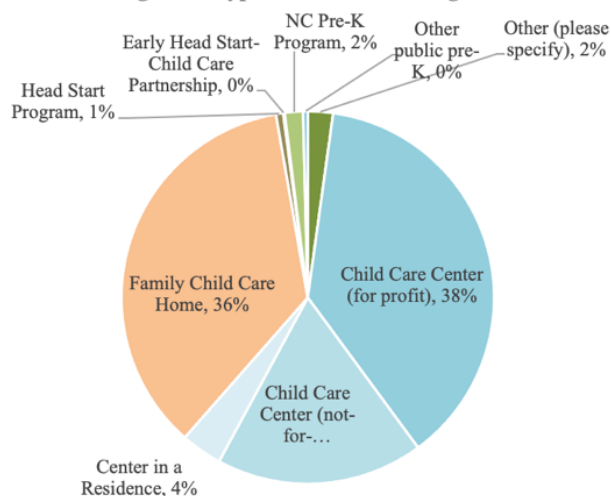




In March 2023, the North Carolina Child Care Resource and Referral Council (NC CCR&R Council hereafter referred to as the Council) contracted with Well World Solutions to conduct a survey of child care providers in the state to better understand the staffing challenges providers would experience when the Stabilization Funds for Compensation and Bonuses sunsets in December 2023. About 4,371 child care providers around the state received an e-mail to complete a short 15-minute web-based survey. Responses were obtained from 2,518 child care programs for an overall response rate of 58 percent. Of the 2,518 respondents, 1,493 were centers, 901 were family child care caregivers and 69 were other types of providers with the response rate among centers and other providers being 47 percent and among family child care providers being 75 percent.

About the Responding Child Care Programs

Figure 1: Type of Child Care Program



Respondents represented all 14 NC CCR&R regions with 59 percent being child care centers, another 36 percent being family child care caregivers and the remaining being other early education providers such as Head Start, before and after school programs, combination of pre-K and school-based programs. Figure 1 shows these details.

The responding programs, on average, had 41 children (median=24) enrolled in their program currently. Among centers, the average current enrollment was 61 (median=48), 7 among family child care providers (median=6) and 52 among other types of programs (median=34). Programs also reported having 25 children waitlisted, on average (median=7), with centers reporting 37 (median=17),

family child care providers reporting 5 (median=2) and other types of programs reporting 18 waitlisted children on average (median=1).

Stabilization Fund (Compensation and Bonuses)

Almost all responding programs (94 percent) reporting having received Stabilization Funds to help with staff compensation and bonuses. Similar shares of centers (97 percent) and family child care caregivers (95 percent) reported receiving this funding (see Figure 2). Just 40 percent of other types of programs received this funding—further data will not be reported for this sub-group because of the small number of respondents.

Figure 2: Percent Receiving Stabilization Fund (Compensation and Bonus)

