

# North Carolina Department of Commerce and North Carolina Department of Health and Human Services Opportunities for Philanthropy to Support Early Childhood Education\* August 2024

The North Carolina Department of Health and Human Services (NCDHHS) and the North Carolina Department of Commerce (hereinafter “NC Commerce”) are leading state efforts to enhance early childhood education options and outcomes in North Carolina. Within NCDHHS, the [Division of Child Development and Early Education](#) (DCDEE) oversees programs that ensure and promote the health and safety of children in child care programs; implement and promote evidenced-based standards and practices that encourage early childhood care and education program quality; and increase access to quality child care to families and children across North Carolina. At NC Commerce, the Child Care Business Liaison is leading the agency’s work to engage North Carolina’s business sector in supporting and strengthening the state’s child care infrastructure.

This document highlights efforts that DCDEE and NC Commerce are leading and opportunities for philanthropy to support this work.

## Modernize early childhood care and education program quality ratings

DCDEE is working with the [NC Child Care Commission](#) to modernize the Quality Rating Improvement System (QRIS), North Carolina’s star rating system for early childhood education facilities. The Commission is a statutory-based body responsible for establishing rules and regulations governing child care centers and programs. It is focused on improving the rating system, launched in 1999, to 1) align the system with recent research on early childhood care and education quality and effects on healthy child development outcomes and 2) better address the needs of families, communities, child care programs, and the early childhood care and education workforce.

## Address early childhood care and education workforce shortages

The NC Child Care Commission is developing competency-based performance standards that will be incorporated into a revision of existing education standards for early childhood workers. DCDEE anticipates these revisions will help address shortages of early childhood workers and provide an education pathway that encourages workers to voluntarily attain early childhood education credentials while simultaneously gaining experience in the field. Implementation of a new education/competency-based performance system will require significant DCDEE focus and resources for at least the next two years.

DCDEE partners with the [North Carolina Business Committee for Education](#) (NCBCE) to support the [Building Bright Futures](#) program, a grant-funded initiative supporting the early childhood workforce development pipeline. Building Bright Futures provides technical assistance, resources, and year-round financial support to students pursuing careers in early childhood education through registered pre-apprenticeships and apprenticeships, allowing them to earn credentials and degrees while working paid hours in a child care center. Building Bright Futures support means that apprentices can meet their

educational and professional goals without risk of financial burden, while gaining access to development, mentorship, and work-based learning opportunities. This initiative also provides support to child care programs for wages, professional development, and mentoring. Current funding for this program ends in December 2024.

## Expand access to affordable early childhood care and education

DCDEE administers child care subsidies to families meeting eligibility criteria, established using federal requirements in addition to considerations including family income and other determining factors (e.g., employment status, involvement in child welfare systems, etc.). DCDEE has been working internally to potentially restructure the [Child Care Subsidy program](#) to account for gaps between subsidy rates and actual costs of providing quality child care through an alternative market rate study.

The Child Care Business Liaison is leading efforts at NC Commerce to identify and map locally implemented strategies and resources (including innovative child care programs and facilities) that are enhancing child care access, particularly those that employers are implementing. The Child Care Business Liaison facilitates sharing of this information—as well as information about community practices and partnerships supporting child care access, affordability, and sustainability—among businesses and prospective community-based partners that may collaborate to launch and scale the child care interventions and innovations needed statewide to support North Carolina’s economic growth and workforce development needs.

## Opportunities for philanthropy

**1. Support DCDEE implementation of the updated QRIS and early childhood workforce competency-based performance standards.** Philanthropy can engage with local partners and Smart Start agencies to identify and support their implementation needs.

**2. Increase capacity** to facilitate and support:

- Community-led interventions (including those involving partners from the business sector) and innovations aimed at increasing high-quality early childhood education options, (e.g., planning grants, consultants, grant writing support, and technical assistance); and
- Workforce development efforts, including existing efforts such as Building Bright Futures, and new strategies such as community-based funding collaboratives in which local employers donate to a fund that boosts pay for local child care workers, thereby improving early education talent recruitment and retention.

**3. Provide financial resources for rural and less resourced communities to invest in developing/expanding child care facilities.** Though the policy and business engagement work that DCDEE and NC Commerce are leading will help address early child care supply and affordability challenges, many rural communities will still lack resources to access bank loans and public/private grants needed to finance child care infrastructure growth. DCDEE could direct resources from a collective or pooled fund(s) to communities lacking business and philanthropic presence.

**4. Support expansion of efforts to engage the business sector in child care solutions.** Invest Early NC is funding the Child Care Business Liaison position in partnership with NC Commerce and NCDHHS to ensure child care access is represented within economic development efforts and to support and encourage employers in implementing solutions to the child care shortage in North Carolina. The impact

of this position could be increased 1) by expanding the Child Care Business Liaison's capacity to implement its objectives with the addition of staff; and 2) through collaboration between the business and philanthropic sectors at the community/local level.

**5. Enhance coordination and organization among early childhood organizations related to advocacy** for early childhood education funding and workplace policy related to children and families (e.g., paid family leave). Support centered on an advocacy sector leader or leaders with deep experience and knowledge in the early childhood education field would help to unite child advocacy organizations around a coordinated advocacy agenda and common communication platform needed to help realize investments needed in early childhood education systems and infrastructure supports.

*For more information, contact Candace Witherspoon, Acting Director, Division of Child Development and Early Education, NC Department of Health and Human Services at [candace.witherspoon@dhhs.nc.gov](mailto:candace.witherspoon@dhhs.nc.gov); and Samantha Cole, Child Care Business Liaison, NC Department of Commerce at [samantha.cole@commerce.nc.gov](mailto:samantha.cole@commerce.nc.gov).*