connecting providers with each other, professional development sessions specifically for family child care homes and more.

Oklahoma is also making notable investments in family child care homes. The state very recently passed a bill that streamlined family child care home regulations. Specifically, the bill eliminates the need for local oversight of family child care homes and accepts that DHS licensing is a sufficiently rigorous process for FCCHs to legally operate (Raache, 2023). Additionally, Oklahoma's Child Care Services works to strengthen family child care homes through a partnership with the University of Oklahoma Center for Early Childhood Professional Development. Family child care home providers have access to a leadership academy with training in program management, legal knowledge, program planning, policies and procedures, and staff development (Oklahoma Human Services, n.d.).

Nevada and Colorado have recently tried to solve housing challenges for family child care home providers. In Nevada, the Nevada Division of Welfare and Supportive Services contracted with Wonderschool to help potential family child care home providers navigate licensing requirements. Finding housing proved to be a major barrier still and so they brought an innovative new model to their state – CARE Nevada. This program pools private money with COVID-19 relief funds to purchase, renovate and rent homes that would meet FCCH needs. The program is administered by DWSS, Mission Driven Finance, an impact investment firm, and the Children's Cabinet, a statewide early childhood nonprofit. In Ouray County, Colorado, Rural Homes, a small nonprofit housing developer, is working with Bright Futures, a nonprofit working to improve conditions for children and families in Southwest Colorado, to address housing issues for family child care providers. They are using “donated land and low-cost modular construction to build single family homes and sells them to families living below 120 percent of the area median income for even less than they cost to build.” Some of these homes are specifically designed for home-based child care providers with a separate area for child care from family areas (Tate Sullivan, 2023b). These solutions, while still very new, are promising and can hopefully drive replication or similar innovation in other states like North Carolina.

According to Center for American Progress, North Dakota, Minnesota, Iowa, Nebraska, Maine, Delaware, and Washington D.C. are the only states where the percent of the population living in a child care desert is below 30% with Maine being the lowest at 22% (Center for American Progress, 2018).



While Maine has particularly low prevalence of child care deserts, like the rest of the country, they also experienced a decline in family child care home providers (a loss of 28% between 2010 and 2026) and the state is engaging in strategies to address the child care gaps. In particular, a current bill passed the Senate and is going to the House for a vote which would increase state spending for child care by \$35 million dollars. This funding would be used to double the child care worker stipend and expand eligibility for child care subsidies. They identify low wages for early childhood staff as one of the leading causes of child care deserts and this investment in stipends could help recruit and retain more workers (Clarke, 2023). Additionally, Maine also has a Childcare Business Lab, run by Coastal Enterprises Inc., a nonprofit community development financial institution. The Childcare Business Lab provides free training and startup funding to individuals interested in opening a child care center or family home, particularly in rural areas and existing deserts. The initiative is partially funded by the U.S. Department of Health and Human Services (Beacon, 2023; Field, 2020).

In March 2021, Iowa's Governor Reynolds launched a Task Force to address the child care shortage as a barrier to work in Iowa. Iowa was particularly concerned that 23 percent of their population live in child care deserts with even higher rates of rural Iowans (35% experiencing deserts). The Task Force released their findings and recommendations in November 2021 which include child care solutions for businesses such as business investment credits and transforming vacant school buildings into child care centers. They also recommended support for child care providers include ensuring quality child care for families including providing more flexibility in the subsidy program requirements and creating an enrollment hub for families to navigate the system.

Finally, they recommended investing in the workforce including continuing to support T.E.A.C.H. and WAGES and re-examining staff to child ratios

(Child Care Task Force, 2021).

The Governor is in the process of implementing several of these recommendations, most notably the development of a Shared Services model which allows providers to focus on delivering high quality education while helping them with their business operations (Future Ready Iowa, n.d.; State of Iowa Department of Health and Human Services, 2023).

Additional Research Needed

The literature on child care deserts and family homes in North Carolina is significant but local and current data is needed to fully understand the family child care landscape. Little is known about child care deserts post-COVID, both nationally and in North Carolina. Beyond understanding the number of slots available as well as the number of young children in a region, research is needed to learn if those slots meet the needs and preferences of families. A deeper dive on affordability and income, physical distance, quality, and prevalence of need and supply of early care and education options with non-standard hours, multi-lingual staff and other factors is needed to understand child care deserts more robustly in North Carolina and determine what additional early care and education options are needed. While we pointed to many barriers family child care providers face with opening, operating, and expanding, many of the sources were national and/or pre-COVID. In-depth local understanding is needed to highlight the current challenges these providers face and how resources could be most helpful.

CONCLUSION

This review provided information from existing literature on barriers family child care homes experience with opening, operating, and expanding their business and the prevalence of child care deserts in North Carolina and across the country. Family child care homes provide a critical support to many families, particularly vulnerable populations. These providers also experience many challenges in their work, likely contributing to the decrease in number of family child care homes over the past decades. Finally, a large percentage of the population, in North Carolina and nationally, live in child care deserts and do not have access to a licensed child care option. National resources and approaches in other states provide insight into how North Carolina can provide additional supports to family child care home providers and reassess state and administrative policies to remove challenges for FCCs. This would require an investment from North Carolina in family child care homes and addressing deserts, helping to ensure families have equitable access to child care that meets their needs.



QUALITATIVE DATA COLLECTION ACTIVITIES



As part of the North Carolina Preschool Development Grant Need Assessment Addendum focused on child care deserts and strategies to increase overall capacity via licensed family child care homes (FCCH), the Center for Child and Family Policy at Duke University facilitated a series of roundtables, interviews, and advisory panels with FCCH providers, parents who utilize FCCH care, early childhood care and education (ECE) professionals, and other stakeholders with a vested interest in the local and state ECE system. Qualitative data collection occurred from August through November of 2023 and was designed to better understand the underlying causes of steadily increasing child care deserts and how family child care homes could be better supported in an effort to improve access to child care within these high need areas.

These sessions solicited feedback, opinions, and ideas from those highly invested in improving the system and included:

- **Stakeholder Roundtables:** Three identical, 60-minute, virtual meetings were held first and included diverse statewide representation from various professional organizations with a vested interest in the ECE system (e.g., Smart Start, Child Care Resource and Referral, community colleges, local chambers of commerce).
- **Stakeholder Interviews:** Six virtual, 60-minute interviews were then conducted with key leaders at the North Carolina Division of Child Development and Early Education (NCDCEE), representatives from foundations that fund work in the North Carolina ECE realm, and two child care advisory groups.
- **Family Child Care Home Provider and Parent Advisory Panels:** Lastly, six, 90-minute virtual advisory panels were held with FCCH providers (n=3) and parents who utilize FCCH care (n=3) to ensure these important and sometimes underrepresented voices were the centerpiece of these discussions.

The Center for Child and Family Policy utilized varied recruitment methods for the advisory panel groups and stakeholder roundtables. Due to their strong relationships with FCCH providers in North Carolina, Southwestern Child Development Commission was a critical partner in the recruitment of FCCH providers and parents who utilize FCCH care. Recruitment efforts for the stakeholder roundtables and advisory panels included flyers, direct phone calls, and targeted outreach to licensed FCCH providers across the state. The recruitment flyer included information about the virtual meetings and provided an online survey link and QR code where those interested could complete a brief interest survey. The survey was used to establish eligibility of potential participants as well as to collect key information to ensure broad representation (e.g., basic demographics, region of state, organization, tribal affiliation, military service, disability status of child(ren), child care subsidy status, and housing instability). Participating FCCH providers and parents who utilize FCCH care received a monetary stipend as a token of appreciation for engaging in the panels. Other professionals who engaged in stakeholder roundtables or interviews were not provided compensation for participation.

STAKEHOLDER ROUNDTABLES

The stakeholder roundtables were facilitated first with various types of professionals closely associated with the ECE system in our state to help inform topics of conversation for the forthcoming interviews and advisory panels. The roundtable discussions were virtual convenings focused on better understanding ECE strengths and challenges within individual communities, as well as innovative ideas for addressing child care deserts utilizing FCCH and/or other mechanisms. Based upon the topics contained within the comprehensive literature review conducted by partners at Afton, CCFP developed a PowerPoint to help guide the conversation and spur discussion. A total of 58 stakeholders participated across the three meetings. As shown in Figure 1, just under half of all participants indicated that they work for a Smart Start agency. The groups also included representatives from local Child Care Resource and Referral agencies, community colleges engaged in training ECE professionals, county-level Chambers of Commerce, and other child care advocacy groups across the state. Collectively, the groups had a strong background in the ECE field with 81% reporting seven or more years of experience. The racial/ethnic make-up of participants was 38% African American/Black, 59% White, 2% Hispanic and 2% Other. Finally, the education levels of participants were high with 88% holding a bachelor's degree or higher (Figure 2).

FIGURE 1. STAKEHOLDER ROUNDTABLE PARTICIPANT ORGANIZATIONS

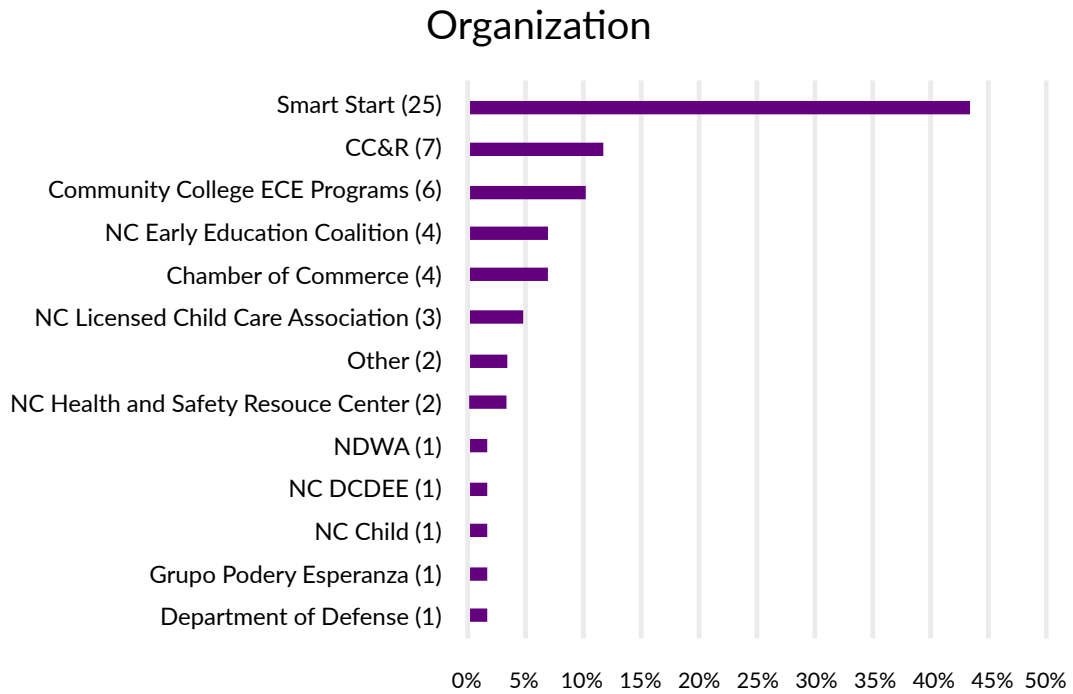


FIGURE 2. STAKEHOLDER ROUNDTABLE DEMOGRAPHICS

RACE/ETHNICITY	PERCENTAGE	EDUCATION LEVEL	PERCENTAGE
Black	38% (22)	Associate's Degree	3% (2)
White	59% (34)	Bachelor's Degree	41% (24)
Hispanic	2% (1)	Master's Degree	47% (27)
Mixed Race	2% (1)	Professional Degree	9% (5)

AGE	PERCENTAGE	YEARS OF EXPERIENCE	PERCENTAGE
18-29	3% (2)	Less Than One	2% (1)
30-39	12% (7)	1-3	5% (3)
40-49	38% (22)	4-6	12% (7)
50-59	33% (1)	7+	81% (47)
60-69	14% (8)		

Representation across the state was also strong with both rural and urban/suburban counties well represented in these discussions (Figure 3). Representatives from 36 different counties across the state engaged in the stakeholder roundtables.

FIGURE 3. MAP OF COUNTIES REPRESENTED IN STAKEHOLDER ROUNDTABLES



PROVIDER ADVISORY PANELS

A total of 44 licensed FCCH providers from across the state engaged in one of three identical virtual advisory panels. The panels focused on obtaining candid feedback from FCCH providers for the following topics:

- Barriers and supports for starting, owning, operating, and expanding FCCHs,
- Licensing (initial and annual reviews/visits), Quality Rating and Improvement System (QRIS) process, and
- Various system resources, supports and incentives (e.g., TEACH, WAGE\$, peer support systems, technical assistance, and training).

Panel meetings were facilitated during evening hours and on weekends to accommodate provider schedules and help to ensure strong participation. In addition, a monetary stipend was provided to participants for allocating valuable time (90 minutes in panel meetings, 60 minutes in survey completion and scheduling/logistics) during otherwise very limited evening and weekend hours. Figure 4 highlights the distribution of 21 counties represented in FCCH provider advisory panel meetings.

FCCH provider panel participants were overwhelmingly female (93%) and African American/ Black (80%). Participating FCCH providers had significant experience in the ECE field, with 55% reporting 11 years or more. This diversity of experience provided varying perspectives with respect to starting and maintaining an FCCH in the current environment. FCCH panel members also reported high education levels with 73% holding an Associate’s degree or higher (Figure 5).