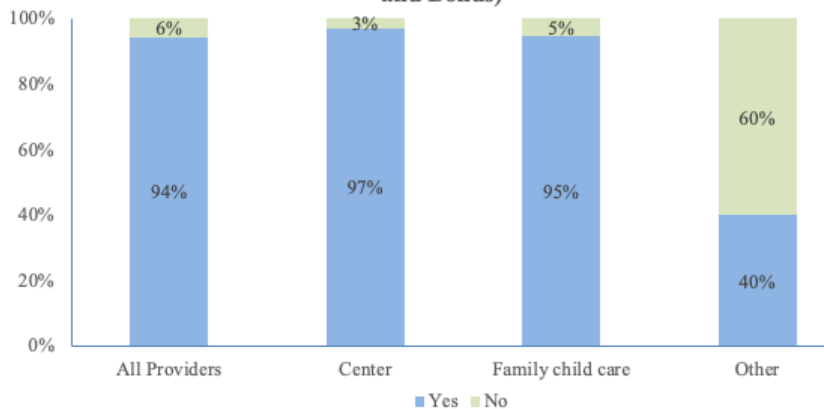


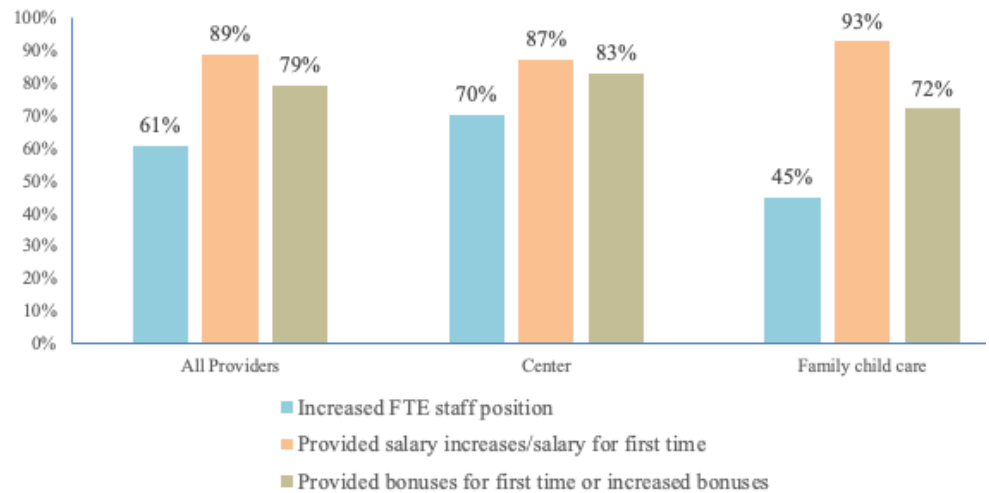
Table 1: Stabilization Funding for Compensation and Bonus Received by Child Care Programs (Administrative Data)

	All Providers	Center	Family child care
Total disbursed	\$276,828,179	\$263,570,027	\$13,258,152
Average	--	\$245,347	\$44,063

A total of 4,379 NC child care programs received \$276.8 million from Stabilization Grant funds for staff compensation and bonuses. On average, centers received \$245,347 and family child care homes received \$44,063.

The Stabilization Grant Funds were used to increase the number of full-time equivalent staff positions by 61 percent of the responding programs—the increased staffing was most likely to replace staff who had left during the pandemic and not necessarily to increase the overall number of staff. Almost nine in ten programs (89 percent) used the funds to provide salary increases to staff (or in the case of family child care providers, sometimes giving themselves a salary for the first time). Additionally, almost eight in ten programs (79 percent) used the funds to provide bonuses to their staff. Some programs also used the funds to provide certain benefits for the first time or increase benefits their staff already received—more on benefits is discussed below. Figure 3 shows how centers and homes used these funds -- with centers more likely to hire staff (70 percent versus 45 percent) and provide bonuses (83 percent versus 72 percent), while family child care providers were more likely to raise staff or their own salaries (93 percent of family child care providers versus 87 percent of centers).

Figure 3: Stabilization Funds Used To...



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More on Salary Increases

Figure 4: Impact of Stabilization Funds on Salary

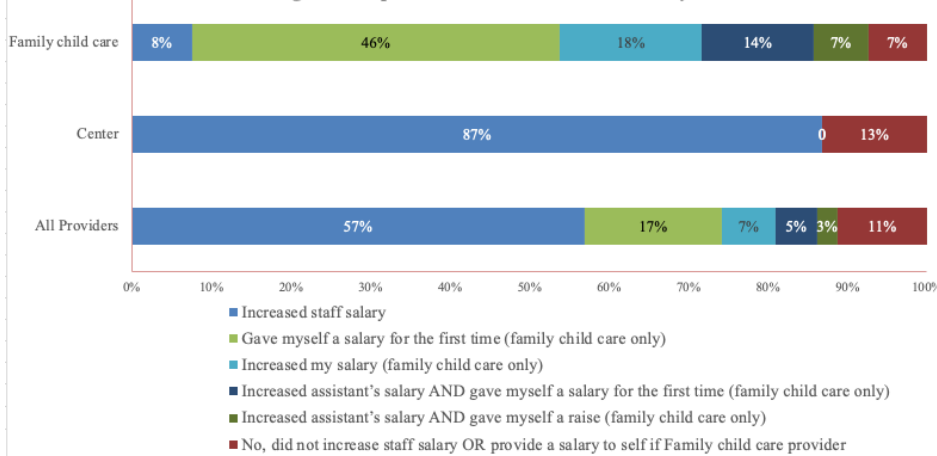


Figure 4 shows how child care programs used Compensation Grants to increase salaries. Sixty percent (60%) of family child care providers used grant monies to provide themselves a salary for the first time and another 25% gave themselves a raise. About one-fifth of family child care providers (21 percent) also provided a raise to their assistants or other staff. Eighty-seven

percent (87%) of centers increased staff salaries.

