

# 4

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## CHAPTER 4 | CHILD CARE

Child care refers to care and supervision provided to children, typically from birth through early childhood, by individuals other than their parents or guardians. It encompasses a range of settings and arrangements, including:

- **Daycare centers:** Licensed facilities where trained professionals care for children in a group setting.
- **In-home care:** Provided by a nanny, babysitter, or au pair within the child's own home.
- **Family child care:** Offered in the caregiver's home, usually in a smaller, family-like environment. They are permitted to care for 2–8 children at least 4 hours a day.<sup>1</sup>
- **Preschool programs:** Structured, educational environments designed for young children, focusing on early learning and social development.

Child care is a significant financial burden for many parents and caregivers of children in North Carolina. Between 1990 and April 2024, the cost of child care and preschool rose 263%, while inflation rose 133%, creating financial hardship for many households across North Carolina.<sup>2</sup> For single parents, the cost of child care is the most severe, often equating to over 35% of the median monthly income for single mothers and 23% for single fathers.<sup>3</sup> This has outpaced inflation, the costs of housing, and grocery expenses.

In North Carolina, 1 in 5 employers cited limited access to child care as a factor contributing to hiring difficulties; there were 100,000 fewer working-age parents of young children in the work force in 2023 compared to 2019.<sup>3</sup> North Carolina ranks 36th in labor force participation.<sup>4</sup>

### The importance of high-quality care

High-quality child care provides children with nurturing, supportive relationships with trusted caregivers and positive, diverse learning experiences. For children from birth to age 5, these settings play a vital role in preparing them for success.

Studies have shown that children who receive high-quality child care have better socioeconomic and health-related outcomes as adults and suggest that enrollment in quality early childhood education can increase adult earnings between 1.3%–3.5%.<sup>5</sup>

Investing in early childhood education in North Carolina yields substantial returns. Studies indicate that for every dollar invested, society gains up to \$16 in benefits, including increased school and career achievement and reduced costs in remedial education, health, and criminal justice system expenditures.<sup>6</sup>

High-quality child care provides the tools and environment for children to develop socially, emotionally, and cognitively. It supports families by giving parents confidence in their child's well-being and helps build a foundation for long-term success in school and life.

Investments in high-quality, affordable child care have been associated with a:

- 6.4% reduction in child protective services investigations
- 6% reduction in substantiated child maltreatment
- 3.1% reduction in foster care placements
- 11.6% reduction in child fatalities due to maltreatment<sup>7</sup>

The child care coverage gap in North Carolina is **not only a barrier to parents' ability to participate in the labor force, but also a hindrance to the state's potential for growth and success.**<sup>4</sup>



### CHILD CARE CRISIS IN NORTH CAROLINA

Since the onset of the COVID-19 pandemic, North Carolina witnessed a loss of more than 200 (5.3%) of its licensed child care programs; the pace of closures doubled between February 2020 and June 2023.<sup>8</sup> This decline exacerbated existing challenges in accessing affordable and high-quality child care, leaving many families without essential support for early childhood development and working parents without reliable care options. These closures have also created significant gaps in care availability, particularly in rural areas and low-income communities, where access to child care was already limited.<sup>8</sup>

Contributing factors include financial instability among providers, workforce shortages due to low wages and high turnover, and rising operational costs that many facilities have struggled to manage.<sup>9</sup> “Insufficient child care availability is costing North Carolina \$5.65 billion in lost economic activity each year.”<sup>4</sup>

**35%** of parents in the past year reported leaving the workforce as a direct result of child care issues.<sup>4</sup>

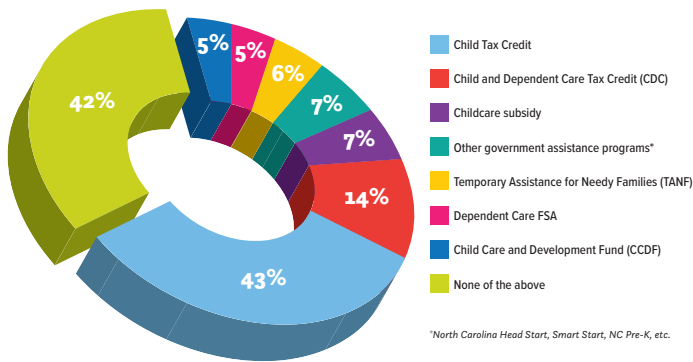
In 2019, **16.8%** of North Carolinians reported that child care issues caused significant disruptions to their employment.<sup>\*4</sup>

Across the state, the average cost for full-time child care at a child care center is more than **\$9000** for an infant and more than **\$7500** for a 4-year-old per year.<sup>4</sup>

The entire state of North Carolina is classified as a child care desert.<sup>4</sup>

\*This was above the national average of 9.4%

**Figure 1.**  
**Parents' use of assistance programs**



Source: [https://ncchamber.com/wp-content/uploads/Untapped\\_NORTHCAROLINA\\_053124\\_DIGITAL.pdf](https://ncchamber.com/wp-content/uploads/Untapped_NORTHCAROLINA_053124_DIGITAL.pdf)

Licensed child care facilities in North Carolina can serve only 66% of children that have parents in the workforce.<sup>3</sup> This limited capacity means that families often struggle to find affordable, quality child care, forcing them to rely on informal or inconsistent care arrangements.