FIGURE 4. MAP OF COUNTIES REPRESENTED IN PROVIDER ADVISORY PANELS



FIGURE 5. FCCH PROVIDER ADVISORY PANEL DEMOGRAPHICS

RACE/ETHNICITY	PERCENTAGE
Black	80% (35)
White	14% (6)
Hispanic	5% (2)
Mixed Race	2% (1)

YEARS OF EXPERIENCE	PERCENTAGE
0-5	29% (12)
6-10	17% (7)
11-15	14% (6)
16-20	14% (6)
21-25	14% (6)
26-30	10% (4)
31-35	0% (0)
36-40	2% (1)

EDUCATION LEVEL	PERCENTAGE
Some College	23% (10)
Associate's Degree	43% (19)
Bachelor's Degree	18% (8)
Master's Degree	16% (7)

PARENT ADVISORY PANELS

A total of 31 parents who utilize FCCH care engaged in one of three identical virtual panel meetings. The purpose of conducting these parent panels was to build upon the information collected in the 2022 Needs Assessment Update with a focus on child care deserts and accessibility issues. The aim was to gain parent perspective on the use of family child care homes to help address these challenges. Assembling these panels provided an opportunity to better understand these issues, both before, during and after the pandemic, and from the perspective of those most impacted by the early care and education system in North Carolina. Some of the topic areas covered included:

- Ease or difficulty in accessing care across communities,
- Benefits or challenges associated with utilizing FCCH settings,
- Preferences and perceptions of quality,
- Importance of licensure and star rating systems, and
- Issues related to cost of care.

Panel meetings were held on evenings and weekends to accommodate parent work schedules and encourage participation. In addition, a monetary stipend was provided to participants for allocating valuable time (including 90 minutes in panel meetings, 60 minutes in survey completion and scheduling/logistics) during otherwise limited evening and weekend hours. Figure 6 highlights the geographic distribution of the nine counties represented in FCCH parent advisory panel meetings. It is important to note that 158 parents from 22 counties signed up for the advisory panels, however, only 31 attended.

 **FIGURE 6. MAP OF COUNTIES REPRESENTED IN PARENT ADVISORY PANELS**



FCCH parent panel participants were overwhelmingly female (94%) and African American/Black (84%). Just under 10% identified as Hispanic/Latino and 3% White (Figure 7). More than one-third indicated that they had a child with a disability (36%) and over half (52%) were receiving a child care subsidy. None reported having military or tribal affiliation nor did anyone indicate that they were experiencing housing instability. The monthly out-of-pocket child care costs reported by participating FCCH parents were between \$201- \$400 for 45% of participants (Figure 8). Just over one-fourth (26%) reported out-of-pocket costs that exceeded \$400 per month, while 29% reported a monthly out-of-pocket cost of \$200 or less.

FIGURE 7. PARENT ADVISORY PANEL DEMOGRAPHICS

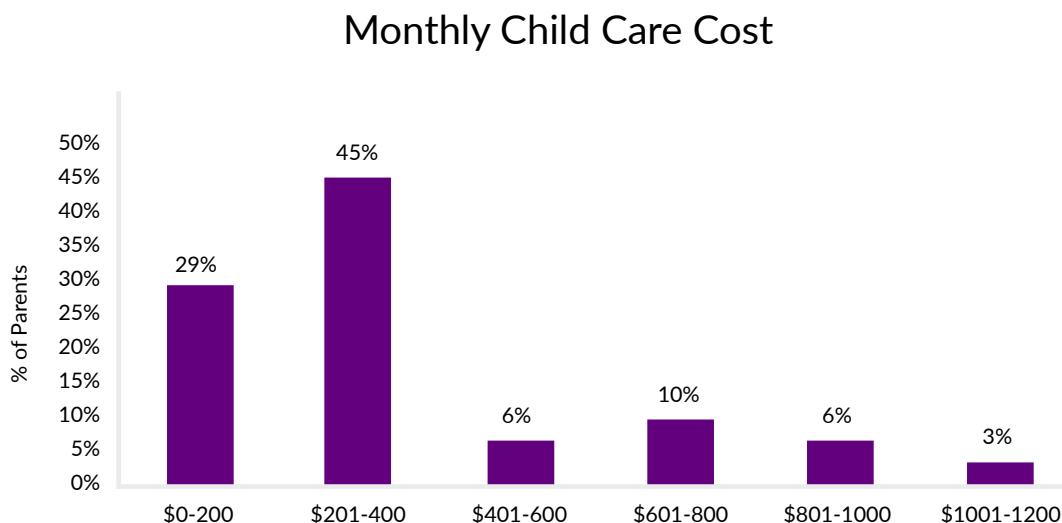
RACE/ETHNICITY	PERCENTAGE
Black	81% (26)
White	3% (1)
Hispanic	9% (3)
Mixed Race	3% (1)

RECEIVING CHILD CARE SUBSIDY
52% (16)

CURRENT # OF CHILDREN AGED 0-5	PERCENTAGE
0	10% (3)
1	71% (22)
2	13% (4)
3	3% (1)
4	3% (1)

CHILD WITH A DISABILITY OR SPECIAL NEED
35% (11)

FIGURE 8. FCCH PARENT ADVISORY PANEL: OUT-OF-POCKET MONTHLY CHILD CARE COSTS





STAKEHOLDER INTERVIEWS

Six virtual, 60-minute interviews were conducted with key leaders at NCDCDEE, representatives from two child care advisory groups, and representatives from three North Carolina foundations that fund work in the ECE space. Across these six interviews, a total of 15 individuals participated.

 **FIGURE 9. STAKEHOLDER INTERVIEW PARTICIPANTS**

ORGANIZATION (DEPARTMENT)	# OF PARTICIPANTS	TOPICS COVERED
Family Child Care Home Advisory Council	4	Overview of what was shared in stakeholder roundtables Licensing standards/QRIS system specific to FCCH Innovative ideas for better supporting and expanding FCCH in North Carolina

ORGANIZATION (DEPARTMENT)	# OF PARTICIPANTS	TOPICS COVERED
North Carolina Child Care Commission	3	<p>Overview of what was shared in stakeholder roundtables</p> <p>Licensing standards/QRIS system specific to FCCH</p> <p>Innovative ideas for better supporting and expanding FCCH in North Carolina</p>
NCDCDEE: Leadership	1	<p>Overview of what was shared in stakeholder roundtables</p> <p>Subsidy rates</p> <p>Licensing standards/QRIS system specific to FCCH</p> <p>Innovative ideas for better supporting and expanding FCCH in North Carolina</p> <p>NCDCDEE priorities</p>
NCDCDEE: Subsidy and Licensing	3	<p>Overview of what was shared in stakeholder roundtables</p> <p>Subsidy rates</p> <p>Licensing standards/QRIS system specific to FCCH</p> <p>Innovative ideas for better supporting and expanding FCCH in North Carolina</p>
Blue Cross/Blue Shield Foundation of NC and Hope Star Foundation	2	<p>Overview of what was shared in stakeholder roundtables</p> <p>Innovative ideas for better supporting and expanding FCCH in North Carolina</p> <p>Foundation priorities for ECE</p>
Dogwood Foundation	2	<p>Overview of what was shared in stakeholder roundtables</p> <p>Innovative ideas for better supporting and expanding FCCH in North Carolina</p> <p>Foundation priorities for ECE</p>



FINDINGS

All information collected via Stakeholder Roundtables, Interviews and Advisory Panels has been triangulated by topic area (as applicable) as many areas of conversation had similar content and considerable overlap. Further, combining these sources of data provides an opportunity to identify areas where opinions and ideas may converge or diverge among these distinct, yet related groups.

STRENGTHS AND CHARACTERISTICS OF FAMILY CHILD CARE HOMES

This topic area was covered broadly across stakeholder roundtables, parent panels and interviews with members of the FCCH advisory council. Some of the strengths and characteristics discussed included:

- Quality of these care settings
- Affordability
- Small/intimate setting
- Flexibility
- Presence of mixed ages of children

Consistent with information presented in the literature review above, parents utilizing FCCH care voiced the value and quality of this care setting in meeting their diverse child care needs. Many parents stated they felt the FCCH they were utilizing was high quality care as exemplified in the statement below.

“For me, my child care quality exceeds my expectations. I have a son that, he also went to family child care and he’s on the spectrum. They helped me a lot to kind of advocate for the services that he needed because I had no clue what he might need.”

– FCCH Parent



In addition, parents noted that FCCHs were often more affordable than their center counterparts. Stakeholder roundtable participants shared that when families reach out for assistance in searching for care options, the cost of care for their desired setting can be a considerable obstacle. Regardless of cost, both groups also offered that parents place a high value on the ability of FCCH providers to bond with their young child and provide strong continuity of care.

“I will say it is more affordable. Initially, when I was researching, it was way more affordable than what I was seeing out there. Now that she is four, they were talking about me getting her into NC Pre-K where I could get a scholarship and things of that nature. Honestly, I just turned all that down because right now she is in such a great place, I don’t want to disrupt her educational path.... I am just going to stick with where I am but initially it was more affordable.”

- FCCH Parent

“My daughter has been with her for four years now, so definitely was not my first choice but I mean the price definitely made it easier. The larger facilities were charging maybe \$1,300 or 1,400 and I pay \$600 a month so that was definitely a huge difference for me as single mom.”

- FCCH Parent

“I have found in my county, many families can’t afford a nanny or nanny-share situation, but they also don’t want to utilize a child care center that has 8+ children in one room, especially for children under 2. Many families are wanting a smaller setting that is affordable for their children until age 3...for bonding and attachment purpose for the first 3 years. They choose the FCCH that has 1 provider versus multiple-provider child care centers.”

– ECE Stakeholder

Participating parents expressed a preference for the small, intimate environment of a FCCH as compared to a larger center. Parents stated their provider was able to get to know their child on an individualized level, thought to be especially beneficial for children with special needs and/or social-emotional and behavioral challenges. Due to the very small ratio, these providers can often identify possible developmental concerns in a child early on, provide personalized care to each child, and are also open to outside therapists coming into their home to help a child. The desire for smaller more home-like settings was also noted by stakeholders in the roundtable sessions.

“I definitely believe my daughter’s child care is high quality. I feel so lucky and grateful that I’ve come across that child care person. Right now, we’re more like - I would say like she’s definitely a part of like some friend/family feeling that I have towards her.”

– FCCH Parent



“I was looking for something that was a smaller setting, more like a family-oriented, nothing big, not a daycare center.... I feel like they get that one-on-one attention. They brought things to my attention that I didn’t notice about my child. And so, they kind of guide me and help me so that I can help my daughter. And I would say they’ve been absolutely amazing.”

– FCCH Parent

“And that is kind of the first question people, when they call for referrals for child care ask – Can you give me the list of family care homes? Because they want that home setting, they want that family kind of vibe, and that’s what they feel like the family child care home provides them, and unfortunately, ours are full all the time.”

- ECE Stakeholder

“They (FCCHs) provide care for the children who are still being suspended, and should not be, from child care centers. They are providing care for that mom who’s got a baby with a G-tube that the centers will not touch.”

– ECE Stakeholder

Representatives from the Family Child Care Home Advisory Council and North Carolina Foundations who participated in interviews shared similar thoughts; however, it was also noted that the smaller setting typically translates into healthier children given less exposure to germs.

“My families say a lot of times that the children are more healthy - they are not as sick as in a large setting. They also say it’s more of a home environment. It is like Grandma was watching them and we can provide a more stable, one-on-one environment than a larger center.”

– FCCH Advisory Council Member

Parents with non-traditional or fluctuating work hours voiced their critical reliance on FCCH providers. These providers offer care during non-traditional work hours and tend to be more flexible with day-to-day changes in pick-up or drop-off times. Parents praised FCCH providers for this flexibility.

This strength was also mentioned by stakeholders noting that centers rarely offer care during non-traditional hours, and this is especially true for second or third shift employment schedules despite this offering having been more common in the past.

“It’s very flexible, and it works with my schedule because I have a very fluctuating schedule. I go to school and I work.... I can call and say, “Hey, I’ll be there in a couple of minutes, I’m a couple of minutes late.” And she’s really lenient about late fees and things like that. So, it’s very ideal.”

– FCCH Parent

“In the past we have had a center here and there that had a second or even third shift, but not anymore. We may have some centers that have extended hours till maybe seven, but for second and third shift, it’s nearly all family child care.”

– ECE Stakeholder

Most FCCH providers offer care for multiple age groups and parents had mixed opinions about the advantages and disadvantages of this arrangement. Some parents viewed this as a benefit for their children emphasizing the importance of peer learning in child development, especially in terms of potty training and speech development. Others felt that center-based care with classrooms comprised of clusters of children closer in age provided age-specific structure and increased quality.

“I see it as an advantage as long as the age gap isn’t too great. I do think that kids model each other and having that peer learning and engagement component is really important. But of course, as other parents had said, you don’t want it to be too great where your child is kind of modeling things that are not, I guess, developmentally appropriate.”

– FCCH Parent

“That is part of what I was saying about quality. I believe within a center, he’ll get more attention, more things structured for him, his age group. In a home center, it is all different ages. It’s a battle of one person trying to manage three or four different grade levels, and help this child, help that child, so that’s part of quality....”

– FCCH Parent

One parent was looking for a provider that would speak Spanish to her child and noted that she could not find any centers that met this need. She now utilizes a Hispanic FCCH provider and applauded the fact that her child care provider could support her child in Spanish.

“I am Hispanic. I speak Spanish and I want my baby to speak it, because I talk to her in Spanish and I want her to learn the language, not just from me because everyone else speaks English so when I went to other daycares, they had nobody who can speak Spanish to her. At this family daycare, it is nice to know that they can speak Spanish to her, she says a lot of words in Spanish and finally there is somebody who can understand her.”

– FCCH Parent

FAMILY CHILD CARE HOMES AND THE SUBSIDIZED CHILD CARE ASSISTANCE PROGRAM

Across Stakeholder Roundtables, Interviews and Advisory Panels, a key topic of discussion was the subsidized child care assistance program, particularly the associated reimbursement rates. Issues covered during the discussions included challenges for families in finding providers who accept a subsidy, low reimbursement rates offered to FCCH providers, especially in rural counties, and administrative challenges with the program.

Participating parents who utilize the subsidy program shared their struggles to find slots in any child care setting that would accept their voucher. However, many indicated they were more successful with FCCH providers. Participants across all sessions offered that families, unfortunately, have very limited options when using a voucher.

“I get a subsidy voucher, and it’s more ideal to utilize an in-home daycare versus ones that are bigger. And it’s really hard finding placement, like I found out, it was hard for me to find placement for my daughter with bigger daycares.”