While many respondents acknowledged the critical role these salary increases played in hiring and retaining staff (see Figure 8 below), many respondents noted the inadequacy of the funding and the continuing challenges child care programs face, as illustrated by comments provided:

“All schools received it so the expectation of higher pay is consistent for childcare staff. We have not been able to hire higher quality staff for the cost. It's the same teachers just wanting different wages. Rapid inflation hit our market at the same time so I do not believe our staff has felt the financial benefits of a \$3 raise. Basic goods have gone up so much their life is the same. To sustain a forced 25% wage increase I have had no choice but to do several tuition increases to prepare for when the stabilization grants end. I went up in tuition in August 2022 by 4 %, March 2023 by 5% and am planning to go up again by 5-7% in January 2024. The middle class is and will continue to feel this increase as planned owners prepare for the subsidy to stop.”

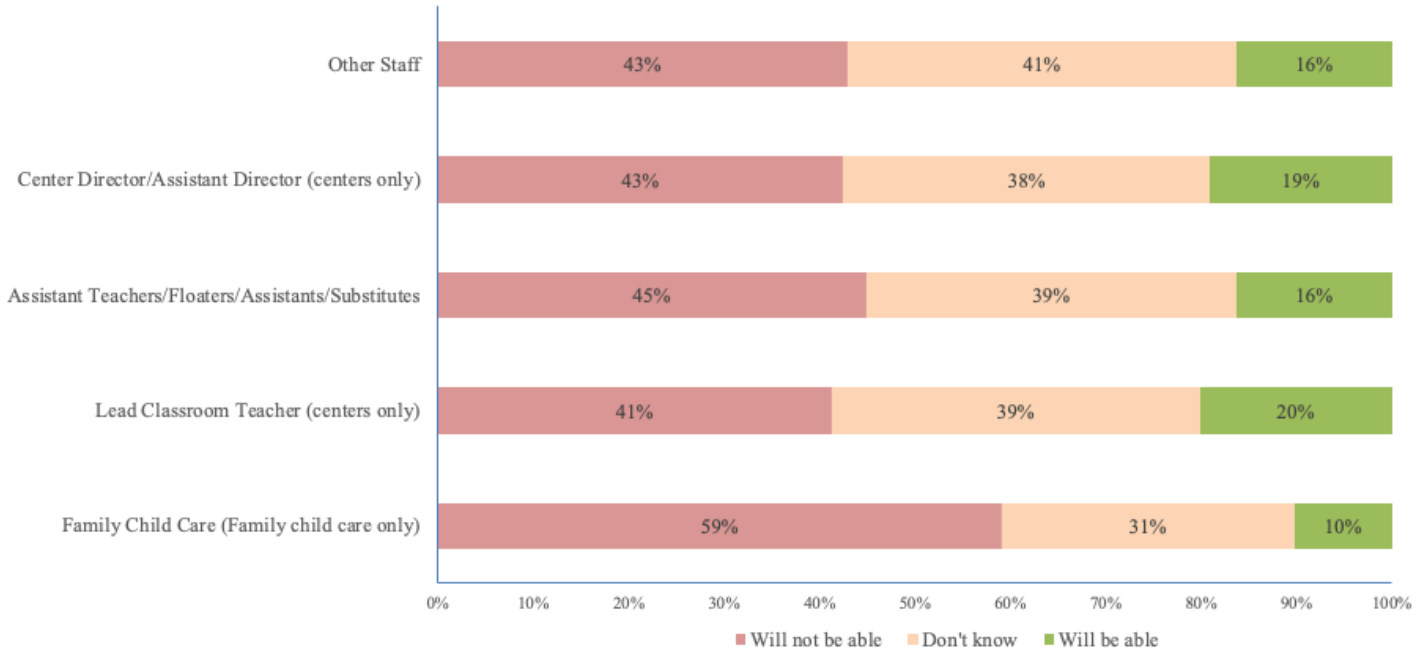
“As a child care provider it's very hard to maintained because prices are gone up for just about everything, rent, food, gas, maintenance, repairs and keeping your light on. It's hard to keep help because they feel like they aren't pay enough for their time and work. As a in-home daycare it's more harder on us because we have to do everything compare to center because they have more employees and more help. For an in-home daycare it's a lot of work, but we must make sure our young ones are getting their needs mate and getting that good education for their future. I thank each and everyone for their help and their support. I can't thank you enough for the Stabilization Grants because we wouldn't have made it this far due to COVID-9 pandemic it is very very hard.”

