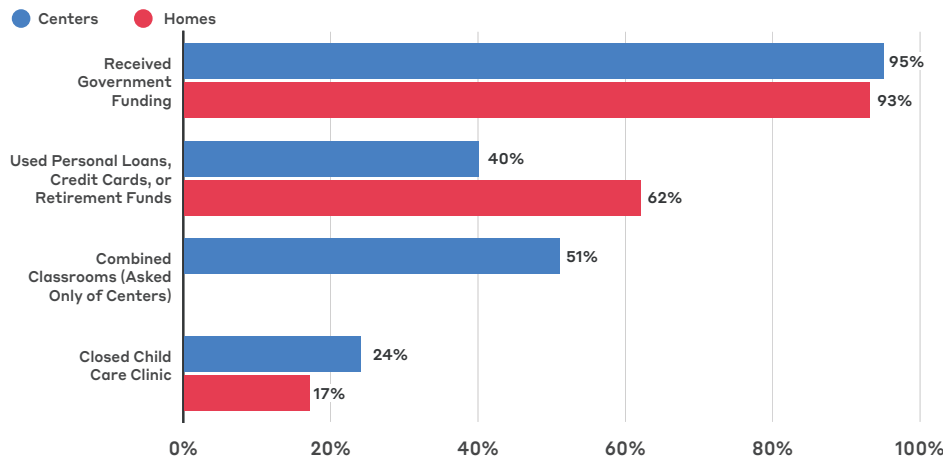


Child Care Programs in North Carolina

A new study conducted by the Bipartisan Policy Center finds that the COVID-19 relief packages passed by Congress were a lifeline for struggling U.S. child care programs. Nearly all child care providers in the 11-state survey reported using the funds to keep their businesses open during the pandemic. Key findings for North Carolina are highlighted below.

Strategies Used by Child Care Centers/Homes in North Carolina During the Pandemic



Top 3 Reasons Centers Closed

- Covid Exposure/Illness (38%)
- Government Requirement (15%)
- Loss of Enrollment (14%)

Top 3 Reasons Homes Closed

- Covid Exposure/Illness (61%)
- Loss of Enrollment (17%)
- Other (17%)

Top 3 Reasons Centers Combined Classrooms

- Loss of Enrollment (47%)
- Loss of Teachers, Unable to Hire Replacements (38%)
- Loss of Support Staff, Unable to Hire Replacements (10%)

About one-quarter (24%) of child care centers and 17% of family child care homes (FCC) in North Carolina closed at some point during the pandemic with homes closing for fewer days, on average (30 days), compared to centers (56 days). Both centers and homes cited COVID exposure or illness (38% and 61% respectively), loss of enrollment (14% of centers and 17% of FCC), and centers cited government regulations (15%) and homes gave other reasons as the top three reasons for closing.

Additionally, 51% of centers reported combining classes due to loss of enrollment (47%), loss of teachers and being unable to replace them (38%), and loss of other

staff and being unable to replace them as their main reasons for doing so. About 40% of centers and 62% of homes reported the use of personal loans, credit cards, or retirement funds to stay afloat.

Most centers (95%) and homes (93%) reported receiving government relief funding during the pandemic. On average, centers received \$122,705 (median \$76,365) and homes received \$19,728 (median \$12,000) to help them to continue operating. Centers reported spending the money to pay teachers, pay the rent/mortgage, or to pay for facility maintenance or modification, while homes mainly spent the money to pay rent/mortgage, to pay

Uses of Government Relief Funding for Centers and Homes in North Carolina

	Child Care Centers	Family Child Care Homes
Pay Teachers and Other Classroom Staff	50%	N/A
Pay Other Essential Support Staff (Centers)/ Assistants (Homes)	7%	12%
Pay Rent/Mortgage	16%	32%
Pay for Facility Maintenance or Modifications	12%	25%
Pay for Personal Protective Equipment	8%	11%
Create Socially Distanced Space for Children and Staff	4%	4%
Start/Resume Mental Health Services to Children and Staff	2%	1%
Pay for Activities	3%	15%

for facility maintenance or modification, and for other activities.

