Funding Strategy Series

Presented by

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Early Childhood Education and Development Committee

~~October 1, 2024~~ August 5, 2025

Funding Strategy Series

Goal:

Define a funding strategy for Buncombe County's Early Childhood Committee

- In alignment with resolution
- With consideration of results to date
- That maximizes our local government opportunity to influence positive outcomes within the system of early care and education

2024 Funding Strategy Series

Session 1: Overview August 6, 2024 A look at early care & education in Buncombe County - including licensure, quality, data & context	**Session 2: Funding** September 3, 2024 How early care & education is paid for and impacts of Buncombe's Early Childhood Fund
Session 3: Considerations October 1, 2024 A review of vari…aches to investing i…learning and im…sociated with each Session cancelled as a result of Helene	**Session 4: Funding Strategy** November 12, 2024 Discussion of a f…strategy for the E…dhood Fund go…ward Session cancelled as a result of Helene

Our plan for Today

Session 1 Recap (23 slides)

A look at early care & education in Buncombe County, including - licensure, quality, data & context

Session 2 Recap (20 slides)

How early care & education is paid for and impacts of Buncombe's Early Childhood Fund

Where to go from here (1 slide!)

Setting the stage to discuss a funding strategy for Buncombe County's Early Childhood Committee

Session 1 Recap

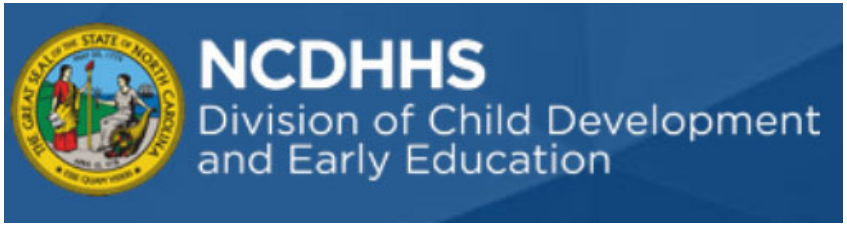
A look at early care & education in Buncombe County, including - licensure, quality, data & context:

- Child care regulation in NC
- Child care licensing
- Star ratings
- Child care quality over time
- Licensed slots, enrollment & population
- Comparison to other counties
- Workforce
- Funded provider survey results

Who regulates child care in NC?

The State of North Carolina Department of Health and Human Services (NCDHHS), Division of Child Development and Early Education (**DCDEE**) is responsible for:

1. Ensuring the **health and safety** of children in child care programs;
2. Promoting **quality** child care by implementing evidenced-based standards; and
3. **Increasing access** to quality child care to families and children across North Carolina



To ensure child health and safety, DCDEE:

- Licenses, monitors and provides technical assistance to child care programs
- Ensures comprehensive Criminal Background Checks with all individuals who work in licensed or regulated child care programs and other social and human services programs
- Supports the NC Child Care Commission which has responsibility to create, amend or repeal rules to implement Child Care Law

To promote quality child care, DCDEE:

- Evaluates teacher and administrator education to determine qualification for different positions in child care programs
- Administers the NC Prekindergarten (NC Pre-K) program
- Funds the statewide Child Care Resource and Referral system which provides evidence- based technical assistance, professional development, coaching and compensation supports for early childhood professionals
- Works with a variety of early childhood partners to provide training, coaching, and evaluation for early childhood professionals across the state
- Provides state funding to NC Partnership for Children/Smart Start

To increase access to care, DCDEE:

- Administers North Carolina's Subsidized Child Care Assistance program
- Provides parents a web-based tool to search for quality child care programs
- Collaborates with early childhood partners and homeless service providers to address the need for child care for families experiencing homelessness or temporary housing arrangements
- Administers NC's Child Care and Development Fund federal block grant

Child Care Licensing

- Child care arrangements that meet the definition of child care are required to be licensed by DCDEE.
- The purpose of child care licensing is to ensure the safety and developmental well-being of children while in out-of-home care.
- Child care regulations reduce the risk of predictable harm to children while in child care.
- Regulations provide basic consumer protection.
- Potential operators must comply with established child care rules prior to the issuance of a license.

How is “child care” defined in NC?

- Child care = A program or arrangement where three or more children less than 13 years old, who do not reside where the care is provided, receive care on a regular basis of at least once per week for more than 4 hours but less than 24 hours per day from persons other than their guardians or full-time custodians, or from persons not related to them by birth, marriage, or adoption

- Care for children that does not meet this definition is not required to be licensed by the State of NC

Star Ratings

- Star rated licenses allow providers to voluntarily demonstrate quality
- North Carolina uses a Quality Rating Improvement System (QRIS), which has a 1-5 star scale.
- 1 Star or Religious Sponsored: Issued to child care programs that meet minimum licensing requirements but choose not to be assessed for higher voluntary standards
- 2 – 5 Stars: issued to child care operators who voluntarily meet enhanced standards of child care requirements



Minimum Requirements

- In operation for a minimum of six months (or temporary/provisional)
- Providers have CPR and First Aid training, 16 hours of other mandatory training, and have passed criminal background checks to receive DCDEE Qualifying Letter
- Sanitation inspection - must be inspected at least annually by a County Environmental Health Specialist, includes procedures related to diaper changing, food service and prep, storage of chemicals and medicine as well as general sanitation
- Fire inspection - must have annual fire inspection by County Fire Marshal, includes fire resistance & protection, egress, emergency planning

How are points earned?