Hourly wages for family child care providers increased by more than \$3/hour, a 26 percent increase, because of the Stabilization Grant funds, representing an annual increase of \$6,386. Among center staff, lead teachers saw increases of \$2.42, a 21 percent increase representing \$5,034 annually; assistant teachers, assistant directors and other staff saw increases of \$2.00, representing an increase of \$4,160 annually; and center directors experienced hourly rate increases of \$3, a 19 percent increase representing \$6,240 annually. Since those increases, staff have received further rate hikes, most likely as regular annual increases at the beginning of the year, to be earning slightly higher wages now—see Table 2 for more details.

Median Hourly Rate	Pre-Grant	Post-Grant	Increased Hourly Rate	% Increase	Annual Increase	Now (March 2023)
Family Child Care Provider (family child care only)	\$12.00	\$15.07	\$3.07	26%	\$6,385.60	\$15.00
Lead Teacher	\$11.50	\$13.92	\$2.42	21%	\$5,033.60	\$15.00
Assistant Teachers/Floaters/Assistants/Substitutes	\$10.00	\$12.00	\$2.00	20%	\$4,160.00	\$13.00
Center Director	\$16.00	\$19.00	\$3.00	19%	\$6,240.00	\$20.00
Assistant Director	\$14.00	\$16.00	\$2.00	14%	\$4,160.00	\$17.68
Other staff	\$10.00	\$12.00	\$2.00	20%	\$4,160.00	\$12.00

Programs were asked to indicate if they would be able to continue this level of salary when the Stabilization Grant funds sunset in December 2023. More than eight in ten centers indicated that they either would not be able to maintain the current salary levels and were uncertain if they would be able to do so—fewer than one-fifth of centers indicated that they would be able to maintain these levels, with one-fifth of centers saying they would be able to do so for lead teachers. Family child care providers were least likely to be able to maintain current salary levels with only 10 percent indicating that they would be able to do so. See Figure 5 for more details.

Figure 5: Ability to Maintain Current Salary Levels

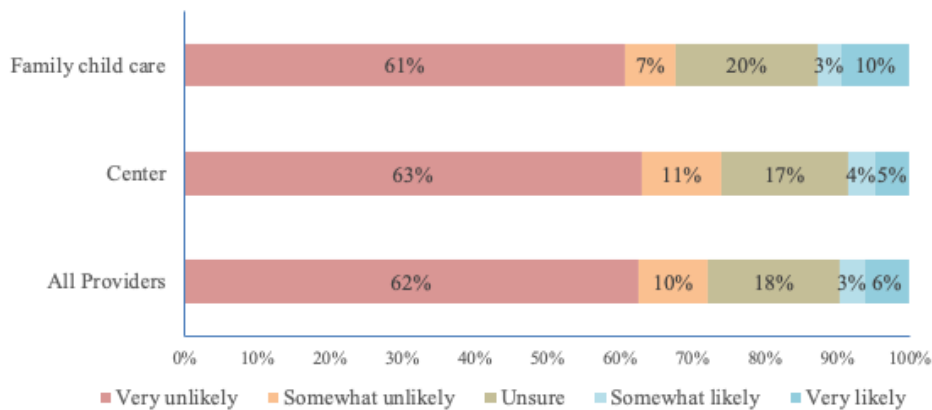


More on Bonuses

About nine in ten programs (as shown above in Figure 3) provided staff or themselves (in the case of family child care providers) with bonuses. As Table 3 below shows, family child care providers received about four (4) bonuses totaling \$3,500 while center staff received five (5) to six (6) bonuses ranging from \$2,000 to \$3,000 total.