## Disparities in access

In North Carolina, disparities in child care access and quality significantly affect families across various demographics and regions. Key disparities include:

- **Urban vs. rural access** – urban areas often have more child care options compared to rural regions, where many families face limited availability. Five rural counties have lost all their family child care homes since COVID-19, exacerbating access issues.<sup>8</sup>
- **Affordability challenges** – many low-income families struggle to afford quality child care, often leading to a reliance on lower-quality options. While subsidies exist, not all eligible families receive assistance due to funding constraints, leaving many without support.
- **Access inequalities** – Black, Latino, and Native American children from low-income households often have less access to high-quality early care and education programs. Non-English-speaking families may also encounter challenges finding child care providers who can effectively communicate and understand their needs.<sup>10</sup>
- **Variability in standards** – The quality of child care programs varies, with higher-quality centers often located in affluent areas, leaving underserved communities with fewer high-quality options. Low wages and high turnover rates among child care workers can also affect the consistency and quality of care provided.<sup>11</sup>

## Addressing the crisis

Addressing the child care crisis in North Carolina could increase economic gains for North Carolina. By improving access to affordable, high-quality child care, more parents can enter or remain in the workforce, boosting labor force participation and overall productivity. In 2023, an estimated 15,000–31,000 North Carolinians with young children could have potentially returned to the workforce with proper child care. Their return to the workforce would have created an

additional \$5.7–\$13.3 billion in annual economic output for North Carolina.<sup>3</sup> Access to child care would greatly impact counties such as Polk, which had no available licensed child care slots for infants and toddlers in 2022.<sup>12</sup>

North Carolina will be testing a “Tri-Share” child care model, which is an innovative child care funding model designed to make child care more affordable and accessible for families by dividing the cost of care among 3 parties: the employer, the employee (parent), and a government or philanthropic entity. This shared responsibility approach aims to reduce the financial burden on families while supporting workforce stability and economic growth. This program was first launched in Michigan as a pilot program in 2021.<sup>4</sup>

In response to the impact of the COVID-19 pandemic, in October 2020, the North Carolina Department of Health and Human Services (NCDHHS) provided \$35 million in operational grants from federal Coronavirus Relief Funds to licensed child care providers offering in-person services during the pandemic. These grants aimed to offset financial strains due to additional health and safety expenses, as well as compensate for missed revenues due to lower enrollment.<sup>13</sup>

In October 2021, Governor Roy Cooper announced an \$805 million investment in early care and learning programs through the North Carolina Child Care Stabilization Grants. Funded by the 2021 American Rescue Plan Act (ARPA), these grants aimed to:

- Support working families by maintaining access to high-quality, affordable child care
- Assist child care programs in recruitment and retention efforts by enabling better wages and benefits for teachers
- Promote equity among children, parents, and educators

Overall, during the COVID-19 pandemic, North Carolina received approximately \$1.8 billion in federal aid, with over 4,540 programs benefiting from stabilization grants. These funds have been crucial in keeping child care centers operational and supporting the workforce.<sup>14</sup>

The “child care cliff” in North Carolina refers to the impending crisis resulting from the expiration of federal pandemic-era funding that has been essential in stabilizing child care services across the state. Though the ARPA funds were scheduled to end in December 2023, legislation was passed that allowed the funding to continue through June 2024. On June 26, 2024, the North Carolina House passed an emergency stopgap funding measure aimed at helping child care centers stay open. This bill allocated \$67 million in emergency funding for child care for the first half of the fiscal year.<sup>15</sup> The bill was approved to provide \$67.5 million through Dec 31, 2024, at a reduced federal funding level.<sup>16</sup> Though NCDHHS released the funds in September 2024, North Carolina had already seen a loss of 116 child centers in the past year, 69 of which occurred between July and the end of September. This was almost double the state’s loss between April and June.<sup>17</sup> Without additional funding past Dec 31, more child care centers will likely close.<sup>16</sup>

**The sunset of the federal funding would reduce the child care stabilization funds from \$1.3 billion to \$400 million**, which is the average federal funding for North Carolina's child care programs.<sup>14</sup> As pandemic-era funding phases out, many child care providers face financial uncertainty; a significant number of programs anticipate closures or reduced services without continued financial support, highlighting the ongoing need for investment in the child care sector. In November 2024, state legislature passed a bill that allocated \$33 million for child care centers, leaving centers to face another cliff in March 2025.<sup>18</sup>

A statewide survey was conducted by the NC Child Care Resource and Referral Council to assess the anticipated impact of the end of stabilization grants on child care programs and children and families services. The survey found that:

- 3 in 10 programs expect to close when the grants end, which will equate to more than 1,500 programs.
- 88% of programs expect to increase parent fees.
- An estimated  $\frac{2}{3}$  of programs expect difficulty in hiring experienced staff.
- More than 4 in 10 programs expect to close or combine classrooms.<sup>14</sup>

The potential closures and increased costs could lead to a loss of child care slots for thousands of children, adversely affecting families' ability to work and contributing to economic instability.

In March 2025, Governor Josh Stein announced the launch of a task force on child care and early education. This bipartisan task force aims to evaluate the current child care system to identify strengths and gaps, recommend public and private investments to enhance child care infrastructure, and develop strategies to recruit and retain a robust child care workforce. The task force is scheduled to release a preliminary report by June 30, 2025, followed by a comprehensive report by December 31, 2025.<sup>19,20</sup>

### Workforce issues

North Carolina's child care sector faces significant workforce challenges that impact the availability and quality of early childhood education. Child care workers in North Carolina typically earn low wages, with many earning near or below the poverty line. This contributes to high turnover rates and staffing shortages, which directly impact the quality and availability of care. As of November 2024, the average hourly pay for a child care worker in North Carolina was \$14.52 an hour,<sup>21</sup> and the average hourly pay for a fast food worker was \$19.99 an hour.<sup>22</sup>

Many child care workers lack access to essential benefits such as health insurance, retirement plans, and paid leave.<sup>23</sup> This lack of support contributes to job dissatisfaction and financial insecurity, making it difficult to attract and retain qualified professionals in the field. This instability then affects parents' ability to find reliable care, leading to absenteeism and reduced productivity at work.<sup>24</sup>

### Subsidized child care

Subsidized child care helps North Carolina parents pay for child care so they can work or attend school. It is funded by a mixture of state (20%) and federal (80%) dollars.<sup>25</sup> Parents with children aged 0–5 years old whose family income is at or below the 200% federal poverty level (FPL), or those with children aged 6–11 years old with an income at or below 133% FPL, are eligible for subsidized child care in North Carolina.<sup>25</sup>

- Approximately 63,000 children per month receive subsidized child care assistance.
- More than 448,000 children are potentially eligible for subsidized child care assistance.
- 79% of the parents who are receiving assistance are employed.
- 56% of the families receiving assistance earn less than \$25,000 per year.
- Parents pay a portion of the child care cost by paying 10% of their income.<sup>25</sup>

The following recommendations are grounded in the importance of high quality, accessible child care for all North Carolina families. With sustainable funding, incentives, and inclusive cross-collaboration, a stable child care system that is reflective of the needs of families and child care workers can be achieved.