Star ratings are assigned based on points in the following categories:

- **Program Standards:** Based on environmental rating scales that measure features in a classroom such as schedule, materials and space. The three assessments used in the state of North Carolina are the ITERS-R (ages birth-2.5) the ECERS-R (ages 2.5-5), and the FCCERS-R, which is designed to assess family childcare programs.
- **Education Standards:** Based on the education level and early childhood experience of staff (credential, certification, coursework degrees, and years of experience)
- **Quality Point:** Additional program or education criteria for an extra point (e.g. all lead teachers have completed an A.A.S. or higher in early childhood education/development, reduced staff/child ratios)

Providers By Star Rating (0-5)

	2019	2020	2021	2022	2023	2024
1 Star	10	9	10	9	10	9
2 Star	1	1	0	0	0	0
3 Star	15	16	18	13	13	12
4 Star	15	17	19	19	17	19
5 Star	45	43	42	47	46	44
Temporary	2	2	0	2	3	4
Provisional	2	3	2	0	1	0
GS 110-106	5	4	4	4	4	5
TOTAL	95	95	95	94	94	93

High Quality Programs

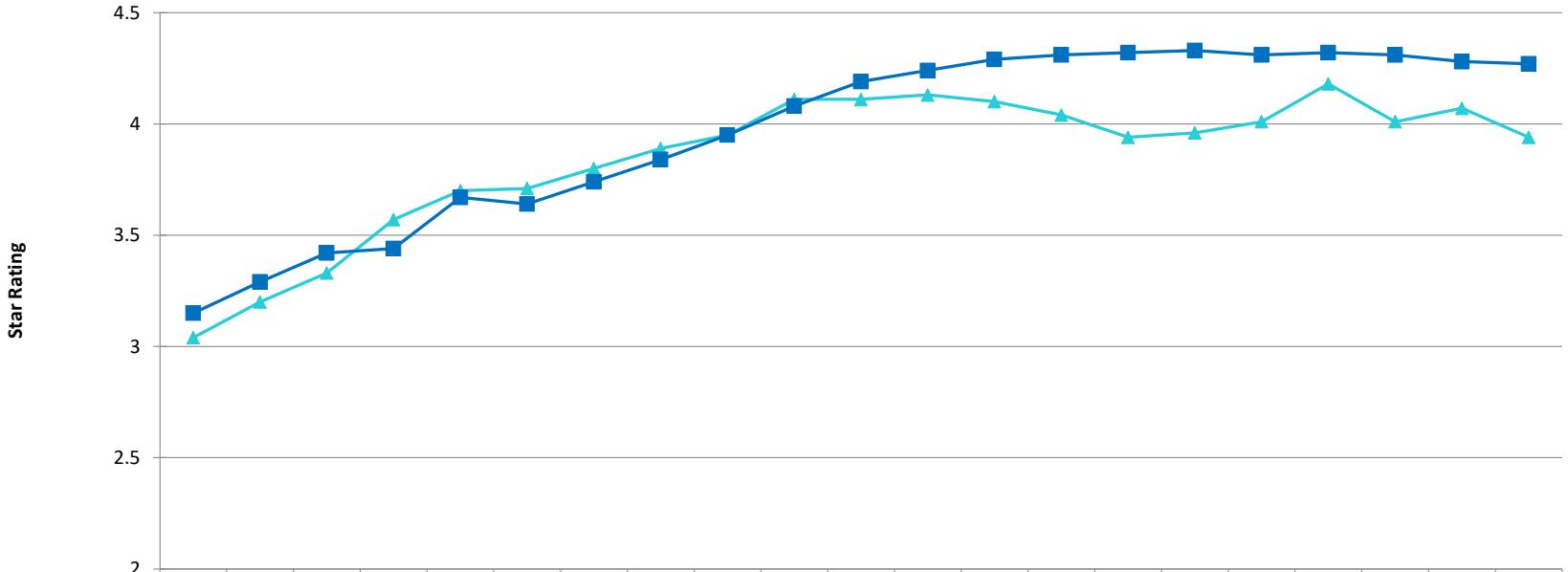
	2024
1 Star	9
2 Star	0
3 Star	12
4 Star	19
5 Star	44
Temporary	4
Provisional	0
GS 110-106	5
TOTAL	93

Excluding the centers that do not participate in the voluntary rating:

- 84% (or 63 out of 75) are 4 or 5 star rated
- 4 and 5 star rated programs are considered high quality in NC

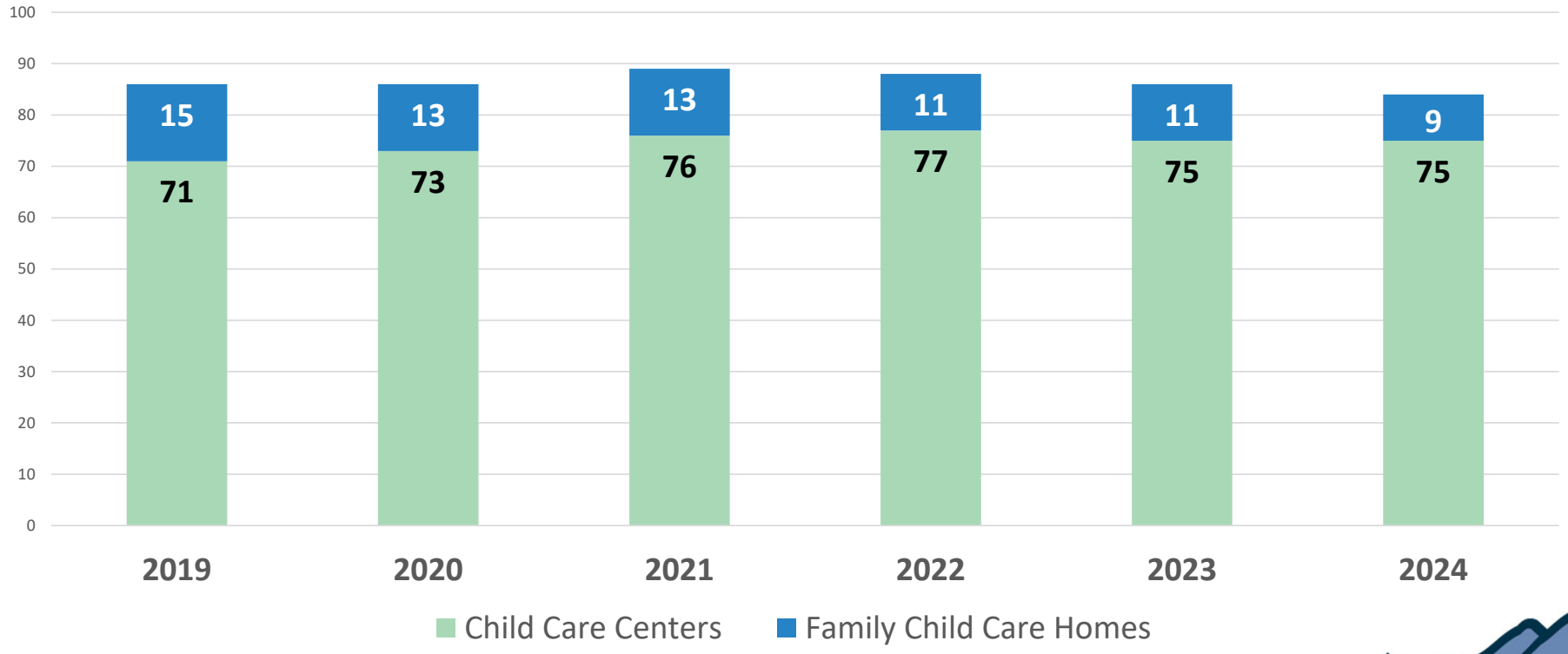
Child Care Quality Over Time (0-5)