Table 3: Median Number and Amount of Bonuses		
Bonuses	# of times	Total Amount
Family Child Care Provider (family child care only)	4	\$3,500.00
Lead Teacher	5	\$3,000.00
Assistant Teachers/Floaters/Assistants/Substitutes	6	\$2,400.00
Center Director/Assistant Director	5	\$3,000.00
Other staff	6	\$2,000.00

The bonuses have been useful for child care programs to retain their staff. As one respondent noted, “...teachers will be less satisfied with their hourly pay once bonuses cease as they have become accustomed to the extra income. This could have an effect on their willingness to continue in the role they currently serve if at all.”

Figure 6: Likelihood of Continuing Bonuses

Respondents were also asked their likelihood of continuing the bonuses. As Figure 6 shows, more than 6 in 10 of all program types (62 percent; 63 percent of centers and 61 percent of family child care providers) indicated that they would be “very unlikely” to be able to do so and another 7 percent of family child care providers and 11 percent of centers (10 percent overall) said it was “somewhat unlikely” they would be able to do so.

On Benefits

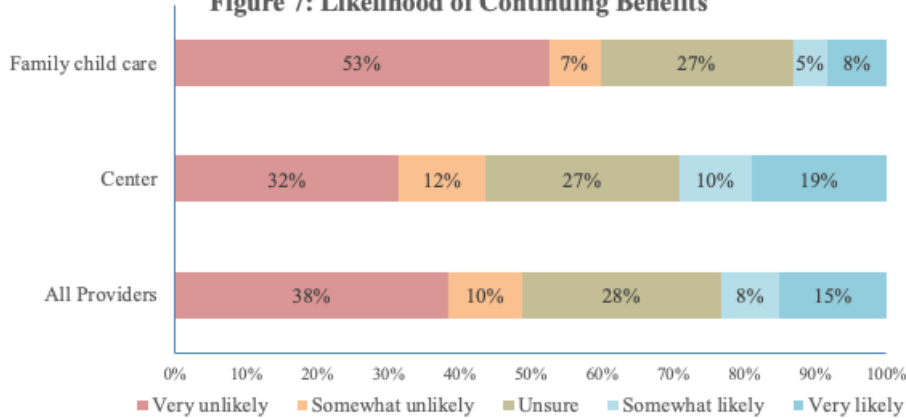
The share of programs providing benefits rose for all types of providers across both provider type. As Table 4 shows, increases were greatest for mental health supports (14 percent) followed by paid sick leave (13 percent), paid vacation leave (12 percent) and provision of health insurance (10 percent). Provision of the rest of the benefits also increased but by less than 10 percent of providers. Centers were more likely to increase benefits compared to family child care providers except when it came to paid sick leave, paid vacation leave and paid holidays.

Table 4: Share of Programs Providing Benefits Before and After the Stabilization Grant

Benefits	All Providers			Center			Family Child Care		
	Before	After	Difference	Before	After	Difference	Before	After	Difference
Health insurance	24%	34%	10%	26%	36%	10%	18%	27%	9%
Dental insurance	18%	26%	8%	21%	29%	8%	10%	18%	8%
Vision insurance	16%	22%	6%	19%	26%	7%	8%	14%	5%
Retirement/401K	21%	28%	7%	27%	35%	8%	6%	13%	6%
Employee assistance plan	12%	19%	8%	15%	24%	9%	4%	9%	5%
Mental health supports	13%	26%	14%	14%	30%	15%	7%	19%	12%
Paid sick leave	43%	56%	13%	56%	68%	12%	17%	31%	14%
Paid vacation leave	55%	67%	12%	73%	83%	10%	22%	38%	16%
Paid holidays	63%	73%	9%	82%	89%	7%	28%	42%	14%
None of the above	29%	--	--	13%	--	--	59%	--	--

Respondents noted how crucial benefits were to keeping their doors open, especially providing health insurance: “By having the Stabilization Grant I was able to provide benefits to my staff and focus on needed items to be able to run a productive center during a crisis. The money was used to help ...provide a flow of income to ensure the doors remained opened. The funds were also used to provide insurance to workers so their medical needs could be met...” Another respondent noted, “It has made a huge impact on helping our staff pay for their health benefits, or other expenses.”