## RECOMMENDATION #7

**The North Carolina General Assembly should enhance child care subsidies to ensure a larger portion of eligible families receive subsidy payments.**

*See Recommendation 6.1 in the Appendix for the original recommendation.*

Strategy  
1

**The NC Budget & Tax Center should create a committee to conduct an analysis to estimate the necessary investment from the NCGA and to encourage public investment in child care.**

## CONTEXT

The NC Budget & Tax Center is a non-profit, non-partisan organization that works to analyze economic conditions and create opportunities for organizations to achieve public policy change.<sup>26</sup>

Waitlists are due largely to staffing shortages, low wages, and high demand; without the staff to fill classrooms, the full capacity of child care centers cannot be met. Reducing classroom capacity or under-enrolling programs decreases the overall availability of child care, even as some programs remain operational. These adjustments impact child care accessibility but may not be fully reflected in statewide data sources tracking closures.<sup>27</sup> Increasing costs of child care also contribute to under-enrollment in programs.<sup>27</sup>

A 2023 NC Chamber Foundation study found that 9 in 10 North Carolina voters prioritized action to ensure that more working families have access to affordable, quality child care. Three-quarters of respondents viewed the lack of child care programs as a serious problem, regardless of geography (e.g., urban or rural areas), and 86% of voters said improving the quality of child care and making it more affordable for families was a good investment.<sup>27</sup>

North Carolina's child care subsidy program services more than 100,000 children and their families across the state each year. However, this falls short of meeting demands; in December 2020, there were more than 30,000 families on the waitlist.<sup>28,29</sup> This does not account for families who may have left the waitlist due to length of time.

This strategy ensures that efforts to secure funding for child care are grounded in data, aligned with economic priorities, and presented in a way that resonates with legislators and stakeholders. By conducting a detailed analysis, the Budget & Tax Center can make a compelling case for the NCGA to invest in child care, ultimately benefiting children, families, businesses, and the state's economy.

WHY DOES THE UPDATE COMMITTEE  
RECOMMEND THIS STRATEGY?

Conducting a thorough analysis ensures that requests for funding are based on clear, evidence-based calculations. This reduces ambiguity, making it easier for policymakers to understand the scope of the investment needed and its anticipated impact. The Budget & Tax Center can bring attention to the economic importance of child care, positioning it as an essential workforce issue and not just a social service. Lawmakers are more likely to support funding initiatives when they are backed by detailed data and actionable recommendations.

## DESIRED RESULT

To provide data-driven, actionable recommendations to the NCGA, ensuring adequate investment in child care that addresses access, quality, and workforce needs while supporting families and the state's economic growth.

## ALIGNMENT ACROSS NC

- **The North Carolina Early Childhood Action Plan (ECAP)** emphasizes expanding access to affordable, high-quality child care as a key priority.
- **North Carolina Pre-K (NC Pre-K)** seeks to expand access to pre-kindergarten education, often impacted by broader child care funding gaps.
- **The North Carolina Early Education Coalition** is a statewide advocacy organization dedicated to advancing high-quality early care and education for young children across North Carolina.
- **The NC Chamber Foundation Untapped Potential Report** shows the direct financial impact of insufficient child care on North Carolina.

## Strategy 2

The Child Care Referral and Resources Network should develop and implement additional and sustainable initiatives to increase the availability of child care programs in underserved areas.

### CONTEXT

Child care deserts—areas where the demand for child care far exceeds the supply—disproportionately affect rural and low-income communities, creating significant barriers for families, children, and local economies. In North Carolina, 99 out of 100 counties qualify as a child care desert, with more than 5 infants and toddlers for every 1 child care slot. There are 10 counties with what is considered an extreme shortage, with 10 or more infants and toddlers per slot.<sup>30</sup>

Figure 1. All 10 counties with an extreme shortage of infant/toddler care are rural counties.

GREATEST UNDERSUPPLY			
County	Infant-toddler Population	Infant-toddler Enrollment	Infants-toddlers per Available Slot
Hyde	91	3	30.33
Camden	341	17	20.06
Yadkin	1275	67	19.03
Jones	296	18	16.44
Polk	454	28	16.21
Yancey	420	31	13.55
Onslow	11,485	859	13.37
Warren	561	49	11.45
Currituck	684	65	10.52
Madison	463	46	10.07

Source: <https://nearlyeducationcoalition.org/wp-content/uploads/2019/04/Availability-Fact-Sheet.pdf>

The North Carolina Child Care Resource and Referral (CCR&R) Network is a statewide system that supports families, child care providers, and communities by improving access to and quality of early care and education. Operated through regional agencies, the network helps families find suitable child care, offers resources and training for child care providers, and supports local initiatives to strengthen early childhood education.<sup>31</sup> The CCR&R network collaborates with 14 regional lead agencies and 62 local agencies to tailor services that meet the unique needs of their communities. This localized approach allows for the development of initiatives that specifically address gaps in child care availability in underserved areas.<sup>32</sup> One initiative, the Birth-to-Three Quality Initiative, offers training and resources to improve the quality of care for infants and toddlers, ensuring that even the youngest children in underserved areas receive high-quality early education.<sup>33</sup>

The reduction of child care deserts can be achieved through financial incentives for child care providers or through prioritizing infrastructure investment in communities lacking sufficient child care options. For example, providing financial incentives is a proven strategy to encourage the establishment, expansion, and sustainability of child care programs, particularly in underserved areas.<sup>34</sup> These incentives help offset the high costs and operational challenges that child care providers face, making it more feasible for them to serve communities where child care is scarce.

Types of financial incentives include grants, start-up funds, tax credits and subsidies, and low-interest loans.