Average Star Rating - All Children

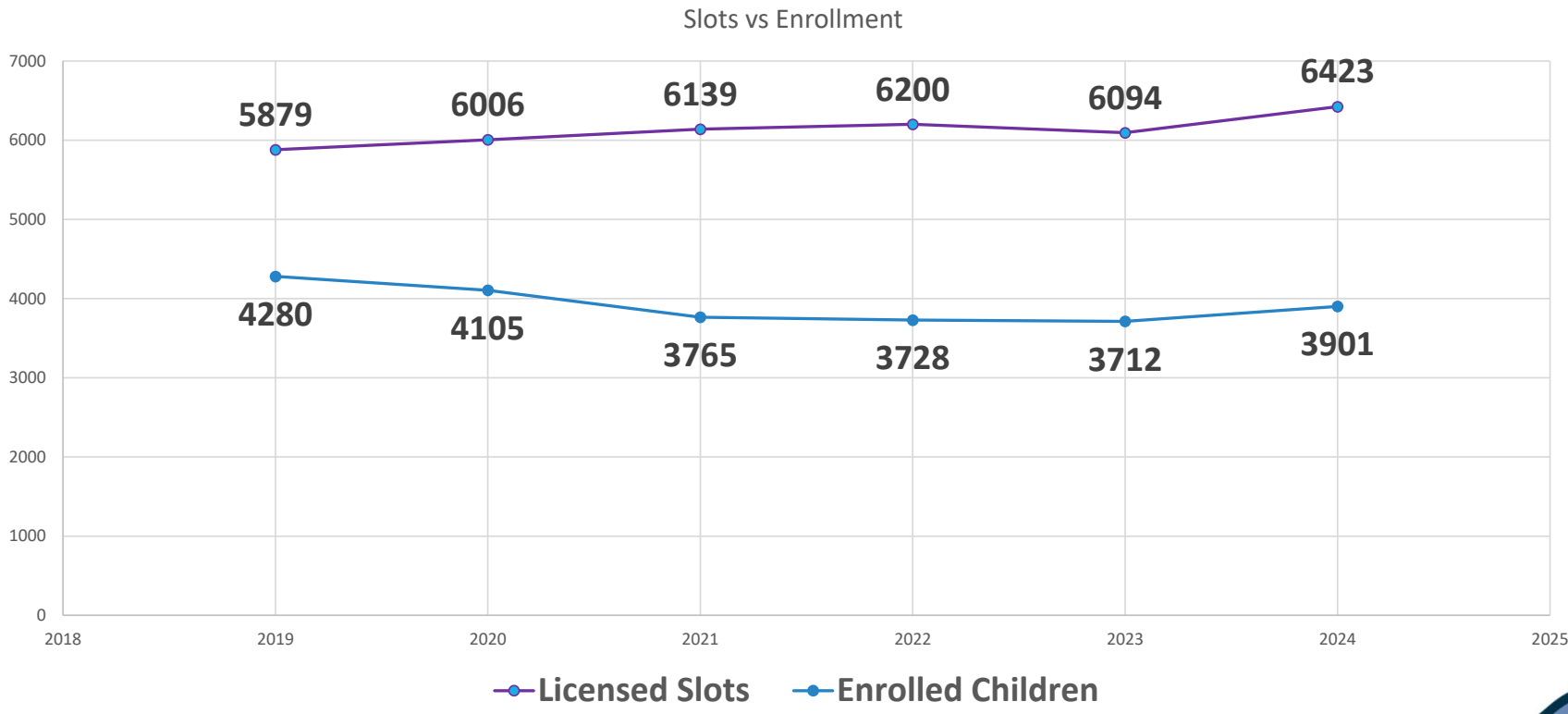


	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Buncombe	3.04	3.2	3.33	3.57	3.7	3.71	3.8	3.89	3.95	4.11	4.11	4.13	4.1	4.04	3.94	3.96	4.01	4.18	4.01	4.07	3.94
NC	3.15	3.29	3.42	3.44	3.67	3.64	3.74	3.84	3.95	4.08	4.19	4.24	4.29	4.31	4.32	4.33	4.31	4.32	4.31	4.28	4.27