Figure 7: Likelihood of Continuing Benefits

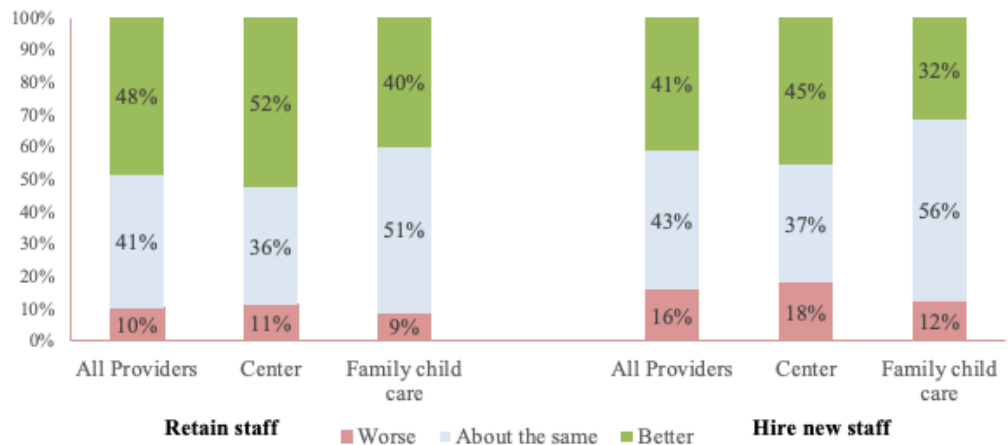


When asked if they would be able to continue the elevated level of benefits when the Stabilization Grant funds sunsetted, responding programs mostly said they were unlikely to do so (see Figure 7). Centers were more likely to say they were likely to continue these benefits (29 percent) compared to family child care providers (13 percent).

Impact of the Stabilization Grant Funds And Its End in December 2023 Child care programs were asked to indicate the impact of the Stabilization Grant funds on retaining staff and hiring new staff—48 percent of providers said it made retaining staff better and 41 percent said it made hiring new staff easier.

Among centers, 52 percent found it helped them retain staff and 45 percent said it helped them hire new staff. Among family child care providers, 45 percent said it was helped retain staff and 32 percent found it helped them hire new staff. See Figure 8.

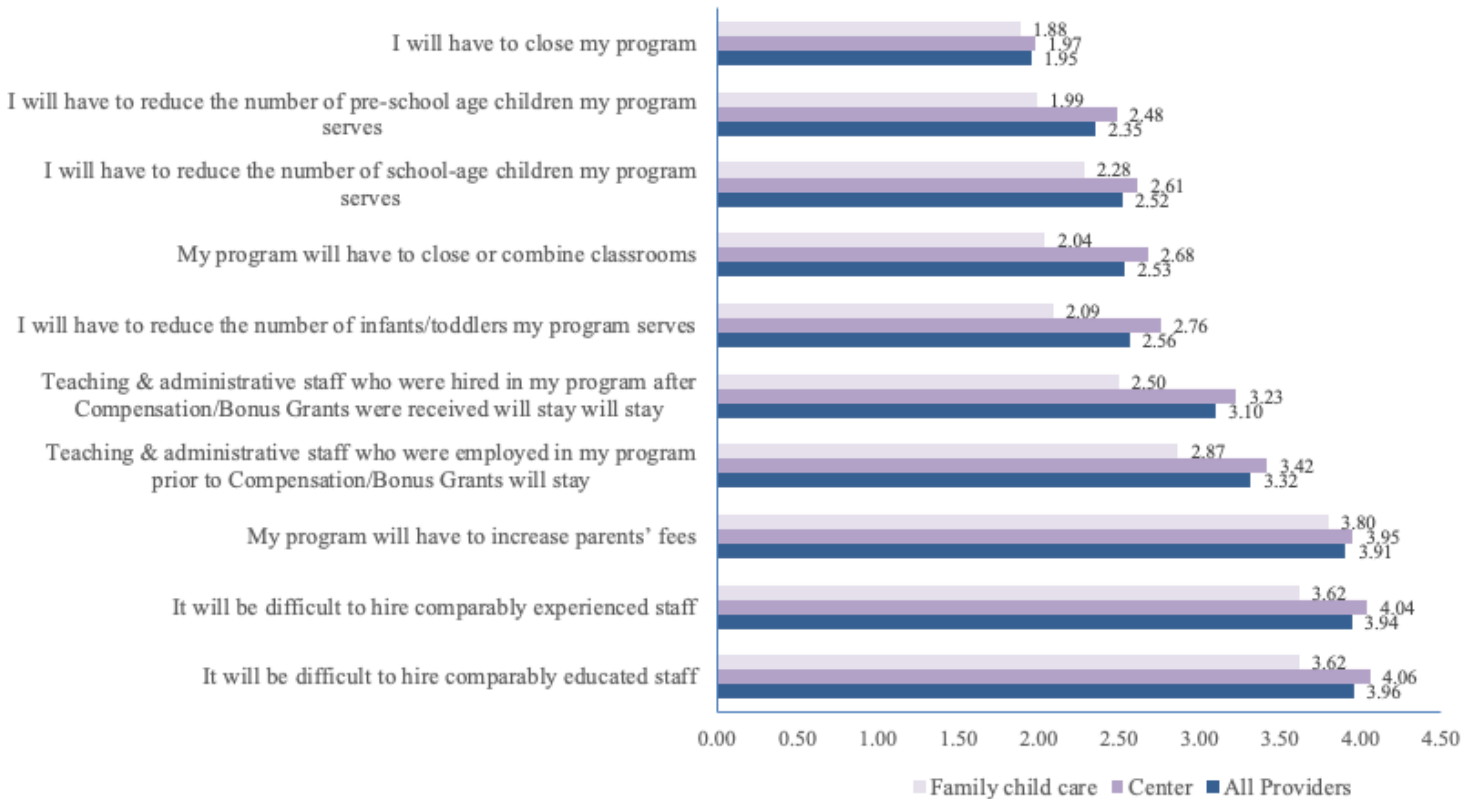
Figure 8: Impact of Stabilization Grant On Program's Ability To...