Child care deserts can also be improved by prioritizing infrastructure investment through targeted efforts to develop, enhance, and sustain the physical and operational capacity of child care programs in underserved areas. This includes addressing gaps in facilities, the workforce, and resources to ensure families in these regions have equitable access to high-quality child care.

### WHY DOES THE UPDATE COMMITTEE RECOMMEND THIS STRATEGY?

Addressing child care deserts is rooted in addressing critical gaps in child care access, promoting equity, and fostering economic growth in underserved areas.

### DESIRED RESULT

To expand access to high-quality child care in underserved areas by investing in infrastructure, workforce development, and resources to ensure families in child care deserts have equitable and sustainable options. These efforts aim to ensure that all families, regardless of their geographic location or socioeconomic status, have access to high-quality child care options that support children's development and parents' ability to work or pursue education. By expanding child care availability in underserved areas, particularly rural communities, the state can reduce systemic disparities, improve school readiness for children, and stabilize local economies.

### ALIGNMENT ACROSS NC

- **The North Carolina Early Childhood Action Plan (ECAP)** ensures equitable access to high-quality early childhood education and care.
- **The North Carolina Early Education Coalition** engages in legislative advocacy to secure funding and resources for child care infrastructure in child care deserts.
- **Early Years (CCSA)** is a nonprofit organization dedicated to improving the quality and accessibility of early care and education for children, families, and communities.
- **Family Forward NC** works to improve the availability of child care by collaborating with businesses and communities to recognize, support, and access high-quality, affordable child care.
- **The North Carolina Rural Center** addresses child care access and affordability in rural areas and explores factors contributing to child care challenges and efforts being made to address these issues across the state.



## RECOMMENDATION #8

**Child care workforce salaries should be increased and prioritized by using targeted investments to attract and retain skilled workers critical to delivering care.**

Strategy  
1

**The North Carolina General Assembly should create targeted financial incentives, such as wage supplements, funding for sign-on bonuses, and loan forgiveness programs, to attract and retain skilled child care workers, particularly in areas of the state with the most need.**

## CONTEXT

As of January 2025, the average hourly wage for a child care worker in North Carolina is \$14.52 an hour, with the majority of workers ranging between \$10.72 and \$15.72 an hour. This is far below living wage; in 2023, a family-sustaining wage was considered \$16.83 per hour for 1 working adult living alone and an estimated \$42.45 per hour for 1 adult supporting 3 children.<sup>35</sup> This contributes to high turnover rates and difficulty attracting new talent. Workforce turnover destabilizes child care programs, leading to disruptions in care for families and increased costs for providers to recruit and train new staff.

However, low wages are only a part of the issue. For example, child care workers usually have lower rates of access to employer-sponsored health insurance.<sup>36</sup> For child care centers in North Carolina in 2019:

- 32% offered disability insurance.
- 43% offered retirement benefits.
- 64% offered parental.<sup>37</sup>

Only 17% of early childhood education centers offered fully paid health insurance to child care workers in 2023, and only 17% offered free child care.<sup>1</sup>

The Child Care WAGE\$® Program is a workforce retention initiative designed to improve the compensation of early childhood educators and reduce turnover in the child care field. The program provides salary supplements to eligible child care professionals based on their education level and continued commitment to their current child care program.<sup>38</sup> In 2023–2024, more than \$9.4 million was invested in WAGE\$ salary supplements, and there were more than 4,000 supplement recipients in 64 counties of the program statewide.<sup>39</sup>

The Teacher Education and Compensation Helps (TEACH) Early Childhood® Scholarships Program is an initiative designed to improve the education, compensation, and retention of early childhood educators. The program provides scholarships for early educators to pursue higher education and professional development in the field of early childhood education while continuing to work.<sup>40</sup> In the 2024 fiscal

year, the program helped more than 1,600 early education professionals increase their education; collectively, they attended 56 community colleges and 20 universities offering early childhood degree programs across North Carolina.<sup>41</sup>

There are similar programs in other states. For example, the South Carolina TEACH Early Childhood® Program, funded by the South Carolina Department of Social Services, provides scholarships for teachers, directors, and group providers working in child care to complete coursework in early childhood education. This program is in its third decade.<sup>42</sup> In Virginia, the Virginia Child Care Provider Scholarship Program (VCCPSP) awards scholarships for undergraduate courses that focus on the care and education of young children at Virginia Community Colleges.<sup>43</sup>

## WHY DOES THE UPDATE COMMITTEE RECOMMEND THIS STRATEGY?

By addressing compensation challenges, North Carolina can create a more stable and skilled workforce, enhance the quality of care, and promote economic stability for families and providers alike. Financial incentives such as bonuses help make child care roles more competitive. Loan forgiveness and sign-on bonuses can attract new professionals into the field, particularly younger workers or those with student debt. Targeted financial incentives address the immediate crisis in the child care workforce while laying the foundation for a more equitable, sustainable, and high-quality child care system.

## DESIRED RESULT

To build a stable, well-qualified child care workforce by addressing compensation challenges, improving retention, and attracting skilled professionals to the field.

## ALIGNMENT ACROSS NC

- **The Division of Child Development and Early Education (DCDEE)** funds the TEACH Early Childhood® Scholarship program and provides funds for the WAGE\$ program.
- **NCPC/Smart Start** provides funding for the WAGE\$ program.

### Strategy 2

**Establish statewide funding to support ongoing professional development, credentialing, and career advancement opportunities for child care workers.**

#### CONTEXT

Child care workers play a crucial role in supporting early childhood development, yet they often face significant barriers to accessing professional development, credentialing, and career advancement opportunities. Many child care workers lack access to higher education or professional training due to financial constraints or limited availability of programs tailored to their needs.

In North Carolina, the TEACH Early Childhood® scholarship program provides educational scholarships to early care professionals. This program, funded by DCDEE, creates opportunities for people working in regulated early care centers and family child care homes a professional developmental path.<sup>40</sup> However, this program has limited capacity for scholarship recipients; statewide funding to support similar programs would help to reduce turnover by supporting career advancement.