– FCCH Parent

“I have a voucher and, in the beginning, it was kind of hard for me, but I had my worker send out resources to help me find a suitable daycare who would accept the voucher. So, it wasn’t too much of a big deal when I was looking for daycare who accepted vouchers.”

- FCCH Parent

“There are very little options that I felt comfortable and safe within my area that accept vouchers.”

– FCCH Parent

“I am not on a voucher anymore but things like the facility, the education, is totally different versus paying out of pocket. I just feel like now that I am spending my money, it’s a better program compared to subsidy because you are limited where you can go....”

- FCCH Parent

With respect to subsidy rates, several providers noted systemic issues with subsidy reimbursement processes with both local Departments of Social Services and Child Care Resource and Referral programs. Throughout the conversations, multiple providers offered examples of misinformation or confusion about policies and resources for both parents and providers. FCCH providers voiced frustration with DSS’ giving conflicting information to parents utilizing the subsidy program; some parents are unaware of the parent fee or that they need to make-up the difference between the subsidy amount and the actual rate charged by the provider. These conflicts cause friction between providers and parents, and some providers feel they do not have agency over their own prices due to this dynamic.

“I have gone through the same instance where parents have been given the market rate when they go to DSS and they tell them, “Hey, this is your parent fee,” and they tell them, “This is all you have to pay.” But when I do the interview with the parents, I give them a breakdown, I give them the numbers. Say for instance, I charged \$500 but DSS is only going to cover \$400, but they tell you, [you] only owe \$25 (based on the market rate survey), I say no, you owe \$100. You have to make it come up to what I charge for the month.”

– FCCH Provider

“So, I want to raise my prices because they have been low for the past three years. I called DSS, and I asked them and they told me that I was making fair market price and they told me that I couldn’t raise my prices.”

– FCCH Provider



One provider noted that for the past several years they have not received notices in real time that a family is no longer eligible for subsidy. This sometimes means that a provider has cared for children for several weeks only to learn that they will not be reimbursed for the provision of care due to a change in parent eligibility. Many providers noted that they must provide care to families receiving a child care subsidy up front and be reimbursed at a later date. This contrasts with non-subsidy families who pay for their child care tuition at the start of the month, or bi-monthly. In addition, some providers noted that the system to record attendance for children receiving subsidy shuts down from 9PM-6AM, which is sometimes the only timeframe FCCH providers have free to enter this information into the electronic system. Complaints were also made because subsidy payments are based upon a child's attendance, which providers have no control over. Lastly, providers voiced concerns about subsidy vouchers only covering one shift when many parents in medical settings work 12-hour shifts.

“The majority of my children are subsidized children and, in the past, until maybe a few years ago, they would always give you notices when a parent or child was no longer going to be eligible. But they don't do that anymore. And then when they do inform it's already expired... it's been happening for years and it makes you not even want to take subsidized children because the treatment that you get.”

– FCCH Provider

“One of the issues that I have with subsidy is the way that they pay, everything is a month behind. So it kind of discourages me from wanting to take subsidy vouchers and go more with the private payers, and get paid every week because, you know, most of our bills are usually at the first of the month, so I have to wait until the middle or the end of the month to be able to pay most of my bills because I'm missing all of that income. So, I think NC FAST needs to come up with something different, and pay us maybe weekly or biweekly instead of the middle or the end of the month.”

- FCCH Provider

“Vouchers only cover for one shift. I have nurses because I’m right here by the hospital. They work a 12-hour shift, but actually I end up working 14 hours because they have to drop off and they need an hour to debrief and all of that stuff. I don’t get compensated for that. And I lose money on that other shift because that child is still here from the previous shift. I need more money to compensate me on that.”

- FCCH Provider

Representatives from the Family Child Care Home Advisory Council focused their discussion on the rate of reimbursement noting that they are free to charge what they wish as a business owner, but in some areas of the state this is more than the market can bear suggesting that subsidy rates should equal private pay. Others offered that the burden of the system should fall to the state and providers should not be asked to support the child care needs of families at their own personal expense.

“It is different from county to county. We don’t have those high paying jobs in my county. This is a low paying county and a lot of companies have left so they don’t make that kind of money around here. I would love to charge more but it is not all about money. I do it for the children, but I think the subsidy should at least be what our private pay is.”

- FCCH Advisory Council Member

Building on these ideas, ECE Stakeholder participants discussed the limitations of subsidized care, in particular the differences in reimbursement rates across the state and differential rates associated with STAR ratings. These challenges were viewed as roadblocks to expanding child care openings, especially in locations within the state where the need for second and third shift care is more prevalent. The lower subsidy reimbursement rates paid to providers in rural areas of the state were thought to be a negative driving factor with some offering that workers in retail stores earn more per hour than those providing child care.

“The real problem is money...what’s the incentive when you can go down the street to Target? Or it might be more than down the street in rural areas, but you can make a whole lot more money. And our subsidy system, which a lot of rural providers would probably rely on, is based on this. You know, if you were really to think about this incredulous model of market rate - this is the median rate of what parents can afford to pay, which has nothing to do with the cost of care, and so on.”

- ECE Stakeholder

One participant explained that rural and/or lower income areas have fewer child care options particularly because those are the counties with lower subsidy reimbursement rates. Parents can only afford child care that is subsidized, but those lower rates make it hard for providers to stay afloat.

“What you will find is in the counties with the lowest reimbursement rates, those are the populations or the counties that are going to have the least amount of child care available because you can only afford to provide child care through revenue collected from parents. And if families can’t afford to pay what it costs to run a child care, or government reimbursement for subsidized child care is not enough - there is a direct correlation. And it most often affects the most rural and economically disadvantaged counties, which are the ones that need the help the most.”

– ECE Stakeholder

Participants also discussed that one of the advantages of a FCCH is that some offer second and third shift care. In areas where there the demand for second and third shift child care slots is high, FCCHs could fill those gaps. However, to incentivize FCCH providers to serve these populations, including those on subsidy, accommodations to the existing system would likely need to be made. For example, if a FCCH provider’s STAR rating is not a three or higher, they cannot accept children on subsidies. Often a STAR rating lower than three is reflective of a lack of formal educational attainment. Additional opinions and ideas related to STAR rating are discussed in further detail below.

“...We’re constantly trying to give incentives to homes to do second shift. But if we could put our subsidy kids, you know, in there and just keep increasing their numbers that way, it would work. But it’s many of them don’t want to go back to school. They’re happy where they are. They don’t have the time to go back to school. They could be a great center and be a two-star, but they’re just, they don’t want people bugging them.”

– ECE Stakeholder

BARRIERS FOR FAMILY CHILD CARE HOMES IN OPENING, OPERATING AND EXPANDING

FCCH providers, ECE stakeholders and interviewees provided several important insights regarding the most prevalent barriers within the ECE system impacting both existing and would-be FCCH providers. Some of the key areas of conversation focused on expensive startup costs, inflationary pressures on maintenance or expansion costs, burdensome licensing and QRIS/STAR rating processes and a lack of respect for them as professionals.

Start-Up Costs

There are significant costs associated with opening a FCCH (e.g., playground equipment, fencing for play areas, supplies, changing tables, toys, learning supplies, bouncy seats). New providers will often even purchase materials for infants even if they aren't taking them on right away. They feel they must have equipment and materials ready and available in the event they do begin caring for an infant. Another provider outlined her experience on a provisional license, unable to receive help from agencies such as Smart Start until she had her formal license. This policy created a great barrier for her in starting her business. Representatives from the Family Child Care Advisory Council shared these sentiments but also suggested that the investments the state is making in pilots focused on FCCHs may be shortsighted because they lack input from FCCH providers currently doing the work. Similarly, stakeholder roundtable participants echoed some of these same ideas noting that the required hoops keep good ECE providers from going into business for themselves.

“Oh, it was probably about 10 to 12 thousand [dollars] because I had to make sure I had the insurance, the fence, I had to make sure I had toys, the cubbies, everything. And I revamped, so I don't have a big house, so I just took my living room, and took everything out my living room, and made that my classroom. So, I knew I could only have a certain amount of stuff, but I knew I needed to have enough for everybody to enjoy and learn.”

– FCCH Provider

“Startup cost grants- we had them before in this county, and it was super helpful. Also, I think definitely revisiting licensing standards that can be very, very overwhelming for a new startup. Also, on another note about support and resources, I think what the state needs to do before they say – “we are losing homes, we have to do something so let's start a pilot and put money into it” – they need to ask the experts who have run family child care homes.”

– FCCH Advisory Council Member

“The funding to get a home state-approved, we don’t really have - we can give them all the ideas and get them set up, but we don’t really have the grant opportunities to then get them to the next level of where they might need to go.”

- ECE Stakeholder

“The biggest thing that challenges new providers is fencing around your outdoor play area, fencing is expensive and that gets people like almost every time. You can do the inside of your home pretty reasonably but that fence and play equipment is very costly.”

- ECE Stakeholder

“The start-up costs are prohibitive. There are no startup grants that you would not have to pay back. There are some programs where it’s a low-interest loan. That’s just not going to make it.”

- ECE Stakeholder

“It’s the financial burden and there are so many other hoops that as a family home provider, you would have to jump through that you don’t have to do if you go work for somebody else at a child care program. I think there’s a lot of people who would actually love to be a family home provider and be really good at it. But again, it’s that initial financial burden. In our community and it probably sounds like most of the smaller communities in our state, there’s not second and third-shift care, which would be awesome for family home providers, but again, it’s that start-up cost.”

- ECE Stakeholder

Maintenance Costs and the Lack of Resources to Help Offset Them

Expansion grants designed to provide financial support for these efforts was described by FCCH providers as a lottery with extremely small odds. Many providers felt that new centers were prioritized above new FCCH providers, while existing providers felt it was unfair that in addition to start-up grants, maintenance grants weren't also made available to support existing providers. This was echoed by representatives from the Family Child Care Home Advisory Council suggesting that there was uneven distribution of these resources across the state. In total, there were 199 Expansion and Access Grants awarded by the state. The grant amounts varied from a minimum of \$3,000 to a maximum of \$125,000. Of the 199 grants that were awarded, 44 (22%) were provided to FCCHs (30 grants to improve quality within existing homes; 14 for FCCH start-ups). Currently, FCCHs make up roughly 29% of North Carolina's regulated child care providers. While participants suggested that they believed a most of these grants went to centers, this does not appear to be the case. It is unclear how these grants were distributed geographically or whether particular regions or counties were prioritized leaving some counties without this support.

“...any time there's a grant, you can bet the grant is going to go more for the centers than it is for us in homes. It's kind of like we're at the bottom of the totem pole fighting to get up it.”

– FCCH Provider

“Something that has been bothering me is the fact that these expansion grants that they [DCDEE] made. There is nobody in my county, the centers that were already running, that got that money. Why didn't they take some of that money and increase the subsidy rate or help stabilize the child care fee? Why would they give that money to people to start new centers? As hard as it is to start a business right now? Giving them all that money and then the centers don't last or fail. I don't understand that. Nobody that went through COVID, that stayed with child care during all that mess. Nobody in my county, because I have talked to a lot of people, nobody got any of that money for those expansion grants.”

– FCCH Advisory Council Member

Some providers expressed they would like future grant opportunities to have a separate funding pathway for FCCH's rather than creating a system where they are competing with centers for grant dollars. This idea was echoed by representatives from the Family Child Care Home Advisory Committee as well.

“I have experience going into a wide variety of FCCHs and I would say that they are top-notch professionals that provide high quality care. There is a lack of respect as far as we don’t have access to funding and grant streams that major, large centers do. They get hundreds of thousands of dollars. Why are those children more valuable than our children?”

- FCCH Advisory Council Member

Almost every participating provider discussed how expensive the upkeep of materials is, especially in the highly inflationary economy since the onset of the pandemic. As one provider noted, “...food costs, whether I’m in a child care desert, or whether I’m in the city, is expensive.” One provider vocalized that there are already so many other technical assistance opportunities through various state agencies, as well as training. They believed funds may be better allocated to provide much needed financial assistance to FCCH providers for maintaining and improving the quality of care.

“.....I’m all for TA assistance, we already have the state that comes out twice a year, the health department, we have to do classes through Moodle Pro Solution..... TA, for me, isn’t a problem. The problem is coming up with the funding to replace a playground outside that has been in use for four or five years and has wear and tear....it’s just not fair to take away funding from the actual child care and give it to TA.”

- FCCH Provider

One provider mentioned the startup and maintenance costs associated with having high quality materials for the Quality Rating Improvement System/ECERS.

“...I don’t believe that I would make a great score [on the ECERS] because the quality of my things isn’t up to par..... having to go through the scales and not having the quality material to be a five-star daycare when you are, I consider myself a five-star provider, is just kind of a bit of a struggle. Just to get up to par - the materials, books, blocks, that are especially expensive. Just quality things - tables that are height adjustment tables, and things that I go through, my ECERS book and I’m just like, “Oh, my God.”.”

- FCCH Provider

“If our kids rip up and tear up our books, and we are getting ready to go up for quality rating scale, guess what? We got to go out and buy these books with our own money. And these books cost anywhere between \$10 and up, depending on what type of books you’re looking at for your kids.”

- FCCH Provider

A handful of providers discussed the financial relief provided by the state through federal ARPA funds, as well as forthcoming increases to subsidy rates.

“Before the pandemic, I would say that I had some issues with expenses, but since then, I feel like the state has done a great job in supporting existing providers with the stabilization grants and the operational grants. I’ve actually been pleased with that because before the pandemic, as awful as it was, I had actually considered leaving the field because of the grueling schedule and the demands and the no privacy in my home, and I’ve just been doing it for so long.....I was going to transition to another profession. But since the pandemic, the support has been there financially, and in other ways, as far as just this having this conversation. They want to hear from family child care providers and what we need, because there has been a drastic decrease in family child care homes in the last few years. I feel like I’ve had a lot of support and it’s still ongoing, and then as far as the market rates, I was not happy with the market rates before, especially when you compare centers to homes, but they’re coming up gradually. And then October 1st, I got a notification that it went up again. So, I’m pleased with the direction it’s going right now.”