When asked what was likely to happen to their programs when the Stabilization Grant funds ended in December 2023, responding programs were most likely to say that it would be difficult to hire comparably educated and experienced staff, thus indicating that the quality of their programs would suffer (see Figure 9). They also indicated that they would have to increase parents' fees thus increasing the cost to parents and making child care less affordable for them. When the funding ends, programs were, neutral or unsure about their ability to retain staff hired prior to and after the funding began. As one respondent noted:

“The stabilization grants and compensation and bonuses have been very helpful to my staff and me. However, when the incentives end and we do not get further funding, I look for my staff to walk out the door because I will have to cut their pay, benefits, and bonuses. These young ladies are very tired and feel they should continue to receive these incentives. Its a different world out here from what we were dealing with before Covid. Our groceries are much higher, lights and water bills have increased. It will be hard to survive after the compensation ends. Also, to continue services and paying staff what I have been able to through the pandemic, I will have to increase parent fees and these parents are paying all they can. I look for parents to stay home as well when child care has to increase weekly rates.”

Figure 9: Likelihood of the Following Happening when Stabilization Funding Ends
1=Very Unlikely and 5=Very Likely



Centers Only

Centers were asked to indicate about the quality of the staff they

hired since the beginning of the Stabilization Grant funding in November 2021. As Figures 10 and 11 show, when it came to lead teachers, 30 percent of responding centers said their new hires were less educated and 35 percent said they were less experienced (30 percent said they had more education and 26 percent said they were more experienced). When it came to assistant teachers, centers said 40 percent said the new hires were less educated and 43 percent said they were less experienced (21 percent said they had more education and 18 percent said they were more experienced). Centers also reported trying to hire about one teacher in each age and teacher category.