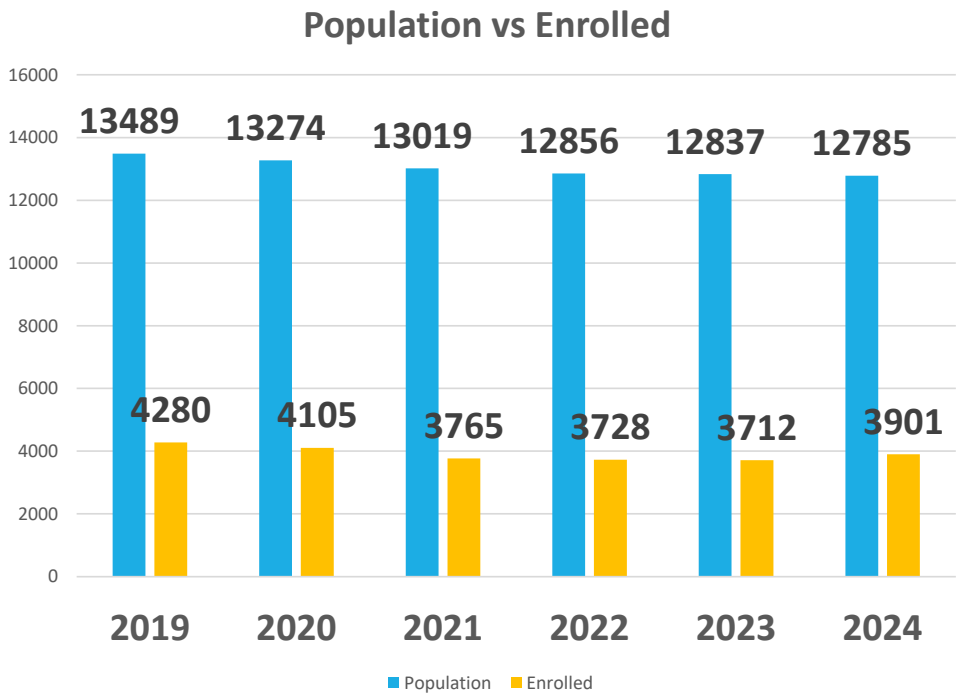
Types of licensed programs (0-5)