#### WHY DOES THE UPDATE COMMITTEE RECOMMEND THIS STRATEGY?

The child care workforce is predominantly composed of women, particularly women of color,<sup>23</sup> who often face systemic inequities in access to education and professional opportunities. These inequities are compounded by the low wages and lack of benefits typical in the field,<sup>44</sup> which create significant financial barriers to pursuing higher education or professional development. Statewide funding can help bridge these gaps by covering tuition costs, providing scholarships, and offering financial incentives such as wage supplements tied to education. By investing in equitable opportunities for professional growth, such funding strengthens the quality and stability of the child care workforce, ensuring that children across North Carolina receive the high-quality care they need to thrive.

#### DESIRED RESULT

To create a well-trained, stable, and equitable child care workforce by providing accessible pathways for professional development, credentialing, and career advancement.

#### ALIGNMENT ACROSS NC

- **The North Carolina's Early Childhood Action Plan (ECAP)** prioritizes investments in early childhood education and workforce development.
- **The Child Care WAGES® Program** has demonstrated that investing in education and career advancement can stabilize and strengthen the workforce.



## RECOMMENDATION #9

**State agencies should enhance opportunities for intentional cross-sector collaboration to improve quality of care and outcomes for parents or caregivers and their young children.**

**Strategy  
1**

**NCDHHS Division of Public Health, Division of Child and Family Well-Being, and Division of Health Benefits should continue to prioritize alignment between early childhood development initiatives and the Perinatal Health Strategic Plan to ensure cross-collaboration.**

## CONTEXT

The Division of Public Health (DPH) focuses on protecting and improving the health and well-being of North Carolina residents. Its mission is to promote healthier communities through public health initiatives, policy development, and partnerships.

The Division of Child Development and Early Education (DCDEE) oversees the state's early childhood programs, policies, and services. Its primary role is to promote the development, education, and well-being of children from birth to age 5 by ensuring access to high-quality early care and education across the state.

The Division of Child and Family Well-Being (DCFV) focuses on promoting the health, safety, and well-being of children and families across North Carolina. This division aims to provide holistic support by integrating health services, nutrition programs, and family support initiatives to improve outcomes for children and their caregivers. The Division of Health Benefits (DHB) is responsible for managing NC Medicaid and NC Health Choice, which provide health coverage for low-income individuals, children, pregnant women, seniors, and people with disabilities. DHB oversees policy development, program administration, and Medicaid transformation efforts, including the shift to managed care. It works to improve health outcomes, ensure access to care, and control costs while supporting North Carolina's health care providers and beneficiaries.

The Perinatal Health Strategic Plan 2022–2026 is the work of the Perinatal Health Equity Collective (PHEC), which leads and guides the implementation of the statewide guide to improve maternal and infant health. The importance of strengthening alignment between early childhood development initiatives and the Perinatal Health Strategic Plan lies in addressing the interconnected challenges that families face during critical developmental stages.

For example, the first 1,000 days of a child's life are considered critical; this period is foundational for physical, emotional, and cognitive development.<sup>45</sup> Early childhood development and perinatal health are closely tied to protective factors such as parental resilience, social connections, and access to concrete supports.<sup>46</sup> However, fragmented systems can leave families overwhelmed, duplicating efforts or missing critical services. For example, a mother might receive prenatal care but lack access to parenting support or developmental screenings for her child.

North Carolina's Early Childhood Action Plan<sup>a</sup> and the Perinatal Health Strategic Plan already share overlapping objectives, such as addressing social drivers of health and reducing disparities. Strengthening the alignment between these plans capitalizes on shared goals, amplifying the impact of existing programs.

**WHY DOES THE UPDATE COMMITTEE RECOMMEND THIS STRATEGY?**

Aligning early childhood development initiatives with the Perinatal Health Strategic Plan and other related efforts ensures a coordinated, comprehensive approach to supporting children and families during critical developmental periods. Holistic support across developmental stages bridges gaps between prenatal, perinatal, and early childhood services, ensuring families receive continuous support from pregnancy through early childhood. This alignment fosters a seamless continuum of care that supports families and children during the most critical stages of development, ultimately contributing to long-term health, education, and economic benefits. The update committee identified challenges in coordination across existing state initiatives and the need for continued investment in improving alignment and collaboration. The committee also recognizes that this collaboration may require finding ways to combine or otherwise use additional funding sources to support current efforts.

<sup>a</sup> The North Carolina Early Childhood Action Plan (NC ECAP) is a comprehensive state strategy established in 2019 and updated in 2024 that aims to improve the health, safety, and well-being of young children (birth through age 8) and their families. ECAP outlines measurable goals and strategies to ensure that all children in the state have the opportunity to thrive.

### DESIRED RESULT

A coordinated system that integrates early childhood development initiatives with perinatal care to strengthen protective factors, reduce risk factors, and prevent child maltreatment by providing comprehensive support to families during critical developmental periods.

### ALIGNMENT ACROSS NC

- **The North Carolina Early Childhood Action Plan (ECAP)** represents a comprehensive effort to address systemic challenges and create opportunities for young children and their families by focusing on measurable goals, cross-sector collaboration, and equity.
- **The State Health Improvement Plan (SHIP)** focuses on behavioral health, social drivers of health, and equity. By integrating trauma-informed approaches, promoting family support, and improving community resilience, NC SHIP aligns its goals with reducing the prevalence and impact of adverse childhood experiences (ACEs).
- **Smart Start** shares emphasis on early childhood development and equitable access to resources and promotes family-centered, community-based approaches.
- **EarlyWell** is a collaborative effort between NC Child and the NC Early Childhood Foundation (NCECF) focused on improving the health, well-being, and development of young children. The initiative emphasizes creating a comprehensive, family-centered approach to address social drivers of health, promote equity, and improve outcomes for children from birth to age 8.