Figure 10: Education Level of New Teaching Staff

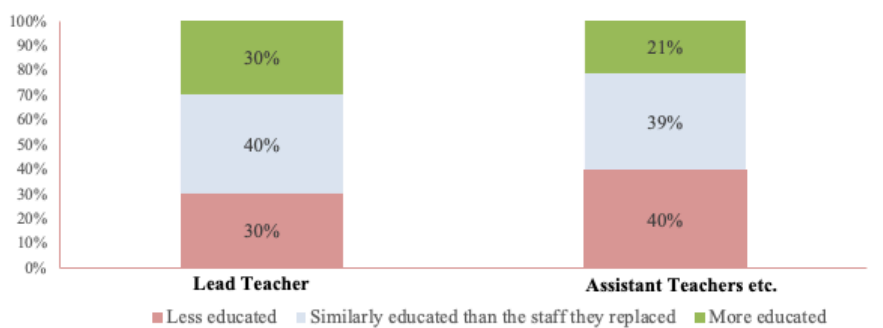
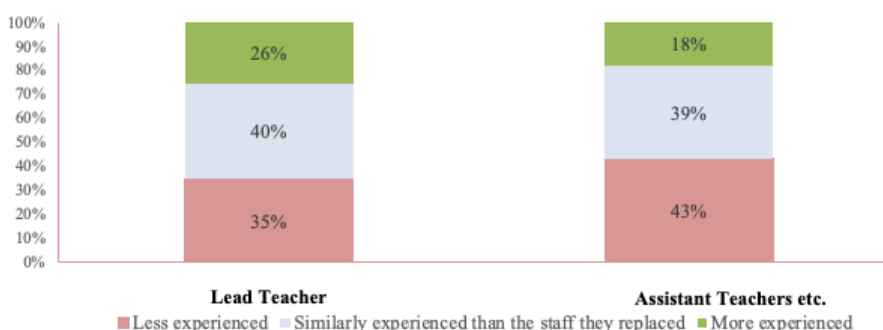


Figure 11: Experience Level of New Teaching Staff



In short, almost all child care programs in North Carolina benefited from Stabilization Grant funds for Compensation and/or Bonuses. More than eight (8) in ten (10) programs used the funds to provide salary increases (or first time salaries for many family child care providers) and/or bonuses. Additionally, about 6 in 10 programs used the funds to hire more staff.

Given that child care programs continue to report substantial waitlists (averaging 25 children), retaining and increasing staffing to open more classrooms after the COVID-19 pandemic has been a key necessity to continue to serve the parents and children of the state. These funds helped programs provide a \$2 to \$3 hourly increase in wages and provide bonuses totaling between \$2,000 and \$3,500.

More than 4 in 10 child care centers reported that these funds had allowed them to retain current staff or hire new ones. Still, 8 in 10 or more child care programs of all types noted that they would be unable to continue the current hourly wages and/or bonuses for staff when the Stabilization Grant funding ends in December 2023.

Additionally, more child care programs offered benefits after receiving Stabilization Grant funds and more than 4 in 10 of the programs noted that they would be unlikely to maintain increased benefits when the funding ends.

Programs also said that they would find it more difficult to hire comparably educated and experienced staff and would have to increase parents' fees when the funding ends. They were unsure whether they would be able to retain their current staff.

Loss of staff will make it difficult for programs to operate at current levels when they are already struggling to meet the demand, and increased fees are likely to make child care even more inaccessible and unaffordable for parents. Additionally, hiring less educated or experienced staff will most likely result in lower program quality, negatively impacting the school readiness of children served.

As several respondents noted:

“The ending of this program will be the end of quality child care in North Carolina... . Retirement funds wereset up, insurance became affordable, renovations and improvements made to chlid care space enhanced childrens learning experience, and owners/providers were given compensation worthy of their calling. While the funds have accomplished this and more, and are greatly appreciated, for them to be taken away (will be) daunting. Homes will not be able to raise rates to compensate for (the loss of)these funds and many doors will close for good. I am praying not to be one of them.”

“...When the Stabilization Grants for Compensation end in December 2023, my center will be in critical condition. Staffing issues are major barriers to the operation of my center. I am currently unable to hire enough staff to fill the slots that I am licensed for by NC DCDEE. The result is that I can't serve children in my community who need child care. I have talked to my current staff and it is most likely that the majority of them will leave my center and the profession if there is not a solution which extends the grants...Most of them can get a AA degree in a subject other that early childhood and earn a much greater salary. It is extremely sad that something so important as the care and education of our states young children is not valued financially by our state leaders.”

“In 37 years in ECE I have never seen the problems we now face. Thousands of NC families are without care because of the lack of spaces and/or affordability, which means thousands of people are not rejoining the workforce. Yet providers are still overworked and underpaid,,, even with the compensation portion of the grant. The crisis that has been building for decades is coming to a head and the only solution is increased funding.”

“I am concerned that when the stablization grant ends that my center will end as well. My staff ...love it here, but have talked to me about (being able) to afford to stay when grant ends. Our community needs us. It is imperative that we are here to take care of the children so that parents can work. We need more staff to take more children. This is such a crisis!”