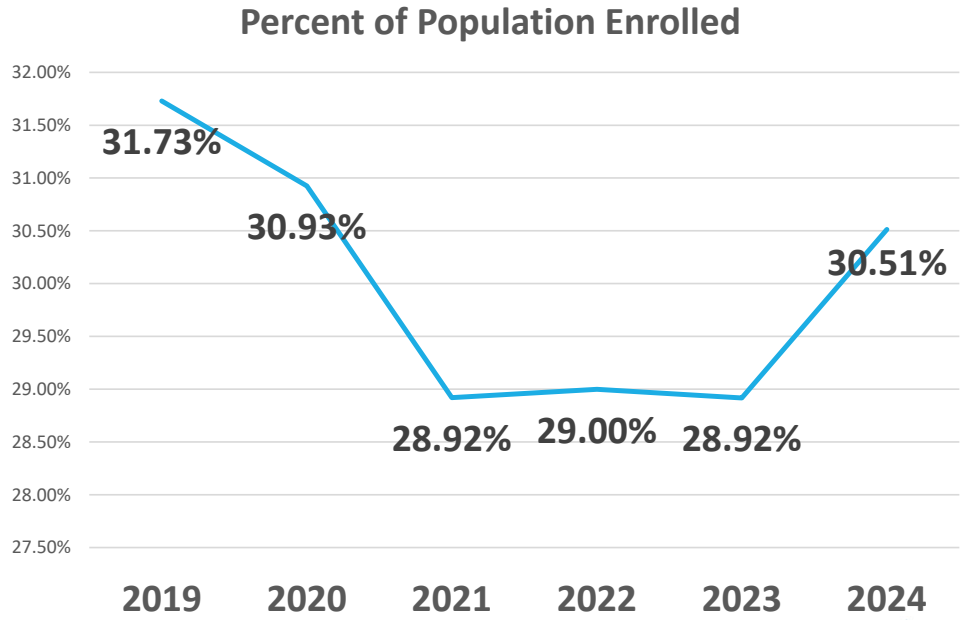


Licensed slots and Enrollment



Children in Licensed Care

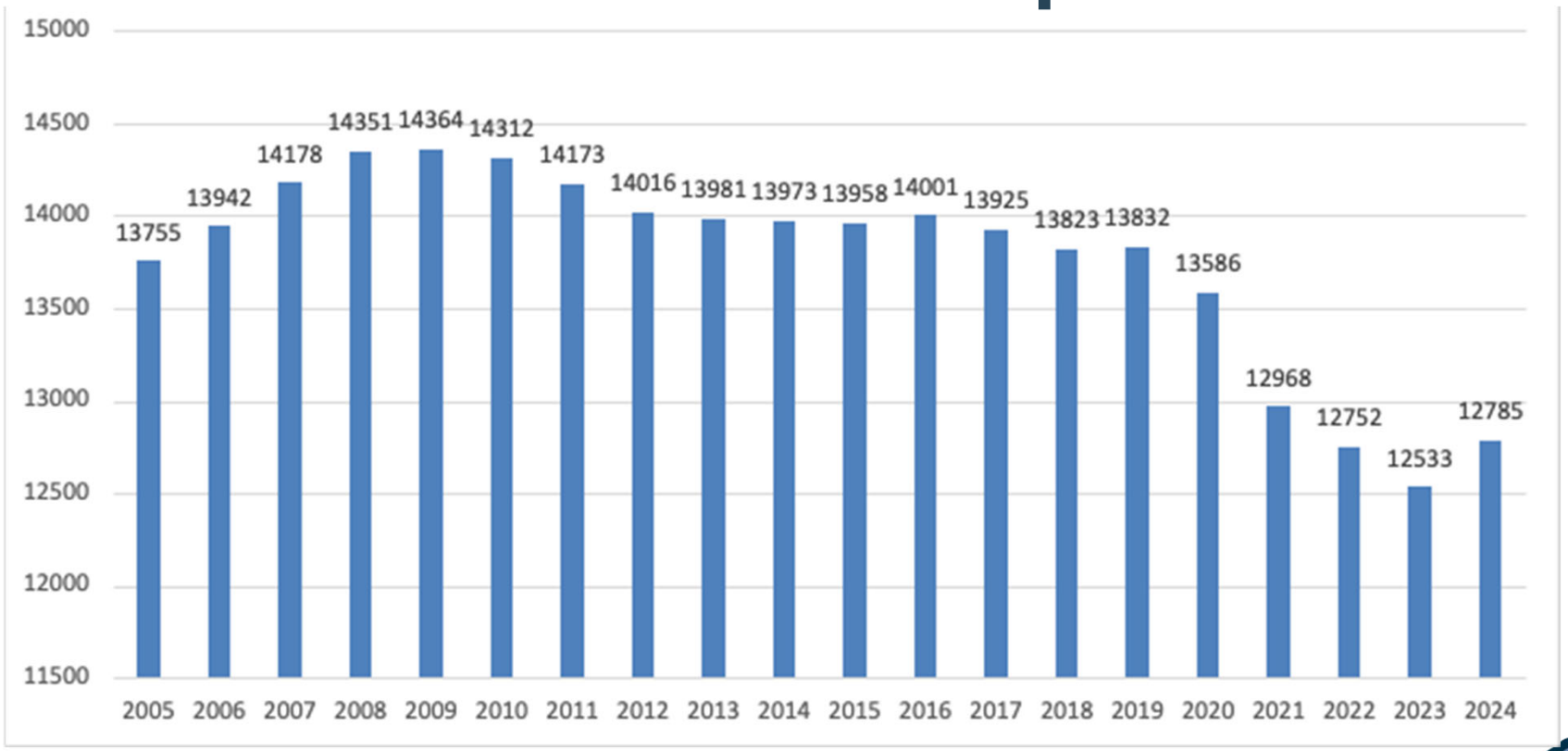




Enrollment Per Age (0-5)

	2024 population	2024 enrolled	Percent of population enrolled
Infants	2410	182	7.6%
1 Year Olds	2393	348	14.5%
2 Year Olds	2411	668	27.7%
3 Year Olds	2374	789	33.2%
4 Year Olds – 5 Year Old (PS)	3197	1914	59.9%
TOTAL	12785	3901	30.5%

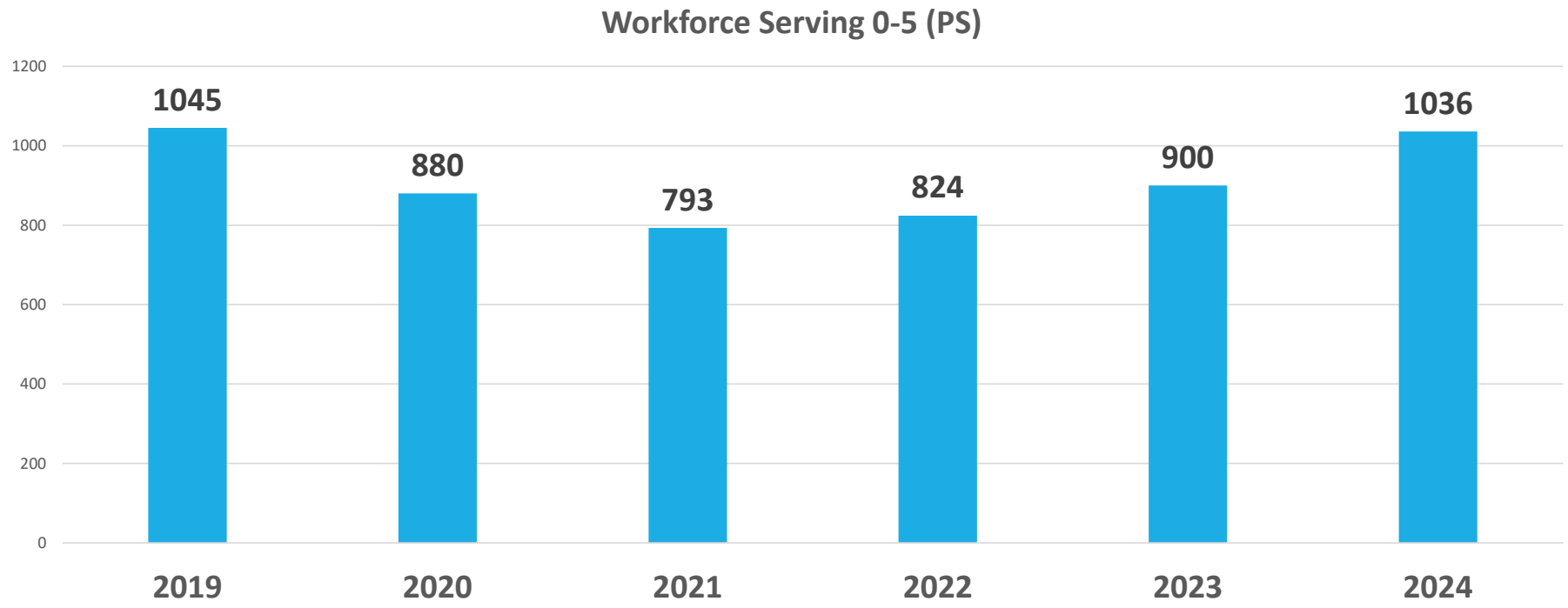
Buncombe Child Population



Comparison to Other Counties

	% of 0-5 population enrolled in child care	2024 0-5 PS population	% change in 0-5 PS population, 2019-2024
Buncombe County	30.51%	12,785	-5.22%
Cabarrus County	26.01%	14,698	9.26%
Catawaba County	30.45%	8,907	-1.21%
Cumberland County	23.91%	27,009	-3.44%
Durham County	29.58%	21,980	-3.44%
Forsyth County	22.27%	23,786	1.07%
Guilford County	29.26%	31,550	-2.98%
Henderson County	23.97%	5,557	-2.06%
Madison County	17.92%	1,021	-4.76%
McDowell County	32.06%	2,168	-8.98%
Mecklenburg County	25.65%	77,933	-0.27%
New Hanover County	33.91%	11,644	-1.62%
Wake County	35.39%	69,248	1.58%
Statewide	13.67%	1,283,416	1.07%

Workforce


Workforce Serving 0-5 (PS)
1200
1000
800
600
400
200
0
1045
880
793
824
900
1036
2019
2020
2021
2022
2023
2024

Funded Provider Surveys

Slot Information	Licensed Slots	Enrollment	Wait List
Beginning of Year Total	1034	782	3514
End of Year Total	1253	982	2508
Difference	219	200	-1006

Workforce Info	Lead Teachers	Asst Teachers	Lead Vacancies	Asst Vacancies
Beginning of Year Total:	84	95	14	21.5
End of Year Total:	93	106	5	18
Difference:	9	11	-9	-3.5