## Strategy 2

**NCDHHS Division of Social Services should ensure that perspectives and experiences of diverse parenting roles (e.g., single parents, same-sex parents, grandparents, and kinship providers) are represented in policies, program design, and services.**

### CONTEXT

The Division of Social Services (DSS) is part of the North Carolina Department of Health and Human Services (NCDHHS) and is responsible for providing support and services to improve the safety, well-being, and stability of children, families, and vulnerable adults across the state. DSS works in partnership with local Departments of Social Services in all 100 counties to administer a variety of social services programs.

The landscape of North Carolinian families has changed. For example, today, **only 70%** of households include 2 parents.<sup>47</sup> Only **3.4%** of all North Carolina families have a stay-at-home parent who cares for the child or children full time,<sup>47</sup> and approximately **238,000** children in North Carolina are being raised by their grandparents or other relatives.<sup>48</sup>

For every 1 child in foster care with relatives, there are 31 being raised by kin outside of the foster care system.<sup>49</sup> In 2022–2024, there were approximately 86,000 children in kinship care in North Carolina.<sup>50</sup> Supporting kinship providers and other caregivers can prevent disruptions in caregiving, reducing the likelihood of ACEs like neglect or instability.

Many organizations currently ensure the incorporation of diverse perspectives to inform their work. For example, North Carolina Medicaid's engagement of parent advisory groups, including those who are kinship caregivers, ensures that Medicaid services align with the real needs of families. NC Child, a statewide child advocacy organization, includes parent and caregiver voices in its policy recommendations and collaborates with kinship caregivers to inform family-centered health and child welfare policies. The Children's Home Society's Kinship Navigation Program in North Carolina includes feedback mechanisms for kinship caregivers to identify barriers to accessing services such as legal support, financial assistance, and health care.<sup>51</sup>

### WHY DOES THE UPDATE COMMITTEE RECOMMEND THIS STRATEGY?

Grandparents raising grandchildren, kinship caregivers, and LGBTQ+ parents often face unique challenges that require targeted support. Recognizing diverse parenting roles ensures that all families feel represented and supported and promotes equity across communities. Families outside traditional parenting roles may face barriers to accessing services due to outdated or rigid eligibility criteria. Representation in program design helps remove these barriers.

By incorporating the realities of various family dynamics into policies and services, North Carolina can better support the well-being of all children and their caregivers, fostering a more inclusive and effective support system. It is critical to represent all families and to recognize that diverse family structures require tailored support. Caregivers who feel supported and have access to adequate resources are better equipped to provide stable, nurturing environments for children.

### DESIRED RESULT

To create a more inclusive and equitable support system that recognizes and addresses the diverse needs of all parenting roles in North Carolina. By ensuring that policies, program design, and services represent all families, this effort aims to strengthen family stability, improve access to resources, and enhance outcomes for children.

### ALIGNMENT ACROSS NC

- **Equality North Carolina** champions the rights and needs of LGBTQ+ families, ensuring same-sex parents have access to inclusive resources and representation.
- **North Carolina Kinship Care Alliance** advocates for policies and programs that support kinship caregivers.
- **North Carolina Association of County Directors of Social Services** works with county DSS offices to ensure local implementation of inclusive policies.

### Strategy 3

**The Division of Child and Family Well-Being (DCFW) should engage philanthropic partners to provide expanded resources for North Carolina’s Child Care Health Consultants to work within child care centers and early childhood programs to offer screenings that can lead to referrals and interventions.**

#### CONTEXT

Child Care Health Consultants (CCHCs) are a network of trained health professionals, typically nurses or individuals with backgrounds in public health or early childhood development, who work with child care programs to promote safe and healthy environments for young children.<sup>52</sup> They often collaborate with directors, teachers, and family child care providers. The program is coordinated by the North Carolina Child Care Health and Safety Resource Center, with support from DCDEE.

CCHCs are engaged in a variety of work; for example, they assess the child care environment for safety, develop strategies for inclusion of children with special health needs, and provide up-to-date information on regulations.<sup>52</sup> They also conduct workshops, training sessions, and individualized coaching for child care staff.

Active CCHCs have successfully completed the NC Child Care Health Consultant Course; this course teaches health professionals the skills needed to provide child care health consultation and coaching. The course also provides information, resources, and hands-on experiences to inform CCHC practice. This training is done through the North Carolina Child Care Health and Safety Resource Center.<sup>53</sup>

Screenings for developmental milestones, and behavioral health are crucial for identifying potential issues early.<sup>54</sup> Many children in child care settings, especially in underserved communities, may not have regular access to these screenings due to financial, geographic, or systemic barriers.<sup>55</sup>

Many child care centers lack the capacity, training, or resources to address health and developmental concerns on their own. CCHCs provide essential support by training staff, implementing health protocols, and fostering a culture of proactive health care within child care settings.

DCDEE serves as the primary authority for early childhood programs and child care in North Carolina. DCDEE already has established relationships with child care providers, which can help facilitate the introduction and acceptance of expanded CCHC services and effectively integrate the role of CCHCs into the broader child care system.

Currently, some state divisions can partner with place-based or regionally supported foundations to support mutual partners serving specific geographic areas. Foundation support for state agencies often is not direct funding to the agency, but to a mutual non-profit partner like Child Care Health Consultants (personal email communication with Juli Kim, Philanthropy Liaison, NC Office of State Budget & Management, March 19, 2025).

#### WHY DOES THE UPDATE COMMITTEE RECOMMEND THIS STRATEGY?

Philanthropic support can help fund training, resources, and outreach efforts, ensuring equitable implementation of this strategy in underserved areas. Expanding resources for CCHCs to conduct screenings and provide referrals within child care settings addresses a critical gap in early childhood health services. By leveraging the expertise of CCHCs and support from philanthropy, this strategy promotes equitable access to essential care, improves outcomes for children, and aligns with broader state goals to strengthen North Carolina’s early childhood systems.

#### DESIRED RESULT

To create an integrated, equitable system within North Carolina’s child care and early childhood programs that ensures all children have access to essential health screenings, timely referrals, and effective interventions to support their development and well-being. Early education providers have the resources and information they need to provide high-quality care to their children.