- FCCH Provider

“Well, the stabilization grant was the best support because it was able to increase my salary to what I felt would keep the lights on. And although it wasn’t going to match my [former] teacher salary, that’s not what I was looking for.”

- FCCH Provider

Several other regulatory and financial challenges related to home owner's association (HOA) restrictions, septic tank requirements and increased home owner's insurance rates were also noted during interviews with FCCH Advisory Council and Child Care Commission Representatives as well as Stakeholder Roundtables.

“Another barrier is increased premiums for your home owner’s insurance because you run a child care facility. We pay extra on our home owner’s insurance.”

– FCCH Advisory Council Member

“HOAs are an element of concern and also the county [where you operate]. It comes to whether a person has ample space for a group, the square footage of the house/yard – all of those elements.”

– Child Care Commission Member

“Basically, the county or even like neighborhood associations are making it hard, the county commissioners in my county too - it’s almost getting to the point where we can’t even do it anymore because those regulations are making it just pointless for us to even try.”

– ECE Stakeholder

“In our county, people without homeownership who rent or lease, and certainly people who live in apartments or condos and even some people who live in HOAs, there are barriers to bringing in a business for those folks.”

– ECE Stakeholder

“If you want to become a center in residence, like I would potentially have to increase the size of my septic system and because I am on a well, I would have to get an engineer out here to test my water and make sure it okay in order to become a center in residence.”

– FCCH Advisory Council Member

Low pay and lack of benefits remain a clear obstacle to providers for operating and expanding their business. This was especially salient given the ever-increasing prices of key inputs such as food, toys, and books, leaving providers to struggle to earn a living wage. Representatives from the Family Child Care Home Advisory Council, stakeholder round tables and interviews with foundation representatives echoed these sentiments.

“My main point is that it needs to stop being customary for women to just accept low wages to be in this industry... we need to be able to make a thriving wage, not just a living wage, because this is an industry that is made up of women living in poverty.”

– FCCH Provider

“We are living in poverty and that makes us think twice in a business that we love and work that we love, but a business that doesn’t leave us a life really.”

– FCCH Provider

“I really don’t think there is consideration given to this workforce and the low wages we are paid. One thing that I never hear talked about is making sure that we make a thriving wage, not a living wage, because a living wage is just not enough to get by. You know we talk about pilots [airline] being overworked, doctors being overworked and not having mental and physical capacity to care for their patients and putting people in danger. Well, there is a high liability working with infants and toddlers and children under 5. I don’t think the same consideration is given, and you are putting all these stressors on them. You have to follow this rule and you have to follow that rule and it is tons of paperwork when the government gives you a crumb and that is what we are being paid, we’re being paid crumbs. Family child care home providers - we work very long hours and then they say “we want you to be educated” – so exactly when do we have time to go to school?”

– FCCH Advisory Council Member

“30 years into the game I am really having to think about retirement. Is being a home-based provider really a viable living for me at this age – to try and play catch up on retirement now?”

– FCCH Advisory Council Member

“I’ve encountered some family child care providers who have left and gone to centers or to other jobs for benefits. The medical benefits and retirement benefits, if that is not something they are getting through another household member, that is something that they have had to leave this job to get.”

- ECE Stakeholder

“When we address equity, when we address wages, when we address benefits, when we address curriculum revisions, when we address removing barriers that are in the way, when we address taking care of the people that are taking care of our children....and see what that will do to stop the bleeding and perhaps see us go in a different direction.”

– Foundation Representative

“A woman or man or whomever should be able to run a quality facility out of their private residence and do so with the highest standard of care and professionalism and not do so to the detriment of their health, and their ability to have a decent quality of life. It should not come at their expense- this service to the community. I think this group is the group to prioritize among this entire ecosystem.”

– Foundation Representative



Child Care Deserts and Lack of Available Slots for Infants and Toddlers

Participating providers noted that in many communities there are so few slots that families are on multiple waitlists, and slots that become available when children matriculate to kindergarten are filled immediately. However, providers also noted that with respect to infants and toddlers it may be hard for FCCHs to be viewed as a significant answer to this problem because they can only afford to take one or two children of these ages. Representatives from the FCCH Advisory Council and Child Care Commission shared the opinion that FCCHs are not the best solution to address the infant care shortages due to ratio requirements. Without significant rate increases for these age groups the business model does not work for FCCHs.

“I’ve been in a number of meetings over the years where different agencies seem to think that the answer for infant and toddler care is for them to go into FCCH. That’s a problem because infant and toddler care, you can only have maybe two depending on your license - best practice is not to have too many infants. So, if you’re pushing infants and toddlers into home care, you’re decreasing our earning ability - how much we can make.”

- FCCH Provider

“There seem to be a lot of families looking for infant and toddler care - I always have a very long list for infant care, but in my case, I only choose to keep one infant at a time because, it’s just me, along with a mixed age group of children - you’ve got toddlers, you’ve got preschoolers. In order to give that one-to-one to each child - it would be very difficult to have multiple infants at one time with just one person.”

- FCCH Provider



“I stay full - I had two kids to go to preschool in August, and I had two kids come right in, the very next day, and still have 11 kids on the wait list. But I think it’s just that there is no space.”

- FCCH Provider

“Some people have this great idea that family child care would be great for doing infant/toddler care. The part that people don’t understand is that we can keep only a limited amount of infants and toddlers. So, if you are saying “Oh- it’s a great market for them” – you are still limiting our homes because we can only take a certain amount.”

- FCCH Advisory Council Member

“The other issue is just infant rates in general. It is so difficult. There is a reason there are not many infant spots. Believe me, if owners made money on infants, guess what there would be more of?”

- Child Care Commission Member

QRIS/STAR Ratings and Regulatory Requirements

This topic area was discussed at length across all groups. Many described both the licensing and QRIS/STAR rating processes for FCCHs as challenging; suggesting a need to reconsider the way in which this necessary process is approached on a systemic level. Some suggested that this process may be partly responsible for the decline in licensed FCCHs resulting in a corresponding uptick in informal care arrangements.

“Now you’ve got so much paperwork, so much regulation but we aren’t get paid like centers. We are not getting paid like centers but we are expected to operate like centers.... It is just too much. You are overwhelmed trying to beat deadlines, be prepared for consultants for whoever is coming to monitor you....”

– FCCH Advisory Council Member

“I understand why we need certain rules and regulations, they are there to keep children safe. At the same time, I feel like a lot of the regulations are coming from a place of policing us as if we are not going to do what we need to do. A lot of consultants do come in and it is really more like policing, and I think it is because we are behind closed doors. We are in a home, and I think the overarching feeling is – What are you doing wrong?”

– FCCH Advisory Council Member

“There are a considerable number of family child care providers who shake at the thought of assessors coming out to do a review for a half-day, and then that review determining how well they perform. They always say “we are not here to review you, or how the children behave but how you respond to the children’s behavior. But when you know you are being evaluated and at the end of the evaluation there is a rating or score that is going to be published, and it is going to reflect your program, there is a degree of uneasiness that comes with that. That uneasiness can convert to nervousness and overreacting or panic so all of those factors tend to pull people away from the process itself.”

– Child Care Commission Member

Some participating FCCH providers indicated they had chosen to no longer participate in the QRIS process, voluntarily giving up their 5-STAR rating because the QRIS process felt too challenging for them. However, while no longer participating in the rating process they were still able to maintain a 3-or 4-STAR rating due to their education levels. FCCH providers described their experiences and interactions during site visits. For example, most providers described a process where the provider and the QRIS consultant are not allowed to speak to one another during the site visit and how that often confuses the children and makes them nervous. Others noted that they continue to participate in the QRIS, despite finding the process and visits expensive and cumbersome because they need the higher subsidy reimbursement to relieve financial pressure. Many providers also noted that the education component tied to a higher STAR rating at times can be perplexing, as they felt a degree does not always ensure a high-quality early childhood teacher but still acknowledged the value of education. Others suggested implementing alternative career pathways or micro-credentialing that could substitute for formal education while still ensuring quality.

“My local CCR&R, the only grants that I received from them over the years have been if I was interested in doing the star rating and somebody was coming in to provide technical assistance. They would give you materials and things like that, but I haven’t done a star rating in years because my education is high enough that I don’t have to do that.....”

– FCCH Provider

“I remember, when I went through that process. And I’m not going to go through it again at all. All my mentors were telling me, that because of my master’s I will automatically get four or five stars. That doesn’t make sense because I’m coming from teaching fourth and fifth graders. That is completely different than early childhood development. An older child is just different than infants, twos, and threes. The first time I went through it I didn’t have the materials - I just had my master’s so I automatically got four stars and the Partnership [for Children] pushed me to get the materials, they were going to help so that I could be one of the first in the county to get to five stars. That is how I got five stars, but realistically, the scale doesn’t make sense because you have these women who have been doing this for 20 years, who are way better than me. I know how to love a child, and hold a child, but like the way I’ve seen some of these women do their circle time and really get on the level of the children.....”

– FCCH Provider



“Are there career pathways? Are there micro-credentialing that can equal up to the same thing? Can we perform competencies that can show that we have the same amount of rigorous knowledge and understanding of child development...?”

– FCCH Advisory Council Member

Providers suggested one improvement to the QRIS rating process would be to provide immediate feedback and coaching regarding both strengths and areas for improvement, rather than a silent interaction where ratings are received later. Some wondered why there needed to be separate raters and TA support suggesting that the work of these groups could be combined to produce better relationships and outcomes.

“That sounds like almost what the TA person comes in does... because the TA is supposed to come and get you prepared. And, you know, they put together a book and you go through your book and make sure you have all your materials and things like that.....everything that she described is the experience that I’ve always had with the TA, versus, when I tried to do the stars. I, too, will never do it again just because I felt like I wasn’t a grown person in my own home. I had three women with notebooks, just staring at every single thing. I was in there and there was no interaction, and even if you go to ask a question, they tell you they can’t answer that. I would prefer a TA experience versus a, you know, when the people come out [to assess] but again, it’s two different lanes.”

- FCCH Provider

“.....The star rated licensing should have been used more like a TA, it should’ve been more like, let us come into your home, please, for this day, we want to see how you interact and the things that you have with your children, and then we can help you. A big issue is that the stars are really not culturally sensitive, for one. It wants all people to do everything one way, speak a certain way, and different people do have different needs and different cultures. If they really wanted the stars to work it should look like people coming in, and seeing what you do and what you have, and giving you the TA. And then, what is the rating? The rating is you allowed us to come in, you are receptive to us coming into your environment, and teaching you, and giving you tools, and we want to let people know there are some facilities that let us come in, and train, and give tools, and there’s some that don’t. That’s the difference.”

– FCCH Provider

Many participants questioned why there needed to be so many different professionals working with providers. They noted childcare consultants, QRIS assessors, QRIS TA specialists, and health/sanitation visits; and differing experiences and relationships with each. Many also noted that they have received conflicting information and infractions from each. Several providers shared that they had positive relationships with their childcare consultants and wondered why they couldn’t also serve as their QRIS assessor. Many described more frequent and positive interactions with their childcare consultants as compared to the QRIS assessors as well. However, other providers noted that even with childcare consultants, interactions were not always pleasant and that there is not always consistent information and assessments among them. These providers noted that often visits with their childcare consultants felt more like “gotcha” moments rather than supportive interactions aimed at providing counsel and guidance related to licensing issues.





“From the time I opened up in 2016, until probably last year, I’ve had the same exact consultant, and I only lost her, and I call it a loss because, she watched me, she saw the mistakes I made when I first opened up versus now....So, licensing for me has never been an issue. I really don’t have any licensing horror story because I’ve had the same one.”

– FCCH Provider

“The way I see it, your license consultant or your technical assistant can do exactly what they [QRIS consultant] put you through, I don’t know who’s been through the star system, but for me, I kept my five stars for six years, and after the second time, I couldn’t do it again.”

– FCCH Provider

“I’ve had several different consultants come out and actually, I’m on my third consultant now. She’ll have a list of three things for me to do, and then the next consultant will come out and now the list grew to ten, that was a little frustrating. But nonetheless, the job had to get done, it was for safety reasons, so I understood. But the consultants, in my opinion, and the FCCERS, they are not aligned, especially when it comes to things as far as supervision, you know, quality of care, more or less... maybe they may want to have a conversation with one another and get on the same page as far as supervision and sanitation.”

– FCCH Provider

“I had a health and sanitation inspection right before my consultant came in and health and sanitation saw that I had like the spray [like the butter spray], in a cabinet on top of the stove, really, really high. I was not dinged for that but then my consultant marked it as a violation so sometimes the two won’t coincide. That had me confused. So, I’ve had things that health and sanitation like saw was fine, I was not violated for, but when my consultant came through, I was violated. So having those two on the same page with a better understanding what one would be okay with versus the other, that would be helpful to avoid violations.”

- FCCH Provider

“It’s not that the regulations have increased as much..... its that there is no consistency. So, one consultant will say, this means this, and then another consultant will say, this means that. So, you have providers saying, “Well, my other consultant didn’t say that.....”

- FCCH Provider

One foundation representative shared some similar ideas offering that we should use a coaching model highlighting the importance of FCCH providers as community resources and the need to pivot our thinking about FCCHs to mirror the way that we value schools or libraries.

“Thinking about the sensitivities about being in someone’s home, this being their personal business, they are trying to keep kids safe - they are doing the best they can. And it’s [FCCHs] kind of a scare resource in our community. I would think that we would want to take a more educational lens and approach or coaching lens and approach. I can’t imagine anyone going into a school [Elementary] and saying “Oh, the carpet isn’t clean enough- we are closing you down” because we need schools for our children to go to just like we need child care for our children to go to – this a community resource. You wouldn’t go into a library and say, “Oh there are not enough books in here”. We don’t do this in any other circumstance so I would hope that the system would try to help provide a solution rather than it being a punitive thing.”

- Foundation Representative

Ability for Providers to Contribute Feedback

Participating FCCH providers also suggested that a confidential and anonymous process to provide honest feedback regarding the interactions and satisfaction with NCDCDEE staff would be helpful. Some FCCH providers suggested it should be a component of measuring consultants' annual job performance and compensation.