STUDENT DEMOGRAPHICS

	American Indian or Alaska Native	Asian	Black or African American	Hispanic or Latino	Native Hawaiian or Other Pacific Islander	White	Multi-race	Total*
Beginning of Year Total:	2	9	158	77	2	576	65	889
End of Year Total:	1	12	230	84	5	598	69	999
Difference:	-1	3	72	7	3	22	4	

*Total may be duplicated because students may be identified in more than one category

Population Demographics vs. Enrolled Demographics

Buncombe County 0-5 (PS) Population	Percent of Population	Beginning of Year Enrollment	End of Year Enrollment
American Indian or Alaska Native	0.52%	0.22%	0.10%
Asian	1.73%	1.01%	1.20%
Black or African American	7.77%	17.77%	23.02%
Other	9.21%		
White	80.77%	64.79%	59.86%
Native Hawaiian or Other Pacific Islander		0.22%	0.50%
Multi-race		7.31%	6.91%

Session 2 Recap

How early care & education is paid for and impacts of Buncombe's Early Childhood Fund:

- Current funding context
- Cost of child care
- Public funding sources for child care
- Public funding over time
- Buncombe County Early Childhood Fund

Current Funding Context

- Providers are facing financial pressure from inflation & rising staff wages
- Families are met with rising fees for private pay
- While there have been some improvements, public funding program reimbursement rates are lagging, stagnant and insufficient to cover the true cost of care
- One-time COVID-related public funding is sunsetting and not being replaced by the government at the same levels

Brief | A stable system of birth-to-five child care and early learning

- **Few Options for Babies** – Infant and toddler care is severely lacking in most communities and can be almost impossible to find in some rural communities. North Carolina only has enough infant and toddler care for 1 in 5 children.
- **Long Waitlists** – There aren't enough child care and preschool seats available for all the families that need and want to place their children in stable, high-quality home and center-based care while they are at work or in an educational program. For example: Buncombe County, in which 69% of families with children under age 6 have all parents working, has lost approximately 11% of its child care slots since the pandemic, with availability continuing to decline.
- **Low Wages for Providers and Educators** – child care providers are experiencing a labor shortage because wages and benefits are too low to attract and keep staff. In 2021, North Carolina had about 2,000 fewer child care professionals than in 2019.

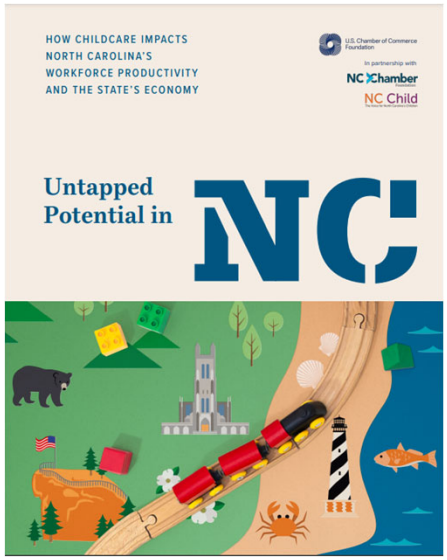
North Carolina's child care system is under-resourced, underfunded and in trouble.



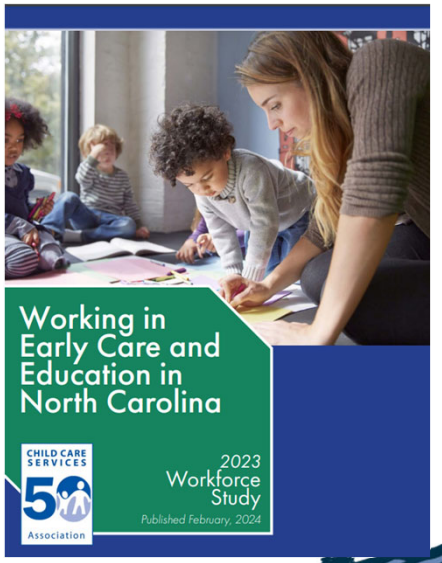
https://www.ednc.org/brief-a-stable-system-of-birth-to-five-child-care-and-early-learning/

Recent reports

Untapped Potential in NC: How childcare impacts North Carolina's workforce productivity and the state's economy



Working in Early Care and Education in North Carolina: 2023 Workforce Study



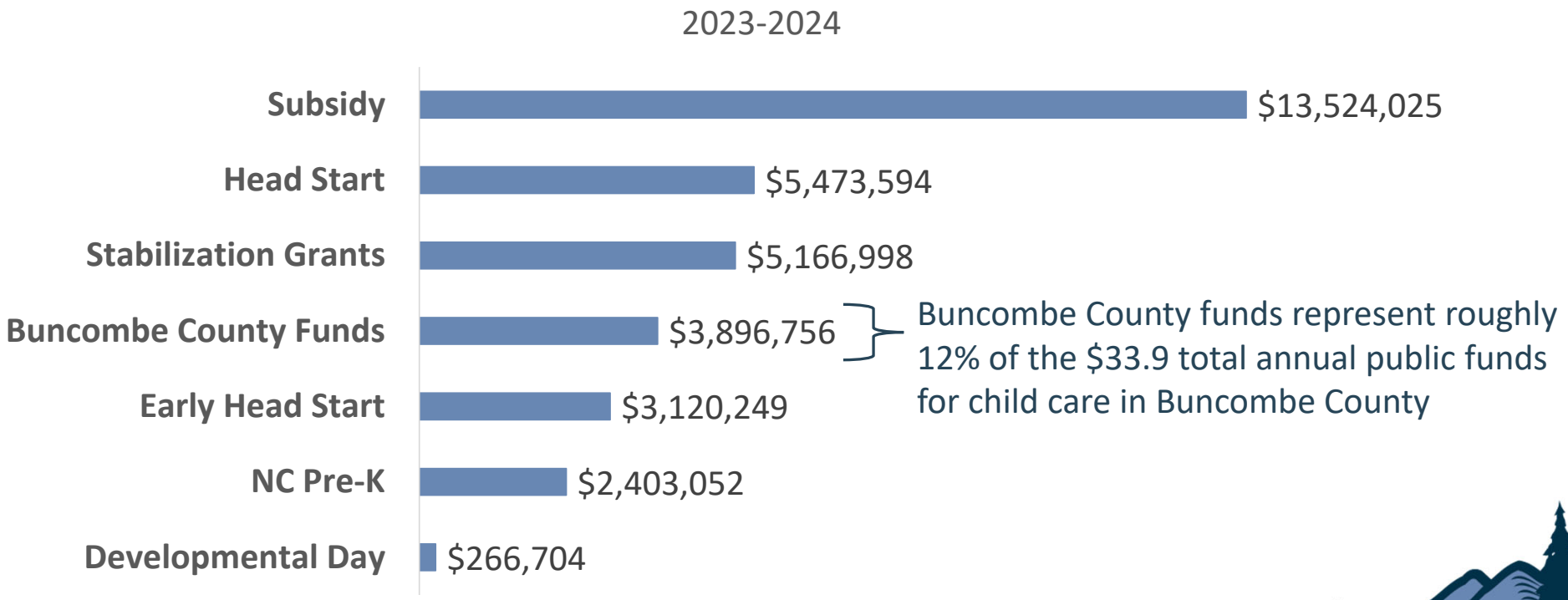
How much does child care cost?