#### ALIGNMENT ACROSS NC

- **The NC Early Childhood Action Plan (ECAP)** focuses on improving child health and safety, including access to preventive care and developmental screenings.
- **NCPC/Smart Start** collaborates with local communities to enhance the quality of child care and provide family support services.
- **The EarlyWell Initiative** focuses on creating a comprehensive early childhood system that addresses health, equity, and social drivers of health.

## Strategy 4

Ensure the inclusion of parent and child care worker perspectives and experiences in defining quality of care by partnering with parent advocacy groups and child care worker associations to engage in public awareness campaigns and policy discussions.

### CONTEXT

There is a critical need to ensure that definitions of quality in child care reflect the lived experiences, needs, and values of those most directly impacted: parents and child care workers. These perspectives are often underrepresented in policy discussions and public awareness efforts, despite their vital role in shaping and sustaining high-quality child care systems.

Definitions of quality in child care often focus on structural aspects, such as caregiver-to-child ratios, safety, and curriculum, while neglecting relational and experiential factors. Incorporating the voices of parents and child care workers ensures that quality metrics also reflect cultural responsiveness, emotional support, and practical realities.

In North Carolina, several initiatives actively involve parents and child care workers in shaping quality of care through partnerships and advocacy efforts. Launched by NC Child, the NC Child Advocacy Network (CAN) brings together child advocates statewide, including parents, direct service organizations, health care professionals, youth leaders, and faith groups. The network's primary goal is to build power that can impact public policies benefiting children and families. By creating multi-issue hubs in various regions across the state, CAN elevates the voices of local advocates, ensuring that those closest to the challenges help define solutions and quality care standards.<sup>56</sup> Another example is GenerationEd, which offers an Early Childhood Parent Advocacy Team that equips parents with the skills and support needed to engage confidently with elected officials and participate in conversations about early childhood education. By forging relationships with policymakers, parents can advocate for improvements in quality of care, ensuring that their perspectives and experiences are integral to policy development and public awareness campaigns.<sup>57</sup>

By amplifying their perspectives through public awareness campaigns and policy discussions, the goal is to improve the definition and delivery of high-quality child care, foster greater community and stakeholder engagement, address systemic disparities, and enhance workforce satisfaction and retention.

### WHY DOES THE UPDATE COMMITTEE RECOMMEND THIS STRATEGY?

Amplifying the perspectives and experiences of parents and child care workers is critical for creating a more inclusive, effective, and equitable child care system. Parents and child care workers have firsthand knowledge of the challenges and needs within the child care system; by including these voices, the definition of quality becomes more reflective of the needs and priorities of the people most impacted. Engaging parent advocacy groups and child care worker associations ensures that diverse populations, including those in underserved communities, have their needs and concerns represented; this helps to address disparities and create a system that is more equitable for all families.

### DESIRED RESULT

To create a child care system that is reflective of the needs of families and child care workers.

### ALIGNMENT ACROSS NC

- **The NC Licensed Child Care Association (NCLCCA)** is an organization of child care providers and affiliated businesses. It is not funded by any state or federal dollars, existing through child care center and vendor support.
- **MomsRising NC** involves parents in advocacy efforts, elevating their voices to influence policy discussions and decisions about child care system.
- **North Carolina Child Care Resource and Referral Council (CCR&R)** offers support and training for child care providers across the state. It advocates for policies that improve the quality and accessibility of child care.
- **Early Years** integrates the voices of child care professionals, ensuring that those directly involved in early childhood education contribute to defining and improving care quality.
- **Positive Childhood Alliance NC (PCANC)** engages both parents and child care professionals. PCANC ensures that diverse perspectives inform their strategies and initiatives.

### FAMILY-FRIENDLY WORKPLACE POLICIES

Family-friendly workplace policies are designed to support employees in balancing their professional and personal responsibilities, enhancing overall well-being and productivity. They offer essential support for employees, increasing retention, productivity, and recruitment.<sup>58</sup>

Workplaces that prioritize family-friendly policies have a competitive advantage; 75% of employers in North Carolina think that family-friendly policies have a positive impact on their organization, while 73% of employees think that they would be more committed to their employer if their policies were more family-friendly.<sup>59</sup> Around 67% of employers in North Carolina have implemented or are exploring the implementation of family-friendly policies due to the impact of COVID-19.<sup>60</sup>

Family-friendly workplace policies can help reduce parenting stress, which can then lead to more productive employees.<sup>61</sup> Family-friendly workplace policies can look like: **paid family and medical leave**, offering compensated time off for new parents to care for their newborn or newly adopted child or sick family members; **flexible work arrangements**, providing options to help employees manage work and family commitments; **support for breastfeeding employees**, ensuring private spaces and reasonable break times to express milk; and **child care assistance**, providing resources such as on-site child care facilities, subsidies, or referrals to help employees secure reliable child care services.

Family-friendly workplace benefits can enhance positive outcomes and reduce negative impacts for both families and children. For example, babies born to parents with paid parental leave are more likely to be at a healthy birth weight, and parental leave significantly lowers a parent's risk of postpartum depression and anxiety.<sup>62</sup> Children whose parents have paid parental or sick leave are more likely to have recommended immunizations, regular school attendance, and fewer mental or behavioral health problems.<sup>63</sup> According to a 2024 report, North Carolina employers lose more than \$4.2 billion a year due to job disruptions and turnover related to employees' child care challenges. North Carolina also loses another nearly \$1.4 billion in tax revenue from employment tax.<sup>4</sup> In 2023, an estimated 15,000–31,000 working-age North Carolinians with young children could have returned to the workforce with proper access to child care; this in turn would have created between \$5.7 billion and \$13.3 billion in annual economic output for North Carolina.<sup>3</sup>



## WHY CHILD CARE MATTERS FOR BUSINESS

The availability of affordable, high-quality child care has a profound impact on families, on their ability to participate in the workforce, and on the state as a whole. The North Carolina Early Education Coalition classifies North Carolina as a “child care desert,” with an average of over 5 families competing for every 1 available licensed child care slot statewide.<sup>4</sup> The average yearly cost for care in a North Carolina child care center is \$9,255 for an infant and \$7,592 for a 4-year-old. These costs lead parents who have low incomes and lack access to assistance to spend over one-third of their annual income on child care.<sup>4</sup>

Access to reliable and affordable child care reduces employee absenteeism, improves retention, enhances recruitment, and fosters a stronger economy and community.