“...getting bonuses for providers sending in surveys that they did a great job, that they had great communication skills, that they were respectful in the environment, that the provider felt that they learned something new, you know, some type of survey that doesn't go to the [consultant]...because I've had consultants send me a survey, that goes back to them. I mean, even when I conduct a survey for my parents, I set a box outside. I advise them, “hey, type it up, then I won't know, I won't recognize your handwriting and be able to look at it.” So, if you really want it to be anonymous, you're not going to send me a survey and tell me to send the survey back to you.”

- FCCH Provider

The Importance of Licensure to Parents

Many, but not all parents emphasized the importance of using a licensed provider for their child. When prompted to describe what aspects of licensure were most important, parents highlighted safety training (e.g., CPR and SIDS), safety inspections of homes, provider knowledge of child development and professional development/trainings. Many believed that formal education did not necessarily equate to high quality care. Parent comments tended to be more centered on provider experience over education. Additionally, parents were asked if they would ever consider utilizing unlicensed care, and some responded they would, albeit with some caveats. Those included background checks, the use of cameras, and someone with a prior background in education. Others indicated that they would use care provided by relatives of someone they knew very well even if unlicensed.

“It was very important to me that they were licensed. Mainly because my son is special needs. He requires a lot of care, daily, even though I'm very comfortable with the environment, I definitely wanted to make sure that they knew what to do, as far as handling him when he's out of control, or if he did need medical attention. I didn't feel safe, if they weren't licensed, to have him in just a home where people are not certified and can't handle his needs.”

- FCCH Parent



“I wanted CPR, first aid, and lifesaving, because at the end of the day, we’re sending our kids in and if they are choking or something, they need to know what to do. And as far as education, I mean, you can have college, but as we all know, you have some people who never went to college and with their background, and their experience and stuff, you know, it’s up there.”

- FCCH Parent

“There are so many people that are excellent providers, but they may not have the credential or the education to stand on, like my grandmother. She was a child care teacher for ump-teen years, retired and came back into child care and they were saying “Well you need all of these things” and she said – oh no, I am not doing that. I am not going back.”

- FCCH Parent

“...Professionalism is important, and them actually having their license makes a complete difference because, if you’re just somebody, like a family member’s house, they’re not going to have structure or have curriculum. They might, but I highly doubt that’s really going to happen every day. But that was a big thing too with me.”

- FCCH Parent

“I will say all of those aspects are important. Being that I do have a child care background, it only took me one course to work at a daycare. And that’s concerning to me that you don’t have enough background because I don’t think that I was very prepared just from that one course to get my child care certificate to work in a daycare right out of high school. I really had to have experience, like working in the daycare with other teachers. So, I feel like when my son went [to child care] I did ask questions about the college background or the experience because I wanted to make sure that he had a quality education as a younger child because early education is so important.”

- FCCH Parent

Overall, parents mostly viewed the STAR rating system as a starting point when looking for a provider. They ensured the provider was licensed and met those base requirements, but then utilized word of mouth and online reviews to further investigate what would be the best fit for them more so than depending on the number of STARS. Some parents indicated that they put more weight in Google reviews of child care providers than the state-issued STAR ratings, while others stated they used both. Parents also noted that they felt they weren’t provided with enough information as to what the STAR ratings actually measure, and the differences between each rating. They wondered how education versus experience factor in, and whether violations were captured within the STAR ratings.

“To me, it’s a mixture. I will use the star rating as well as Google reviews, as well as going inside the day care and actually viewing it and what the teacher’s personality is towards children....”

- FCCH Parent

“I did not look into [the star rating system]. It was more word of mouth for me, more of this, “She’s good. Your kids are going to love her. She does this. She does that with the kids.” So, it’s just me trusting what my peers or someone told me. So, it wasn’t me just looking into it, and looking at reviews, and looking at her stars, or seeing what she’s accomplished, or anything. It was basically just word of mouth for me, so I didn’t look into her star system or anything like that.”

- FCCH Parent



Respect

The last key barrier discussed across all groups was a lack of respect and consideration for those providing child care in their homes. Participating FCCH providers emphasized a feeling of disrespect and exclusion as the paramount barrier to success. Providers said they feel the child care shortage issue is being unfairly put onto their backs only (meaning, not on the backs of larger centers). Participating FCCH providers vulnerably admitted to feeling viewed as lesser-than, especially when compared to centers; they do not feel as if their voices are considered at the “decision-making table.” Many providers expressed the feeling that their business operations are valued less by the state as compared to centers. These ideas were echoed by FCCH Advisory Council members.

“First, I feel like there is a discrimination for people, for those of us that work out of our homes versus the centers, and that needs to be addressed. If they look at the data, the data shows that those of us who are working in our homes, whether we’re family child care providers or a center in a residence, usually you have more education than the people that are in the centers. Time and time again, you will see those of us that work out of our homes have even advanced degrees. So, this idea that the center is better, and what I mean by that is they show that with the money, meaning, for example, certain programs can only be in a center. They will only offer these programs, you can only get these particular children, if you are in a center..... So basically, just the discrimination is that you work out of your home, and that environment, which data shows is better for children, is not respected, and not valued. And like I said, they show that with the money.”

- FCCH Provider

“I feel like we have to go overboard to make sure people understand that we’re not babysitters, to make people understand that we are professionals.”

– FCCH Provider

“Why can’t there be a North Carolina Pre-K class in a home? We have more education. We are making sure that children are ready, as you know, a lot of these people that you see in the center, I mean, they’re here for a minute and then they’re gone...These people go for a little while and then they find the next best job. When you have invested all this time and money in your home, this is not a one-day type of situation. You are invested in this.”

– FCCH Provider

“So, when you were speaking to, for example, monies that could help, if they want these things done, for example, you have a home, counters are not made five feet in a kitchen, in a home. If you want this done, then you either need to provide a way for money to be provided so that we can re-do a kitchen...But you can’t say that you can have a family child care home and then say that the home needs to operate as a commercial building unless, like I said, if you’re going to supply money.”

– FCCH Provider

Many participating providers stated they were seriously contemplating leaving the business altogether due to financial pressures. Some expressed these feelings with palpable emotions.

“Child care is a social justice issue. Most of the workers are women who are black and brown, who are living in poverty or congested areas. A lot of providers also have subsidized health care, participate in SNAP, and that’s not to say that there is anything that is wrong with that, but I think what it speaks to the ideas that it’s a broken system.”

– FCCH Provider

“We stayed in the fight when there wasn’t no fight for nobody else to fight [during the pandemic], we were in it. And we still got really dumped on. It’s like, they take us as not being what a center is. I worked just as many hours as a person that owns a public center out there. I work more hours than that owner because that owner comes and goes as she wants to. But look at us. We are still at the bottom of the barrel. We struggle every day as a home provider. We wake up sick...We still got to run the show, because we don’t have anybody to run it for us. It’s plenty of days that I stayed up crying in the middle of the night because who is going to be here for us? Nobody. Nobody is here. We are in this fight just because we are home providers, we don’t have the help like that.”

– FCCH Provider

“I feel like we are really taken advantage of because if you were to take every aspect of what we do and add it up - like to be the cook – that is a salary. Pay us to be the janitor, that’s a salary. Pay us to be the caregiver, lesson planner, administrator, book keeper.... All of these things- we should be paid at a higher rate but we are not.”

– FCCH Advisory Council Member

Lastly, participating providers noted that they want to be involved, or at least have valid input, with respect to policies, protocols, and procedures that impact their work. Especially when changes are being contemplated.

“Offer paid positions as professional consultants, to these places. Give us the voting power. Give us a seat at the table. Don’t represent me, let me represent myself.”

- FCCH Provider

“Hire providers to sit in the spaces that these consulting companies are sitting in, as part of what you’re doing, hire us at a living wage.”

- FCCH Provider

“And you need more than one, because one voice is only one vote. So, I’ve been in these spaces where I am the only provider voice, and easily overruled, politely listened to, but one voice is not enough to pass a vote. So, they need to be intentional and to allow the provider a voice, to have weight., I’m not going to say a majority, but, you know, more than one seat at the table.”

- FCCH Provider

CURRENT/PLANNED PRIORITIES, ACTIVITIES AND POSSIBLE POLICY DIRECTIONS

During interviews with DCDEE staff, Child Care Commission Members, and North Carolina-based foundation representatives several current and/or planned priorities and projects were discussed. Innovative models used in other states to address the child care crisis were also discussed. This is not intended to be an exhaustive list of all potential activities and ideas, but rather just includes those activities noted during the qualitative data collection.

DCDEE staff discussed key efforts to address the challenges related to the subsidy program’s market rate often not matching the true cost of care across all geographic regions. Moreover, differing and often inequitable rates among counties are set by a statewide survey, despite the quality of care being identical. Interviews with DCDEE leadership and staff as well as representatives from the Child Care Commission indicate a clear acknowledgement of these issues and a desire to identify policy strategies that can address them. As such, DCDEE is currently implementing two pilot projects that will ultimately inform policy solutions and perhaps shape future funding decisions by lawmakers specific to this issue.

The first of these projects is the Alternative Market Rate Study being conducted by American Institutes for Research. While all states receiving federal child care block grants are required to conduct a market rate study every two years as a mechanism for determining subsidy rates, this study will explore how the state could utilize different methodologies for their subsidy funding structures. Recommendations for changes resulting from the study would have to be approved by the federal government prior to presenting new strategies for NC General Assembly to consider.

The second project, Sustainable Subsidy Models for Family Child Care Home Providers, is focused solely on FCCHs. DCDEE recruited a sample of up to 200 interested FCCH providers participating in the Subsidized Child Care Assistance program. Providers were randomly selected representing diverse regions across the state. Using the Center for American Progress’ true cost of care calculator, DCDEE developed a subsidy rate based on the age of the child in care and STAR rating of the provider. Region of the state was not considered in developing the formula for the true cost of care. Further, child attendance or lack thereof does not impact the per child payment rate. In addition, this pilot aims to work closely with these 200 providers to connect them to resources within the state designed to provide technical assistance and supports to enhance quality. The pilot was launched in late 2023 and is accompanied by an evaluation study that will assess changes before and after the subsidy pilot related to FCCH quality, provider well-being, family fees, enrollment, and potential impacts on program sustainability. Findings

from this randomized control trial study will provide robust estimates about the impacts of the pilot program. Additionally, to ensure that study findings are not solely attributable to contemporaneous impacts of the child care federal funding cliff, outcomes data is also being collected from FCCH providers who volunteered to participate as comparison or “business-as-usual” sites. These sites are providers who applied to participate in the pilot but were not randomly selected to receive the supplemental payments. Focus group data collected from participating FCCH providers and families enrolled in their programs will also be collected to better understand the impacts of the subsidy pilot program implementation. The study is being conducted by the Frank Porter Graham Child Development Institute at the University of North Carolina at Chapel Hill and findings are expected to be available in the fall of 2024.

Discussions across these two groups further highlighted new efforts and funding within the state to address the child care crisis. For example, a Flex-Plex model will be initially implemented in Yadkin County, North Carolina. This is a multi-unit facility with six, fully equipped spaces available for rent to new licensed child care business owners. The facility will have shared common areas such as a playground, gym, and office spaces for children receiving special services. This structure was developed by the Business of Child Care, a Minnesota firm based on the idea that shared spaces have great potential to reduce the barriers associated with the start-up and maintenance costs of operation for providers. Supported in part by the Shallow Ford Foundation and in partnership with Yadkin County leaders, the Flex-Plex will be built using blended funding sources and licensed with approval by the North Carolina Child Care Commission. This is the first time this model has been tried in North Carolina and may be a viable solution to addressing the child care shortage in Yadkin County and beyond.

The recent budget passed by the state legislature directed DCDEE to implement Tri-Share as a two-year pilot program that will create a public/private partnership that aims to share the costs of child care equally among employers, eligible employees, and the state. The overarching goal of the pilot is to increase both affordability and access for families while also improving employee retention rates for participating companies. Partners include the N.C. Chamber of Commerce, The N.C. Partnership for Children and DCDEE. The pilot will have three regional hubs responsible for collecting financial resources from the three partners and distributing them to participating child care providers. Currently Michigan, Kentucky, and Alaska have similar models or are exploring implementation.

The NC CCR&R Statewide Family Child Care Project is supported by DCDEE and housed at Southwestern Child Development Commission (SWCDC) is designed to create family child care networks and was mentioned by participants has having potential for significant positive impact across the state. The purpose of this project is to establish a statewide family child care technical assistance and professional development program with a focus on retaining existing FCC providers, increasing the availability of FCC providers to families across North Carolina, and increasing the star rating of FCC programs through technical assistance, coaching, mentoring, and professional development. In addition, SWCDC, the North Carolina Community College System and DCDEE are exploring possible strategies to provide specialized small business training and technical assistance for FCCH providers through the Small Business Training Centers located within community colleges across the state. Finally, this project is also working to collaborate with Migrant Head Start in an effort to address needs such identifying locations for support and assisting with language barriers.