The annual median cost to families ranges from $11,076 - $13,208 per child:

	Infant	1 year old	2 years old	3 years old	4 years old	5 years old
MIN	$867	$650	$650	$498	$498	$498
AVERAGE	$1,096	$1,062	$984	$910	$906	$906
MEDIAN	$1,101	$1,066	$975	$923	$923	$923
MAX	$1,655	$1,655	$1,655	$1,248	$1,248	$1,248

Data from a 2024 Survey by Buncombe Partnership for Children.
Weekly rates have been converted to monthly for this presentation.

What are the public sources of funding for child care?



Public Funding Sources

Child Care Subsidy ("vouchers")

- Uses state and federal funds to provide subsidized child care services to eligible families
- Must meet both situational and financial criteria
- Most families are required to pay 10% of costs based on gross monthly income (Exemptions: Families involved with Child Protective Services, Child Welfare Services and Foster Care)
- Reimbursement rates vary based on center vs. home & star rating

Subsidy Child Care Rates (Monthly) Based on Buncombe's Median Rate

	Infant	2 Year Olds	3-5 Year Olds
3 Star Center	$715	$706	$730
3 Star Home	$788	$776	$733
4 Star Center	$793	$762	$747
4 Star Home	$877	$804	$817
5 Star Center	$922	$854	$775
5 Star Home	$1022	$833	$923

https://ncchildcare.ncdhhs.gov/Provider/Providing-Child-Care/Subsidized-Child-Care/Care-for-Children-Receiving-Subsidy

Public Funding Sources

Head Start & Early Head Start

- Federally funded, comprehensive preschool program designed to meet the emotional, social, health, nutritional, and psychological needs of children
- Provides free "school day/school year" services primarily for low-income families that meet the federal income guidelines (income is determined to be at or below the federal poverty level), families experiencing homelessness, children in foster care, and families that are receiving other government benefits
- Head Start – serves children aged 3 to 5 and their low-income families
- Early Head Start – serves low-income expectant families and eligible families with infants and toddlers under the age of three
- Head Start funding is not based on a per child reimbursement rate.

Public Funding Sources

Stabilization Grants

- Federal COVID dollars passed through the state granted to programs to facilitate high quality early childhood education at its true cost and increase compensation to staff

Buncombe County Funds

- Local general funds granted annually for the purpose of advancing the strategic priority to ensure that every child in Buncombe County has an equal opportunity to thrive during their first 2,000 days, including access to quality early childhood education

Public Funding Sources

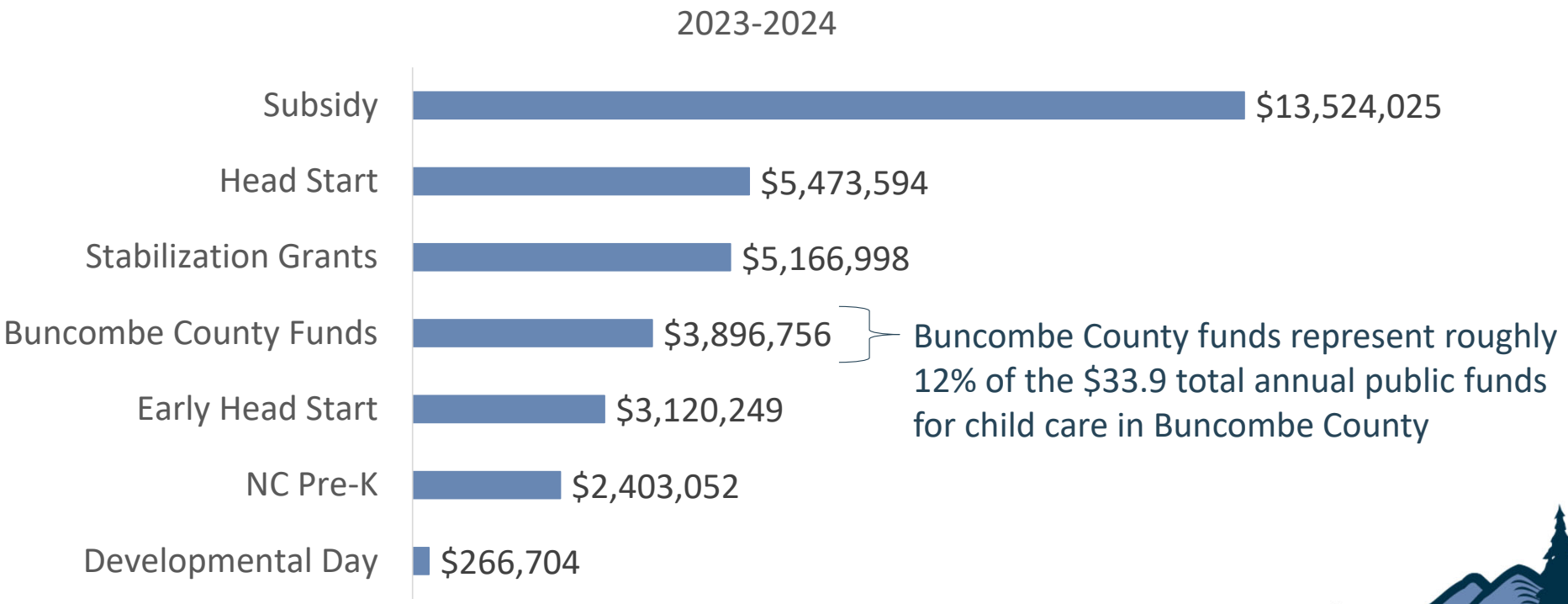
NC Pre-K

- Free "school day/school year" state-funded high quality early care and education program that aims to enhance children's school readiness
- Provides free services for 4-year-olds whose family income is at or below 75% of the state median income or have documented risk factors
- Reimbursement Rate per student per month: $728 for Private Centers, $530 for Public School Centers, $420 for Head Start Centers