### Reducing Employee Absenteeism and Improving Retention

According to a March 2024 survey, 25% of North Carolina parents had their employment impacted by child care issues.<sup>4</sup> These rates are not equally distributed across the population, with 31% of low-income families impacted compared to 19% of high-income families, and 30% of women compared to 18% of men.<sup>4</sup> Of those who experienced a disruption in child care in the prior year, 35% left the workforce as a direct result of child care issues. In North Carolina, child care-related absenteeism and turnover costs employers \$4.29 billion annually.<sup>4</sup>

### Attractive Recruitment and Strengthening Local Economies

One in 5 North Carolina employers attributes hiring challenges to a lack of access to child care.<sup>3</sup> A report from the North Carolina Department of Commerce and NC Child found that “100,000 fewer working-age parents with young children participated in North Carolina’s labor force in 2023 than in 2019.”<sup>3</sup> Additionally, disruptions in child care result in a staggering \$5.65 billion annual loss to North Carolina’s economy, including \$1.36 billion in lost tax revenue in employee tax.<sup>4</sup> These figures highlight how investments in child care could not only help businesses but also stimulate local economic growth by enabling parents who would like to participate in the workforce to do so.



*The economic model estimates that breakdowns in child care are costing North Carolina \$5.65 billion in untapped economic potential annually. Workplace disruptions in the form of absenteeism and employee turnover and lost tax dollars from unearned wages account for North Carolina’s lost economic value.”<sup>29</sup>*

[https://ncchamber.com/wp-content/uploads/Untapped\\_NORTHCAROLINA\\_053124\\_DIGITAL.pdf](https://ncchamber.com/wp-content/uploads/Untapped_NORTHCAROLINA_053124_DIGITAL.pdf)

### Preventing Adverse Childhood Experiences (ACEs) and Promoting Positive Childhood Experiences (PCEs)

High-quality, affordable child care can play a role in preventing adverse childhood experiences (ACEs) by creating safe, stable, and nurturing environments. The Centers for Disease Control & Prevention notes that “access to affordable, high-quality child care reduces parental stress and is associated with fewer symptoms of maternal depression. Both parental stress and maternal depression are risk factors for child abuse and neglect.”<sup>64</sup> When parents can afford consistent care, financial and emotional stressors decrease, leading to healthier family dynamics.

Beyond mitigating ACEs, child care fosters positive childhood experiences (PCEs), which promote healthy cognitive, social, and emotional development. High-quality programs ensure positive caregiver interactions, creating nurturing relationships that build trust and emotional resilience in children. Socialization opportunities in child care settings allow children to develop essential communication and relationship-building skills. Such experiences are fundamental to promoting resilience, helping children navigate future challenges effectively and become positive community members.

### PAID FAMILY AND MEDICAL LEAVE (PFML)

Paid family and medical leave (PFML) is the ability to take a leave of absence for a “worker’s own serious, longer-term health condition, to care for a family member with a serious health condition, or to care for or bond with a new child, and for reasons related to a family’s member’s military service.”<sup>65</sup> Nationally, only 23% of workers had access to paid family leave in 2021.<sup>65</sup>

Access to paid family and medical leave can be an instrumental factor in family employment and economic status as it:

- **Improves Financial Stability** – PFML can help reduce financial strain during family health crises, the birth of a child, or other significant caregiving needs.
- **Supports Work-Life Balance for Caregivers** – PFML gives parents the flexibility to provide care themselves during times of need, such as a child’s illness.
- **Reduces Pressure on the Child Care Systems** – By allowing families to temporarily care for children at home, PFML can ease the demand on child care providers and reduce the number of sick children attending child care.
- **Increases Workforce Participation** – PFML helps parents maintain their jobs while managing caregiving responsibilities so they can continue to earn income and benefits that support family needs. By providing a safety net during caregiving challenges, PFML can help families avoid prolonged periods of unemployment that can lead to financial hardship.

**Around 76% of workers in North Carolina—close to 4,007,000 people—do not have access to PFML.**<sup>66</sup> Nationally, statistics show that access to paid family leave varies by income and type of work:

- 6% of those with the lowest incomes having paid family leave compared to 43% of those with the highest incomes.<sup>67</sup>
- 24% of private sector employees have access to paid family leave.<sup>68</sup>
- 12% of part-time workers have paid family leave compared to 28% of full-time workers.<sup>68</sup>

*If women in North Carolina participated in the labor force at the same rate as women in countries with paid leave, there would be an estimated 180,000 additional workers in the state and \$5.7 billion more wages earned statewide.”*

National Partnership for Women & Families. Paid Leave Means A Stronger North Carolina. February 2024. <https://nationalpartnership.org/wp-content/uploads/2023/04/paid-leave-means-a-stronger-north-carolina.pdf>

Short-term disability insurance is another mechanism that can help people who need to take an extended period of time off for illness, injury, or other medical reasons. It can replace a portion or all of a worker’s income. Like paid family and medical leave, only a portion of workers nationally have this type of coverage:

- 43% of private sector workers have access to short-term disability insurance through their employer.<sup>68</sup>
- Around one-tenth of the lowest 10% of earners have access to this coverage.
- 19% of part-time workers compared to 51% of full-time workers have access.

As of 2023, 13 states (California, Colorado, Connecticut, Delaware, Maine, Maryland, Massachusetts, Minnesota, New Jersey, New York, Oregon, Rhode Island, and Washington) and the District of Columbia had enacted paid family and medical leave laws.<sup>69</sup> State employees in North Carolina are now eligible for up to 8 weeks of parental leave that may be used for the care of a newborn or adopted child, but not for other family members.<sup>70</sup>

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