Foundation representatives touched on various initiatives and projects focused on FCCHs they are either funding or are aware of. The YMCA of Western North Carolina has a focus on leveraging their administrative experience to assist providers with tasks ranging from registration and billing to accessing professional development. The need for such supports is recognized by the state as evidenced by the allocation of PDG resources to support Pre-Licensing Workshops for family child care home providers. In 2023, DCDEE partnered with Shine Early Learning to

develop recommendations to enhance DCDEE's pre-licensing workshops designed for family child care home providers to incorporate resources and content to support business management and family engagement. Shine Early Learning prepared a summary of recommendations and a toolkit of resources that was presented to DCDEE's Licensing and Training team. Many of the recommendations centered around maximizing use of existing supports for prospective providers and offering more hands-on technical assistance opportunities to support providers through the pre-licensing process. For example, through their observations, Shine Early Learning identified the underutilization of the ECE Shared Resources Portal by prospective providers. Access to the portal is offered for three months free of charge and can be extended beyond the initial free trial period for a small fee. Adding in structured time during pre-licensing workshops to present an overview of the ECE Shared Services Portal, the tools and resources it contains, and a live demo of registering for and using the portal was suggested as a way to encourage providers to take advantage of the platform to support their business and program operations as well as implement family engagement strategies. Other recommendations to enhance DCDEE pre-licensing workshops include offering providers the opportunity to complete a readiness assessment to help them identify and assess potential risks as they plan to launch their child care business and connect providers with technical assistance to help them address these gaps or risks while they complete licensing process. Shine early learning also suggested a recommendation to extend pre-licensing workshops from one day to two days to offer a full-day working meeting that would allow providers to connect with TA providers and subject matter experts to receive hands-on support in completing licensing tasks. Shine Early Learning also recommended that the state offer a monthly workshop series featuring content across key topics including: 1) Foundations for Business, 2) Foundations for Safety, 3) Foundations for Family Engagement, and 4) Foundations for Quality Education. DCDEE is currently reviewing these recommendations with state-system partners to determine strategies for incorporating these recommendations into training and technical assistance opportunities aimed at supporting new family child care home providers.

Challenges with the Quality Rating Improvement System (QRIS) were noted across provider panels and this information is useful in informing efforts already underway to improve the system. North Carolina led the nation when it launched its QRIS in 1999 but state level leadership recognize that opportunities exist to apply what has been learned over the past couple of decades to modernize the system in the interest of better meeting family, community, and child care programs' needs. In 2023, the NC Child Care Commission initiated a process to review and update the current system. A QRIS subcommittee was charged with the review and the development of recommendations for changes. The review process included gathering input from nearly 1,800 people across the state including families, teachers, administrators, partners and community members. This information was reviewed by the subcommittee along with data and standards used across the country in the development of key principles for framing policy changes including: 1) Programs want choices for measuring and demonstrating quality, 2) QRIS should recognize that learning happens in many ways, including through work experience, mentorship and apprentice programs, and higher education, 3) A focus on continuous quality improvement perspective is needed, and 4) The process for earning higher level star ratings must be simplified to ensure equitable and achievable outcomes that support quality practices. It is important to note that FFCH provider panel members indicated a desire to provide feedback on their experiences with QRIS. Building on this initial review process, DCDEE is committed to conducting ongoing outreach and engagement efforts to ensure feedback is collected related to the modernization of this process and to ensure continuous quality improvement as changes to the process roll out.



RECOMMENDATIONS FOR QRIS

With these principles as the guide, the following recommendations were developed.

- Give programs a choice of three Pathways to demonstrate quality in a manner that best fits their philosophy and goals, the early childhood professionals they employ and the families they serve.
- Simplify the current point-based system to include a list of requirements for each star level within a pathway. A child care facility will determine what licensure pathway is best for their program and meet the requirements for the star rated license level they desire.
- Update education standards for early childhood professionals to include additional options such as the Child Development Associate (CDA), Continuing Education Units (CEU) and experience-based knowledge.
- Additional standards that focus on continuous quality improvement for educators and child care facilities and family/community engagement practices that promote communication and collaboration within the community.

It is important to note that variations of many of these ideas were echoed across key informant groups as presented above. That state leaders are already working to address many of these challenges presented is very encouraging for providers and ECE stakeholders across the state. The Child Care Commission is required to send final recommendations to the North Carolina General Assembly by March 31, 2024. In the Spring of 2024, the NC Commission will begin the rulemaking process to adopt QRIS Modernization.

Another organization that was mentioned within this qualitative data collection process is WNC Source, who, in addition to building up their own centers' workforces, is working to increase the number of FCCH providers in the western region of the state. Also mentioned was the work of the Child and Family Resource Center in collaboration with Buncombe County Partnership for Children who are working to create a quality substitute pool, which was mentioned by some providers as a possible resource that would allow them to attend professional development as well as take personal time when needed. Lastly, work by MDC and Home Grown, funded by Blue Cross/Blue Shield of North Carolina Foundation, is focused on providing coordinated supports for both licensed and unlicensed family child care home providers in order to positively impact the quality of care within those settings.

RECOMMENDATIONS AND STRATEGIES



While there are several initiatives currently underway, the findings derived from this qualitative data collection process have highlighted additional ideas that may warrant further exploration and consideration for policy changes and investments in the early care and education system as North Carolina works to improve access to high quality care across the state.

FCCHS AND THE SUBSIDIZED CHILD CARE ASSISTANCE PROGRAM:

In considering strategies aimed at increasing the number of FCCHs that will accept children on subsidy, informants provided a number of ideas including:

- Implement trainings and universal messaging for county level Departments of Social Services (DSS) staff on how the subsidy program works, how to communicate the program accurately to parents, and inform them that child care providers are allowed to increase their rates.
 - Training and universal messaging will help to ensure that parents are made aware that market rates established by the state have no bearing on what an individual, private provider can charge for their services and that gaps must be met out-of-pocket by caregivers,
- Inform parents and providers in a timely manner of changes to subsidy eligibility or change in provider.
- Pay subsidy fees to child care providers at the start of the month rather than at the end. This will ensure that providers are not required to float costs, especially given the thin profit margins associated with this business model.
- Negative cost consequences related to child attendance should not be attributed to child care providers. If negative cost consequences for inconsistent attendance must occur, perhaps the entities managing subsidy programs should address this with parents instead.
- Pilot a process to allow local Smart Start, CCR&R and DSS agencies to collect the parent portion for subsidy and pay providers directly to remove this burden from providers.
- Continue to explore mechanisms to increase subsidy rates for FCCHs, regardless of geographic location, that more closely mirror the actual cost of providing care.
- Consider program waivers that would eliminate differential subsidy rates for FCCH providers that offer specialized care, infant care, and/or services for families that require 2nd and 3rd shift care to expand access in high need areas of the state.



ADDRESS BARRIERS FOR FCCHS IN OPENING, OPERATING AND EXPANDING:

Across groups, informants offered several ideas that could have potential in reducing potential and existing barriers for FCCHs that included:

- Provide start-up grants specifically for FCCHs that provide adequate funding levels to support the acquisition of supplies, furniture, educational materials/curriculum, and outdoor play equipment.
- Invest in bi-annual maintenance grants to ensure continued high-quality environments.
- Provide specialized training for DCDEE staff that directly interface with FCCH providers. This training could include components pertaining to possible unconscious bias toward FCCHs, enhancing sensitivity and engagement during visits, and turning visits into coaching opportunities rather than “gotcha” moments.
- Consider dedicated DCDEE staff for FCCH providers.
- Engage FCCH providers to obtain additional feedback to collaboratively address how to improve the QRIS process to encourage greater participation and more positive interactions.
- Create a feedback system that would allow FCCHs to provide anonymous feedback on their interactions with DCDEE staff with whom they interact.
- Educate FCCH providers on the early childhood system and the roles, responsibilities, and supports offered by different DCDEE professionals. For example, how to utilize the DCDEE Lead Child Care Consultant in addressing both licensing and ORIS questions to reduce confusion, improve relationships, and limit the number of interactions with different staff.
- Adjust the model for QRIS assessments to have a greater focus on providing immediate onsite technical assistance and coaching (i.e., allowing consultants to communicate with providers during assessments and provide “on the spot” feedback regarding both strengths and areas in need of improvement).
- Examine the cultural sensitivity of the FCCERS and possibly explore the use of alternative measures.
- Explore micro-credentialing models that would include experience and demonstrated competencies in lieu of college course credits for more seasoned providers.
- Explore systemic mechanisms for supporting FCCH providers in addressing barriers associated with home owners’ associations (HOAs; e.g., recent legislation proposed in Colorado) or county level regulations as applicable.
- Develop and disseminate universal messaging about the licensure and QIRS/STAR systems to help parents and providers better understand the nuances of these processes and how they are measuring quality (i.e., how and why provider education is factors in the STAR rating system and the associated advantages).

RESPECT:

Building and maintaining relationships was a theme that developed across groups and informants offered strategies that included:

- Conduct outreach and thoughtfully engage more FCCH providers in decision-making when attempting to make changes to the ECE system. Their feedback and involvement is critical to ensuring potential policies meet the needs of those it affects, but it will also build good will and emphasize their value to the system.
- Provide stipends to FCCH providers to serve on committees and taskforces to encourage greater representation that better reflects the proportion of families served in licensed care across the state. Without stipends they are not paid for their time like most other members of such committees and taskforces otherwise are.
- Develop communications/messaging to parents in our state highlighting some of the benefits of FCCHs to reduce preconceived notions or stereotypes associated with the quality of these care settings.



CONCLUSION



The addendum sought to review and analysis successes, challenges, needs, gaps, and opportunities within Family Child Care Home and assessment of child care deserts. As discovered in the literature review, Family Child Care Homes (FCCH) provide an essential service to many, particularly vulnerable, families who may not have financial or geographical access to another child care option. Both provider and family spoke with passion during the qualitative data collection exercises to express their desire to support positive child outcomes. These FCCHs also have experienced many challenges and barriers to their operations associated with steady revenue due to subsidy and reimbursement systems as well as quality controls that can be complex and burdensome for small businesses.

Implementation of strategies and recommendations to guide system level improvements in the Family Child Care Home Network and to reduce barriers, decrease needs, and close gaps will require a combination of system design, rule change, policy reform, and other methods that no one stakeholder group controls. This will require a collaborative effort from multiple stakeholder groups to achieve both short-term and long-term outcomes.

APPENDICES

APPENDIX A: NORTH CAROLINA CHILD CARE DESERT MAP CONTEXT AND DATA LIMITATIONS

Afton Partners created a North Carolina child care desert map and slot gap analysis by county. The analysis aims to understand the relationship between current existing early care and education availability and the “need” or target population for each county in the state. This is a directional analysis and should be taken with caution. Given data limitations detailed below, this tool should not be used to identify areas as “sufficiently resourced.” Rather, the tool should be used to understand which counties in the state have a greater need for expanded services relative to other counties in the state.

The analysis uses licensed capacity for centers and family child care homes to estimate current early care and education availability. Licensed capacity data was received from North Carolina’s Department of Health and Human Services in July 2023 (NC DHHS). The analysis also uses census population data from the American Community Survey’s (ACS) public data tables, representing five-year estimates of population counts for children ages 0 to 5 years old as of 2021 to estimate the “need” in each county. Through conversations with DHHS, research, and to account for family choice, 80% of a given geography’s child population count is used to estimate the “need” or target population in each county. While a variety of analyses were run, the primary analysis assigns a ratio of licensed capacity to count of children residing in each county to determine the “percent of need being met.” For example, 45% of need being met in a county means that total center and home licensed capacity in the county is 45% of the total need or target population. Additionally, the difference between the target population (80% of the count of children residing in each county) and the licensed capacity is used to estimate the “total additional slots needed.” Finally, per our literature review and discussions with NC DHHS, this analysis defines a “child care desert” as a county where there is no ECE licensed capacity or where licensed capacity is less than 1/3 of the target population.

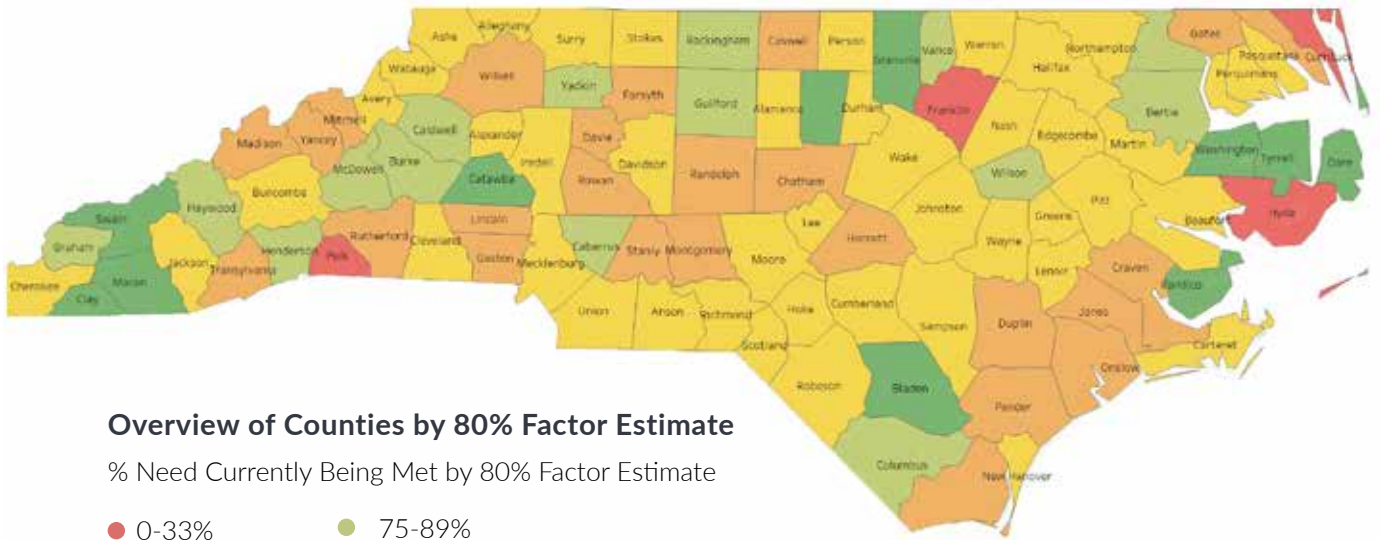
The heat map of North Carolina counties shows “percent of need being met” in each county. The analysis shows a wide range of this metric across counties in the state – from 19% to over 100%. Additional slots needed range from zero in some counties to over 25K in Wake County. Again, the analysis should be considered directional. Limitations of the analysis are described below.

Limitations:

- Using licensed capacity to define current ECE availability over-estimates true ECE availability in each county. DHHS provided provider-level licensed capacity and enrollment data. Licensed capacity identifies the maximum capacity each provider is licensed to serve. Operationally, providers may not be offering their licensed capacity due to staffing shortages, facilities constraints, or other reasons. When comparing licensed capacity against enrollment, we see that many providers reported enrollment at levels significantly below licensed capacity. The State may want to consider collection of an “operational capacity” metric that more accurately represents the true count of slots available to children and families.