Developmental Day

- Serves children who are diagnosed with developmental delays or developmental disabilities, or have been identified with a diagnosed physical or cognitive condition which has a high probability of resulting in developmental delays
- $1350 per student per month

What are the public sources of funding for child care?



Public Funding Over Time

	Subsidy	Head Start	Stabilization Grants	Buncombe County Funds	Early Head Start	NC Pre-K	Developmental Day
2018-2019	$10,724,214	$4,441,247		$951,460	$2,804,235	$2,163,840	$396,636
2019-2020	$10,875,007	$4,498,352		$3,600,000	$2,641,148	$2,294,880	$316,928
2020-2021	$10,821,138	$4,700,541		$3,672,000	$2,782,796	$2,295,220	$261,996
2021-2022	$8,687,518	$4,844,950	$3,380,407	$3,745,440	$2,821,029	$2,295,220	$262,428
2022-2023	$10,014,305	$5,349,133	$11,832,908	$3,820,349	$2,892,014	$2,403,740	$199,437
2023-2024	$13,524,025	$5,473,594	$5,166,998	$3,896,756	$3,120,249	$2,403,052	$266,704

Buncombe County Early Childhood Fund

- Investment amount per year:
  - 2018-2019: $951,460 (pre-existing investments)
  - 2019-2020: $3,600,000 (first year of the fund)
  - 2020-2021: $3,672,000
  - 2021-2022: $3,745,440
  - 2022-2023: $3,820,349
  - 2023-2024: $3,896,756
  - 2024-2025: $3,974,691



Funding Strategies

Support early care & education for children birth through kindergarten with an emphasis on pre-kindergarten:

- Develop early childhood **workforce**
- Maintain/enhance existing **slots**
- Increase **slots** for enrollment
- Increase **quality**
- Support **families**
- Enhance effectiveness of overall **system**



Types of Funded Projects



- Behavioral health support
- Classroom supplies and furnishings
- Construction of new classrooms
- Cooperative & home-based care
- Curriculum, assessments & licensing
- Literacy Support
- Matched savings program
- Outdoor space
- Outreach & parent engagement
- Student nutrition
- Teacher pay
- Technology
- Workforce development for existing & new professionals

Overall Impact

$22+ M invested so far, supporting the creation of 409 new slots

	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Amount Granted	$3,600,000	$3,672,000	$3,745,440	$3,820,349	$3,896,756	$3,974,691
# Projects	19	19	21	22	21	15
# Funded Agencies	13	14	12	17	16	10
# “New” Slots Created	102	132	119	40	16	
Existing Slots Supported	805	794	551	899	947	TBD

Represents roughly 24% of the 3,901 total enrolled slots in Buncombe County

FY2025 Grants

Providers: $2,372,097 (59%)	Workforce $665,100 (16%)	System Support $983,144 (24%)
• **Buncombe County Schools** – BCS Learning Labs • **Community Action Opportunities** – Johnston PreK • Community Action Opportunities – Burton PreK • Community Action Opportunities – Burton Toddler • **Donald S Collins Early Learning** • **Irene Wortham Center** – Developmental Day Enhancements • **The Christine Avery Learning Center** • **YWCA** Early Learning Program • YWCA Empowerment Child Care	• **AB Tech** – Early Childhood Collegiate Support Program • **Buncombe Partnership for Children** – Early Childhood Workforce Development Program • **Verner** – Continuing the Early Care & Education Workforce Dev Initiative	• **Buncombe Partnership for Children** – Child Care Resources • Buncombe Partnership for Children – Sustaining Success in Building NC PreK Capacity • **FIRSTwnc** – Expanding SUNSHINE Project

Number of Years Organizations are Funded

# of Years Funded	# of Organizations	% of Total
1 year	1	5%
2 years	3	15%
3 years	5	25%
4 years	1	5%
5 years	3	15%
6 years	7	35%
Total	20	

Overall Funding Per Organization

Organization	# of Projects	Amount
Buncombe County Schools	9	$3,764,975
Community Action Opportunities	16	$3,741,530
Buncombe Partnership for Children	22	$3,141,442
SVCCC - Donald S Collins Early Learning	6	$1,725,687
The Christine Avery Learning Center	6	$1,622,700
Irene Wortham Center	7	$1,401,202
Asheville City Schools	3	$1,203,558
YWCA of Asheville and WNC	11	$1,085,000
Southwestern Child Development	5	$702,583
Verner Center for Early Learning	2	$701,334
Eliada Homes, Inc	5	$389,413
FIRSTwnc	3	$340,204
AB Tech	3	$327,786
Evolve Early Learning	4	$298,116
Warren Wilson College	2	$200,235
Read to Succeed	3	$169,919
Colaborativa La Milpa	5	$162,890
OnTrack Financial Education & Counseling	3	$161,541
Bent Creek Baptist Church	1	$120,331
Asheville Jewish Community Center	3	$72,384

$10.7 M to the top 3 grantees represents 48% of the total $22.2 M

Includes actual funds disbursed through FY2020-FY2024 + FY2025 award amount

Where to go from here

Steps for determining a funding strategy for Buncombe County's Early Childhood Committee

- Revisiting our Authorizing Resolution from 2018
- Reviewing our Results to Date (program-level & system-level)
- Considering various investment approaches and the impacts associated with each
- Discussing how local government can be most impactful as an investor in this system

To be continued…