THE PANDEMIC'S IMPACT

Enrollment: In North Carolina, between March 2020 and May 2022, enrollment in centers declined by 9.69% and decreased by 6.47% in homes. The decline in among enrollment in centers was most pronounced among infant/toddlers (-8.92) followed by 3- to 5-year-olds (-7.63%), though enrollment rose among before-and-after care for school children (16.21%). In homes, enrollment declined among all age groups, with the decline steepest for 3- to 5-year-olds (-8.42%).

Enrollment in Centers and Homes in North Carolina

Centers				
	Mar - 20	May - 22	Change	% Change
Infants/Toddler (Birth-2)	23.57	21.47	-2.10	-8.92%
3 to 5 Years Old	36.02	33.27	-2.75	-7.63%
Before and After School (School-Age)	14.17	11.88	-2.30	-16.21%
Total Capacity	73.77	66.62	-7.15	-9.69%

Homes				
	Mar - 20	May - 22	Change	% Change
Infants/Toddler (Birth-2)	2.03	1.96	-0.1	-3.68%
3 to 5 Years Old	3.01	2.76	-0.3	-8.42%
Before and After School (School-Age)	1.91	1.79	-0.1	-6.25%
Total Capacity	6.96	6.51	-0.5	-6.47%

Staffing: In North Carolina, between March 2020 and May 2022, there was a decline in the number of teaching and other staff. These declines were most pronounced among assistant teachers.

Average Number of Staff

	Mar - 20	May - 22	Change	% Change
Lead Teacher	8.15	7.70	-0.45	-5.51%
Assistant Teacher	5.73	5.36	-0.37	-6.43%
Center Director or Assistant Director	1.83	1.83	0.00	0.20%
Other staff	2.18	1.94	-0.24	-10.94%

Methodology of 11-State Survey:

The Bipartisan Policy Center worked with Well World Solutions to conduct a survey of child care centers and family child care homes in 11 states to better understand how child care programs weathered the COVID-19 pandemic and how they used the federal government's pandemic-related stimulus funding. The survey was fielded from June 14-30, 2022. The MOE was +/- 7% for centers and +/- 8% for homes in North Carolina. For more information on the methodology, see the full report.

In May 2022, the average number of openings in centers was 3.13 for lead teachers and 2.70 for assistant teachers. The table below provides more details.

Average Number of Openings in Centers in North Carolina

Lead Teachers	
Total	3.13
Infant/Toddler	1.39
3- to 5- Year Olds	1.25
Before and After School	0.50

Assistant Teachers	
Total	2.70
Infant/Toddler	1.08
3- to 5- Year Olds	1.27
Before and After School	0.35

Total Openings	
Infant/Toddler	2.47
3- to 5- Year Olds	2.52
Before and After School	0.85

Strategies used by centers hiring new staff included, offering higher wages, child tuition discounts or waivers for staff, and access to scholarship programs to obtain a higher education. For retaining staff, centers offered higher wages, child tuition discounts or waivers for staff, and retention bonuses. Their biggest competitor for staff were retail stores such as Amazon, Walmart, grocery stores, etc.

Four in ten home-based providers (40%) have staff – about one-quarter of them said hiring (24%) or retaining (26%) staff was “very difficult.”

CONCLUSION

The pandemic exposed fundamental flaws in the child care market. COVID-19 relief funding kept the child care market afloat, but as we emerge from the pandemic, we must address the flaws in the business model so that child care can survive and our economy can fully recover. We need to examine the true costs of child care and determine how to ensure the country has a stable, high-quantity system that meets the needs of all concerned—parents, children, businesses, and our education system. Child care provides a public good. Congress and our nation needs to ensure every parent has access to safe, affordable, quality child care.