- Licensed capacity excludes summer camp slots. It also excludes non-DHHS-licensed programs – capacity for DOD-certified programs is excluded.
- The analysis assumes capacity in a given county is intended to serve children within that same county. Providers may serve children in families that may live outside of the county the provider is located in.
- Age group differentiation within the 0-5 age range is not captured. Capacity figures are not differentiated by age group, requiring the analysis to consider the need in each region for ages 0-5 in total, rather than by age group within the 0-5 age range. Differences in “percent of need being met” may be quite different for infants and toddlers as compared to 3 and 4-year-olds in a given county. For example, the analysis may show a given county with a relatively high “percent of need being met,” but that could mean that 3 and 4-year-olds are sufficiently served while infants and toddlers are underserved.
- Inter-county needs are not measured. The analysis was performed at the county-level.
- Per conversations with DHHS, total population ages 0-5 is used in this analysis rather than population counts within a specific Federal Poverty Level range. While some state and federal funded programs intend to serve families within specific socio-economic status or income levels, not all capacity in the state intends to serve these populations.
- While census data is commonly used in analyses like this, it has inherent limitations. Census data was collected via the American Community Survey 2021 set, and this has inherent limitations as a data resource, including methodology based on limited sample sizes, data being collected at limited intervals, data suppression by county populations of less than 10,000 residents in size, historical patterns of underreporting/undercounting children aged 5 or younger in census population data, and error (in particular, sampling error). The census dataset excluded 17 of 100 counties – Afton used different ACS datasets to estimate the full age 0-5 population in these counties.
- The slot gap analysis conducted on counties faces notable limitations due to the absence of data on military and tribal communities. The exclusion of military base child care facilities from the dataset impacts the percentage of need being met in the following counties: Durham, Wake, Wayne, Mecklenburg, Cumberland, Brunswick, Onslow, Craven, Dare, and Pasquotank counties.
- A lack of information on tribal communities such as Coharie, Eastern Band of Cherokee, Haliwa-Saponi, Lumber Tribe of North Carolina, Meherrin Indian Tribe, Occaneechi Band of the Saponin Nation, Sappony & Waccamaw Siouan Tribe impacts both capacity and census parameters used to identify percentage of need being met in the following counties: Harnett, Sampson, Cherokee, Graham, Jackson, Haywood, Swain, Halifax, Warren, Robeson, Hoke, Cumberland, Scotland, Hertford, Bertie, Northampton, Gates, Alamance, Person, Bladen & Columbus Count

APPENDIX B: NORTH CAROLINA CHILD CARE DESERT MAPS



Overview of Counties by 80% Factor Estimate

% Need Currently Being Met by 80% Factor Estimate

- 0-33%
- 34-54%
- 55-74%
- 75-89%
- 90-100%

APPENDIX C: TABLE OF NORTH CAROLINA CHILD CARE DESERT MAP COUNTIES

COUNTY	PERCENT OF NEED BEING MET BY 80% FACTOR ESTIMATE	COUNTY	PERCENT OF NEED BEING MET BY 80% FACTOR ESTIMATE
Currituck	0-33%	Davie	34-54%
Hyde	0-33%	Duplin	34-54%
Polk	0-33%	Forsyth	34-54%
Brunswick	34-54%	Franklin	34-54%
Camden	34-54%	Gaston	34-54%
Caswell	34-54%	Gates	34-54%
Chatham	34-54%	Harnett	34-54%
Craven	34-54%	Jones	34-54%

COUNTY	PERCENT OF NEED BEING MET BY 80% FACTOR ESTIMATE
Lincoln	34-54%
Madison	34-54%
Mitchell	34-54%
Montgomery	34-54%
Onslow	34-54%
Pender	34-54%
Randolph	34-54%
Rowan	34-54%
Rutherford	34-54%
Stanly	34-54%
Transylvania	34-54%
Wilkes	34-54%
Yancey	34-54%
Alamance	55-74%
Alexander	55-74%
Alleghany	55-74%
Anson	55-74%
Ashe	55-74%
Avery	55-74%
Beaufort	55-74%
Buncombe	55-74%
Carteret	55-74%

COUNTY	PERCENT OF NEED BEING MET BY 80% FACTOR ESTIMATE
Cherokee	55-74%
Chowan	55-74%
Cleveland	55-74%
Cumberland	55-74%
Davidson	55-74%
Durham	55-74%
Edgecombe	55-74%
Greene	55-74%
Halifax	55-74%
Hoke	55-74%
Iredell	55-74%
Jackson	55-74%
Johnston	55-74%
Lee	55-74%
Lenoir	55-74%
Martin	55-74%
Mecklenburg	55-74%
Moore	55-74%
Nash	55-74%
New Hanover	55-74%
Northampton	55-74%
Pasquotank	55-74%

COUNTY	PERCENT OF NEED BEING MET BY 80% FACTOR ESTIMATE
Perquimans	55-74%
Person	55-74%
Pitt	55-74%
Richmond	55-74%
Robeson	55-74%
Sampson	55-74%
Scotland	55-74%
Stokes	55-74%
Surry	55-74%
Union	55-74%
Wake	55-74%
Warren	55-74%
Watauga	55-74%
Wayne	55-74%
Bertie	75-89%
Burke	75-89%
Cabarrus	75-89%
Caldwell	75-89%
Columbus	75-89%
Graham	75-89%

COUNTY	PERCENT OF NEED BEING MET BY 80% FACTOR ESTIMATE
Guilford	75-89%
Haywood	75-89%
Henderson	75-89%
Hertford	75-89%
McDowell	75-89%
Rockingham	75-89%
Vance	75-89%
Wilson	75-89%
Yadkin	75-89%
Bladen	90-100%
Catawba	90-100%
Clay	90-100%
Dare	90-100%
Granville	90-100%
Macon	90-100%
Orange	90-100%
Pamlico	90-100%
Swain	90-100%
Tyrrell	90-100%
Washington	90-100%

APPENDIX D: STAKEHOLDER QUESTIONS AND PROTOCOL

Stakeholder Roundtable Protocol⁷

Please note before we start: Today's conversation is not intended to function as a focus group, but rather a gathering of stakeholders and experts coming together to discuss potential solutions and learn about what is going on in the communities you represent. We are here to listen and learn from you – the experts! We will be taking notes and will chime in if we have any follow-up questions or comments, but we want you all to lead this process in a dynamic and collaborative spirit.

Child Care Deserts

- There is a lack of supply of child care in NC – 44% of people live in a child care desert (we have defined this as one slot for every three children age birth to 5).
- What areas/counties/populations within the state do you believe are most negatively impacted by lack of child care slots?
 - What about slots specifically for infants and toddlers?
 - Hispanic and/or immigrant populations
 - Children with disabilities
- What is currently being done to help address shortages of accessible care?
 - Examples of projects/programs you can share?
 - Where should resources be focused?

Family Child Care Homes

- Why do families choose FCCH based on your experience? What are the benefits of FCCH versus other settings for young children?
 - Flexible hours/after-hours care
 - Convenient location
 - Home-like setting
 - Cost
 - No other options available
 - Mixed-age groups
 - Personalized care in a smaller setting with less turnover
 - Language/cultural considerations

⁷ Sub-bullets represent prompts used in the event that participant feedback was minimal.

- What factors do you think have contributed most to the decline in FCCHs in our state?
 - Pandemic related financial losses
 - Low pay and long hours for providers
 - Lack of respect for these providers/lack of recognition or acknowledgement of their expertise
 - Increased rigor and associated challenges of licensing standards/star rating/improving quality rating (QRIS)
 - Recruitment and retention of families/children
- What are some of the other key barriers to operating an FCCH?
 - Practical difficulties of running your own business and being the sole employee caring for multiple children (i.e., tax/legal/insurance as well as budgeting/policy development)
 - Costs of creating appropriate facilities and learning environments/outdoor spaces, toys, books, (e.g., start-up costs, licensing, furniture/equipment)
 - Meeting the needs of parents while also accessing ongoing training and professional development as the sole employee/finding time for professional development
 - Providing meaningful learning opportunities/activities for mixed-aged children especially infants and toddlers
 - Limited capacity in only serving 6 children.
- What resources or supports are most needed for FCCHs with the goal of attracting new providers and retaining existing providers?
 - Free training and professional development (i.e., social/emotional development, curriculum development, nutrition/physical activity, cultural responsiveness, managing a business, etc.)
 - Individualized support and technical assistance with licensing/QRIS
 - Changes to state policy/administration of the system that better reflect FCCH settings/engaging providers in making state policy changes.
 - Substitute pools for sick days, training, etc.
 - Networking opportunities/peer groups
 - Annual conference geared for FCCH and recognition event.
- How can we do a better job of attracting and retaining FCCH providers? Do you have ideas about strategies that could be piloted to get more people interested in starting/running a FCCH? Examples?
 - Innovative practices in Kentucky (i.e., launched FCCH network that assists with licensing, curriculum planning, business supports) or Maine (i.e., child care business lab offers free training, start-up funding targeted to rural areas of places where deserts exist in the state).

Protocol for NCDCEE Licensing and Subsidy Staff and Child Care Commission Member Interviews

1. Barriers and Challenges to Operating FCCH's Heard in Our Roundtable Discussions

a. Present these to participants, but ask for responses, solutions, etc. (at the division level, state legislative level, stakeholder agencies (i.e., Smart Start, CCSA, CCR&R) and local levels) ideas we can present back to our provider panels

i. Subsidy rates are lower for FCCH's and subsidy rates are lower for rural communities where the most deserts are (market rate)

1. This can often keep them from increasing quality (i.e., education) because the return on investment isn't high enough.

2. The lower rates decrease morale and feelings of value to the ECE system.

ii. Licensing standards

1. Examples provided: toddler who is toilet training, how long an infant can cry.

2. This impacts how many children they want to take on, particularly infants and toddlers.

3. They feel like they are treated/assessed as mini centers rather than family childcare homes.

4. Moving to provide unlicensed care instead of jumping through the hoops of licensure.

5. Burke county Chamber of commerce has talked to employers about opening daycares in-house, and they say the standards/regulations are too high to make it worth it.

6. Providers feel their privacy is a cost of running their business because the entire house is inspected – this is particularly difficult if they have children of their own and they have to keep telling their kids to do certain things to avoid not being written up (i.e., where teenage son stores his body spray)

7. When starting the business, a provider did not feel supported or welcomed by the licensing process. She felt they were looking to find something wrong with her and her home rather than helping her meet all the criteria.

iii. HOA restrictions or the cost of housing has meant that more people are renting instead of owning – not allowing them to provide care in their residence due to leasing restrictions or licensing issues.

iv. Septic tank issues - system not rated for extra children requiring FCCH to expand septic system to provide care- cost prohibitive.

v. Startup costs (e.g., getting home retrofitted to accommodate children). Small/rural communities get passed over for large start-up grant funding because they don't have the numbers but still need the support to get FCCH in operation since this is what many families want- rather than a center environment.

vi. Business knowledge (e.g., accounting, LLC)

1. Lack of these kinds of skills can deter an FCCH provider. Many are great at working with children but have no background in running a business (i.e., tax implications, legal implications, insurance issues/needs).

vii. Information on NCDCEE website for how to even start a FCCH is complicated and not easy to navigate.

1. "...targeted, you know. Are you thinking about it? You know, here are the top 20 things you need to consider before digging further, and make sure it's

separate not you know, when you do the pre-licensing workshop it's intermixed with the center regulations, you know so it needs to be separated so they don't feel overwhelmed by the center regulations or confused."

2. A provider mentioned being told different things by different people – inconsistent checklists when opening her business that caused a lot of delays and frustrations.

viii. Ability to take on infants and toddlers (ROI given the number of slots)

1. Rural counties are seeing a big shortage of spots for infants and toddler but also aftercare for NC Pre-K and Head Start kids, so parents aren't using these slots because it isn't all day care.

ix. Isolation and lack of support network for FCCH providers

1. A former licensed FCCH stated that alongside helping new providers get off the ground, we need to show support for existing providers. She said rural providers have a great community – show that licensed providers have each other to lean on.

2. Providers feel they are not respected within the educational community as qualified education professionals.

2. Innovative Practices/Ideas We Heard

a. Present these to participants, but ask for responses, solutions, etc. (at the division level, state legislative level, stakeholder agencies (i.e., Smart Start, CCSA, CCR&R) and local levels) ideas we can present back to our provider panels.

i. Early Ed FlexPlex (renamed to multi-use space) funded by a Community Foundation called Shallow Ford Foundation via an award to the local Smart Start.

1. Yadkin County pilot site to build 6 separate spaces in one facility- Essentially 6 FCCH's under one roof. Incubation model. FCCH provider could get their start working in that setting as they're trying to earn the money to be able to transform their house into an FCCH. Or they could stay in the FlexPlex.

2. Will have up to 12 kids per provider/may be varied ages or could have one be only infants and toddlers, one focused on Spanish-speaking families. Shared playground space; shared space for speech or occupational therapy. Each unit has its own kitchen.

3. There is a regulation issue, however, can't have multiple licenses under one roof. No avenue for this type of operation under DCDEE currently. They're currently working through the state childcare commission for a rule change. CC Commission approved creating an avenue for this model but could take up to 8 months for DCDEE to study the impacts/policy implications before final approval. CC Commission approved this to move forward for further consideration in Feb. of 2023.

ii. Early Head Start in FCCH's

1. In Wake County they are offered in a center in a residence; not FCCH specifically.

2. Randolph County switched out HS slots for EHS slots (couldn't get more) but felt it was necessary because the need for infant/toddler slots was so high.

3. Henderson County has an FCCH with five slots all as EHS slots.

4. Wayne County – almost all their infant/toddler slots have to be covered by EHS. Only option.

- iii. Consolidating subsidy streams to increase subsidy rate.
 - 1. Some counties are combining subsidies just for infants and toddlers.
 - 2. Covid funding helped some counties to provide subsidy enhancements to childcare providers, including FCCH's. In one county they had 1-2 FCCH's that had closed, and they were able to get them to re-open with those enhancements.
- iv. Local Chambers of Commerce are getting involved in some communities.
 - 1. Triangle east chamber of commerce: going into childcare desert areas, finding 50 people who want to open a licensed home-based childcare, partner with community colleges so it's a curriculum-based program. The chamber will give them the training and business knowledge to start up their business. Also trying to work with faith-based programs to open full-day, year-round care.
- v. MDC and Home-Grown project (funded by BCBS Foundation)
 - 1. Establishing a Community of Practice (COP) that brings together HBCC networks across the state to build their capacity to implement strategies that strengthen support of local providers and advances strategies for creating an inclusive system for HBCC providers and the families they serve.
 - 2. Replicating a North Carolina-focused version of Leading from Home, a model leadership development effort for home-based child care providers, pioneered by Home Grown, Leading from Home initiative to support home-based provider leadership toward advancing system change.
- vi. Innovative practices in Kentucky (i.e., launched FCCH network that assists with licensing, curriculum planning, business supports) or Maine (i.e., child care business lab offers free training, start-up funding targeted to rural areas of places where deserts exist in the state).
- vii. Southwestern CD is implementing a program with regional family childcare consultants who will provide TA, PD and other supports for these providers tailored to their unique needs.

3. What are their ideas to make FCCH's a vital and larger part of the solution to the current childcare crisis?

- a. At the DCDEE level (subsidy pilot; other things happening within PDG)
- b. Open this part up to be led by them.
 - i. Initial start-up grants and business training plus communities of practice where FCCH providers could support one another while getting TA too.
 - ii. Reimbursement grants to providers for attending/engaging in training.
 - iii. Upfront money for Child and Adult Care Food Program rather than waiting for reimbursement from the state- can be difficult for some providers to float that expense and the state is slow to pay.
 - iv. Reduce the required star rating level to accept subsidy in high need areas to 2 or 3 especially in areas of the state where 2nd and 3rd shift care are high need.
 - v. Create a substitute pool to encourage participation in training and professional networking, education or personal appointments.
 - 1. However, we heard that many FCCH's are nervous to have subs (highly selective) because this is their business and livelihood if something happens.
- c. At the state legislative level

d. At the stakeholder level (e.g., Smart Start, CCSA, CCR&R)

- i. Offering more opportunities for free training. Also, at times that providers can do it. Community college business centers are great but often their resources can't be used by FCCH because of when they are offered.

e. At the local governing level

Interview Protocol for NCDCDEE Leadership

We have completed the roundtable discussions (n=3) and a couple of interviews with FCCH Advisory Council and Child Care Commission to date. We still plan to talk with a number of foundations in our state funding work in this arena and complete parent and provider panels next month.

- We hope to get a 30,000-foot perspective from you all today. Further, we wanted to frame our discussion by briefly touching on the barriers we have heard about for FCCH and addressing the child care deserts in our state as well as possible solutions in three buckets: Legislation, policy and rules/implementation.
- The recently passed state budget had some positive funding allocations (i.e., Tri-share, money for business supports for FCCH, increases in ratios allowed in FCCH, resources to support community college students with childcare funding, modest raise in the subsidy rates). Clearly, there is positive movement and steps in the right direction but likely not adequate to drastically improve access to families in the way you all envision/hope.
- Despite the recognition that more needs to be done and steps have been taken to address the reduced number of FCCH contributing to childcare deserts in many areas of the state we have heard that significant barriers exist:

Subsidy rates (legislative?) based on market survey providing lower rates in communities where deserts are most prevalent. We have heard about Subsidy Leveling pilots that are underway or in planning? Can you talk a bit about that?

Licensing standards (legislative or policy?) are thought to have driven some FCCH providers to provide unlicensed informal care or run illegal childcare operations to avoid the hoops.

In a perfect scenario what changes would you most like to see within those 3 buckets: legislation, policy, rules?

What are your ideas and plans for the future? Strategies for the next round of PDG funding?

Focused Questions for Foundation Representatives:

Agenda

1. Brief introduction of our team and the project (2 mins.)

Over the past couple of years, my colleagues and I have been working in partnership with the NC Division of Child Development and Early Education and The Hunt Institute on a statewide Needs Assessment for the Preschool Development Grant. As an extension of that work, we are creating an addendum to the needs assessment focused on child care deserts and how Family Child Care Homes may be part of the solution to addressing the child care shortages in our state.

As part of this process, we wanted to talk with a few foundations across the state that are funding work around ECE to inform program and policy recommendations to NCDCDEE. We are interested in getting a lay of the land from foundation representatives in terms of

what strategies look promising and your sense about where state resources might be best utilized.

2. Brief overview of the challenges/barriers we have heard about from various groups to date (5 mins.)
3. Brief overview of some of the innovative practices we have learned about (5 mins.)
4. Questions for them.

Questions:

- For Dogwood- strategic priorities include education and economic opportunity. Can they say more about those priorities? How do they see them intersecting with PDG work if at all?
- Do you see a larger role for philanthropy in helping to address childcare access issues? If so, what might that look like? Supporting pilots? Advocacy? Bringing new partners to the table e.g., private business sector?
- What innovative ideas or pilots have you heard about that could have potential in our state? What strategies do you wish your organization could fund?
- Where do you think the state should invest PDG and other resources to address childcare access?

Provider Panel Protocol (guided by Stakeholder Roundtable feedback and NCDCDEE and Child Care Commission Interviews)⁸

We know how difficult it is to open and maintain a FCCH, and many have decided to close their doors, or leave licensure. We really want to hear from you all as to what you wish could happen at the local level, at the state level, from the business community, and from the legislature to help improve conditions for FCCH providers. Nothing is too big, and nothing is too small.

We all know that there are huge accessibility issues for:

- Rural communities
- Infants/toddlers
- Children with disabilities
- Families that don't speak English
- Families who need non-traditional hours

Does anyone serve these families? What can make serving these families challenging? What resources are needed to increase slots in FCCH's for these children/families? Increased subsidy rate? TA/Professional development? Others?

Barriers to owning, operating, and expanding Family Child Care Homes

- Expensive startup costs
 - o Examples: having large enough space, safety resources (building, sanitation, and fire codes), training for first aid and CPR, furniture, supplies (changing diapers, cleaning), food, toys, outdoor play equipment, licensing fees.

⁸ Sub-bullets represent prompts used in the event that participant feedback was minimal.

- o Others?
- o Can be \$10-50K.
- o Are there any resources available to help with these? Have you used them? Were they helpful?
 - Business planning guides, small business loans, small business grants
 - Are CCR&R's/Smart Start helpful in this process?
- Do you think financial incentives to offset these costs would help attract new providers or bring unlicensed providers into licensure? What about business training? Peer mentorships?
- What about pre-licensing workshops? Are those helpful? Overwhelming? Any suggestions for improvement?
- Maintenance expenses
 - o Examples: cleaning and diaper changing supplies, food, annual licensing fees, training/professional development/continuing education, maintenance, renovations, maintaining toys/books/outdoor equipment.
 - o Others?
- Are there any resources available to help with these? Have you used them? Were they helpful?
 - o Do CCR&R's or Smart Start provide any assistance/grants for maintenance expenses?
- Do you think financial incentives to offset these costs would help current FCCH providers keep their doors open, attract new providers, or bring unlicensed providers into licensure? What about business training? Peer mentorships?
- Burdensome licensing and regulatory requirements
 - o We need very specific examples here of specific requirements that are burdensome and how you would like to see them changed/modified to better reflect the care provided in family homes.
 - Paperwork, site visits, communication
 - Submission of floor plan of child care space
 - Frequency of inspections
 - Food and supplies
 - New/changing regulations.
 - Landscaping
 - o Can you all describe the process of licensing and annual licensure reviews? QRIS reviews?
 - What works well? What does not?
 - QRIS has a separate review for FCCH's – can anyone describe how it is different from the one used with centers, and how it is the same?
 - How helpful is the TA and support afterward?

- Confusing licensing and regulatory requirements
 - We need very specific examples here of specific requirements that are confusing and how you would like to see them changed/modified to better reflect the care provided in family homes.
- Low compensation and lack of benefits
 - Data shows that subsidy rates for FCCH's is significantly less than centers, regardless of county, STAR rating, etc. For those in rural counties, it is even lower.
 - Describe subsidy pilot with FCCH's. The pilot is testing whether these increased payments lead to increased quality (community of practice calls/meetings).
 - There is also the Alternative Market Rate Study, which seeks to increase subsidy payments for FCCH's regardless of county.
 - It is a start - what else is needed to improve compensation for FCCH providers?
 - Subsidies – receiving payments at the end of the month; child absences; paid by the hours attended.
- Challenges balancing requirements as a business owner and ECE provider.
 - You are business owner, director, and teacher – all-in-one!
 - What supports/services could help alleviate the stress of wearing all these hats?
 - Who would you like to help with this? State agencies (DCDEE, or others like Commerce or Secretary of State)? Local agencies/chamber of commerce? Non-profits? Community colleges?
 - Are you all able to access the same services and support as centers (from DCDEE, CCR&R's, Smart Start)?
- Difficulty accessing training and TA.
 - What does ideal training and TA look like? How much? How often?
 - Who would you like to offer that training and TA?
 - What do the best times/days look like?
 - What do the platforms look like? (e.g., In person at your home, in a training location, virtual?)

Current Supports to FCCH providers

- Can you all describe supports and services specific to FCCH's provided by CCR&Rs and Smart Start? DCDEE?
 - What are the strengths and challenges of each of these agencies specific to FCCH providers?
 - What services and supports do they provide that you would like to see added or expanded?
 - What services and supports do they provide that is not helpful?

How to Better Support Current FCCH Providers and Bring More into Licensure

What do you all think is needed to better support current FCCH providers, bring more into (or back into) licensure, recruit new FCCH providers?

- Substitute pool (strengths/barriers)
- Formal peer support networks/groups (strengths/barriers)
- Training and technical assistance (what does this need to look like? Who should provide it?)
- Scholarships for higher education to increase STAR rating (strengths/barriers; how do you all view the return on investment?)
- TEACH AND WAGE\$ salary supplements (strengths/barriers)
- Reconsidering the quality rating system and other licensing requirements with real input from FCCH providers
 - o I'd really like to drill down on this topic with you all – what does meaningful input from FCCH providers look like? Allowing virtual participation? Meetings held in the evenings/weekends?
 - o How can QRIS and licensing requirements best reflect the care FCHH's provide?
- New ratios per legislation/budget – Thoughts? Input for DCDEE and Childcare commission as they implement policies and rules?
- Family Child Care Networks: local pooling of resources for mentorship, peer-to-peer support, access to substitutes, business, and administrative support.
 - o 4 exist in Mecklenburg County. Anyone familiar with these?
- Thoughts about expanding NC PreK to FCCH's?

Parent Panel Protocol (guided by Stakeholder Roundtable feedback and NCDCDEE and Child Care Commission Interviews)⁹

Child Care Deserts/Accessibility Issues:

I want to start our conversation by talking a bit about access to child care in your area of the state. I am going to pose some questions and if you could preface your remarks by specifying the county you are from in NC that would help us better parse out possible differences across regions of the state.

1. In your experience - how easy or difficult is it/was it to find child care in your county?
 - Was an FCCH your first choice in terms of the type of care you were looking for? If so, why? (e.g., More affordable, more family feel, flexible hours, more personalized/closer relationship between provider and families, etc.)
 - Would you have preferred Center-based care? If so, why?
 - What about finding care for a child with special needs? Does anyone have any experience with this? Were you able to find an FCCH that could support your child?

⁹ Sub-bullets represent prompts used in the event that participant feedback was minimal.

- What about finding care where a provider speaks your preferred language comes from your same cultural background? (e.g., Speaks English but prefers Spanish speaking caregiver). Were you able to find an FCCH that aligns with your family's preferred language and/or cultural background?
- What about finding care during non-traditional work hours (e.g., swing shift or night shift).
- How did you find your child care provider? Online via DCDEE website or local child care resource and referral or word of mouth? Other?
- How far do you typically have to travel to take your child(ren) to child care?
- How about finding an FCCH that accepts subsidy? Any experience with this issue?

2. Is it/was it important to you that your FCCH provider is licensed? Why or why not?

- What aspects of licensure do you think are most/least important? (e.g., first aid and CPR training, meeting ECE educational standards, assessments of the appropriateness of environment for early childhood development and safety)
- Would you utilize an informal home-based provider (non-licensed provider) if you were aware of availability of this kind of care or had a referral from a family member, friend, or neighbor? Why or why not? What if the costs were less?

3. What about the Star rating system used in NC (e.g., QRIS)- Is the star rating of your FCCH provider important to you? Was it a factor in selecting your current provider? Why or why not?

Note: explain the star rating system briefly.

4. Do you feel that the care your child(ren) receive is high quality? Why or why not?

- What kind of skills/results do you expect from your child care program? (e.g., social interactions, social skills and social/emotional development, early learning and school readiness, language development, self-care, etc.)
- Do you think your child(ren) are developing the social-emotional and school readiness skills that you want them to have before kindergarten in your FCCH setting?
- Do you see mixed age groups served by FCCH as an advantage or disadvantage in the development of these skills? Why or why not?
- Are there specific things you would change about your FCCH program? If yes, what? (e.g., Hours of operation, cost, location, other?)
- Does your current provider do SE and/or School Readiness or other types of assessments? If yes, are you made aware of your child's strengths and areas for continuing development?

Note: explain the domains associated with these assessments and the purpose.

5. How much do you typically pay for care each month? Cost for infants/toddlers/pre-k age? Do you feel it is affordable? More than you feel you can afford to pay? What percentage of your monthly income do you think is reasonable/affordable to pay for child care?

Barriers to operating a FCCH:

6. Can you describe any challenges your FCCH provider has shared about operating her business? (e.g., challenges with meeting licensing requirements and required paperwork, long work hours/lack of vacation and sick time off, lack of health benefits or retirement, low pay/profit margin, lack of training and/or peer supports)

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